ANALYSIS OF FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

FIRSTRAND

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FIRSTRAND

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Certain entities within the FirstRand Group are Authorised Financial Services and Credit Providers
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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 2013.

The primary results and accompanying commentary are presented on a normalised basis as the Group believes this most accurately reflects its economic performance. The normalised results have been derived from the IFRS financial results. The prior year numbers have been restated as a result of the adoption of new and revised IFRS requirements (refer to pages 123 to 131).

Normalised results include a condensed 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 pages 14 and 15. Detailed reconciliations of normalised to IFRS results are provided on pages 30 to 38. Commentary is based on normalised results, unless indicated otherwise.

Jaco van Wyk, CA(SA), supervised the preparation of the condensed consolidated financial results.

Financial highlights

	Six months ended 31 December			Year ended 30 June
	2013	2012*	% change	2013*
Normalised earnings (R million)	**8 691**	7 243	20	15 420
Diluted normalised earnings per share (cents)	**154.2**	128.5	20	273.5
Normalised net asset value per share (cents)	**1 342.9**	1 182.9	14	1 289.4
Dividend per ordinary share (cents)**	**77.0**	55.0	40	136.0
Normalised return on equity (%)	**23.4**	22.3		22.7

* *Refer to restatement of prior year numbers on pages 123 to 131.*
** *For further information on the increase in dividend refer to dividend strategy on page 11.*

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

KEY FINANCIAL RESULTS, RATIOS AND STATISTICS

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012*	% change	2013*
Attributable earnings to ordinary equityholders	**8 839**	7 105	24	14 785
Headline earnings	**8 807**	7 281	21	15 327
Normalised earnings	**8 691**	7 243	20	15 420
Normalised net asset value	**75 714**	66 689	14	72 696
Normalised net asset value per share (cents)	**1 342.9**	1 182.9	14	1 289.4
Average normalised net asset value	**74 205**	65 016	14	68 019
Normalised earnings per share (cents)				
– Basic	**154.2**	128.5	20	273.5
– Diluted	**154.2**	128.5	20	273.5
Normalised ROE (%)	**23.4**	22.3		22.7
Ordinary dividend (cents per share)	**77.0**	55.0	40	136.0
Dividend cover (times)	**2.0**	2.3		2.0
Non-cumulative non-redeemable (NCNR) B preference dividend** paid (cents per share)	**320.3**	333.1	(4)	653.4
Capital adequacy – FirstRand#				
Capital adequacy ratio %	**16.2**	14.9		16.3
Tier 1 ratio (%)	**14.8**	13.4		14.8
Common Equity Tier 1 (CET1) ratio (%)	**13.7**	12.5		13.8
Market performance				
Market capitalisation	**202 346**	174 776	16	163 106
Price earnings ratio (times)	**11.6**	12.1		10.6
Price-to-book ratio (times)	**2.7**	2.6		2.2
Share price (closing – rand)	**35.89**	31.00	16	28.93

* *Refer to restatement of prior year numbers on pages 123 to 131.*
** *75.56% of FNB prime lending rate.*
\# *2013 capital ratios are calculated on Basel III basis; 2012 capital ratios are calculated on Basel 2.5 basis.*

STATEMENT OF HEADLINE EARNINGS – IFRS

R million	Six months ended 31 December 2013	Six months ended 31 December 2012*	% change	Year ended 30 June 2013*
Profit for the period (refer page 16)	**9 430**	7 618	24	15 954
Non-controlling interests	**(447)**	(363)	23	(872)
NCNR preference shareholders	**(144)**	(150)	(4)	(297)
Earnings attributable to ordinary equityholders	**8 839**	7 105	24	14 785
Adjusted for:	**(32)**	176	(>100)	542
Loss/(gain) on disposal of investment securities and other investments of a capital nature	**1**	(1)		13
Gain on disposal of available-for-sale assets	**(66)**	(1)		(33)
Loss on disposal of investments in associates or joint ventures	**–**	–		1
Gain on disposal of investments in subsidiaries	**(12)**	(10)		(63)
Loss/(gain) on the disposal of property and equipment	**12**	(1)		77
Fair value of investment properties	**–**	–		(7)
Impairment of goodwill	**–**	2		438
Impairment of assets in terms of IAS 36	**11**	254		283
Gain from a bargain purchase	**–**	–		(14)
Other	**(1)**	–		(138)
Tax effects of adjustments	**20**	(69)		(35)
Non-controlling interests adjustments	**3**	2		20
Headline earnings	**8 807**	7 281	21	15 327

* *Refer to restatement of prior year numbers on pages 123 to 131.*

RECONCILIATION FROM HEADLINE TO NORMALISED EARNINGS

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012*	% change	2013*
Headline earnings	**8 807**	7 281	21	15 327
Adjusted for:	**(116)**	(38)	>100	93
IFRS 2 Share-based payment expense	**12**	22	(45)	43
Treasury shares**	**63**	42	50	33
Total return swap adjustment (share hedge)	**(146)**	(53)	>100	85
IAS 19 adjustment	**(53)**	(56)	(5)	(110)
Private equity subsidiary realisations	**8**	7	14	42
Normalised earnings	**8 691**	7 243	20	15 420

* *Refer to restatement of prior year numbers on pages 123 to 131.*
** *Includes FirstRand shares held for client trading activities.*

OVERVIEW OF RESULTS

INTRODUCTION

The macroeconomic environment for the first six months of the financial year continued to be challenging.

The local economy had to contend with a far less favourable global financial environment. Countries such as South Africa, with current account deficits and large financing requirements, were particularly vulnerable to slowing capital flows and the rand continued to weaken. This placed upward pressure on inflation and, in the first quarter of 2014, interest rates started to rise.

These external headwinds, combined with a slowdown in real income growth, resulted in continued pressure on South African households.

GDP growth in South Africa remained subdued as capacity constraints and labour market unrest negatively impacted the supply side of the economy.

In the rest of the sub-Saharan region, growth has generally continued on a robust trend, led by strong domestic demand and commodity exports. While US tapering, a slowdown in China and dual fiscal deficits pose some downside risk, long-term growth rates in the region should continue to be underpinned by improved macroeconomic management, stronger institutions, increased investment and positive demographics.

OVERVIEW OF RESULTS

FirstRand produced good results for the six months to 31 December 2013, achieving normalised earnings of R8 691 million, an increase of 20% year-on-year and a normalised ROE of 23.4%.

All three operating franchises continued to achieve good operational performances, despite the deteriorating macroeconomic environment. FNB experienced ongoing strong topline growth and profitability due to its consistent strategy to acquire core transactional accounts, grow loans and deposits and drive transactional volumes across all of its platforms, particularly electronic. WesBank grew new business volumes across all portfolios and RMB's diversified corporate and investment banking portfolios delivered strong growth in profits, particularly from the client-centric and investment activities.

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	**2013**	**% compo-sition**	2012	% compo-sition	% change	2013	% compo-sition
FNB	**4 769**	**56**	4 016	55	19	8 124	53
RMB	**2 268**	**26**	1 943*	27	17	4 471*	29
WesBank	**1 406**	**16**	1 389	19	1	2 834	18
Treasury and Corporate Centre**	**18**	**–**	(285)	(4)	(>100)	(70)	–
FirstRand Limited (company)	**374**	**4**	330	5	13	358	2
NCNR preference dividend	**(144)**	**(2)**	(150)	(2)	(4)	(297)	(2)
Normalised earnings	**8 691**	**100**	7 243	100	20	15 420	100

* *Includes R155 million of IT enablement impairments relating to financial years prior to and including June 2012.*

** *The year-on-year benefit is primarily due to the unwind of certain accounting timing anomalies recorded by Group Treasury during the financial year ended 30 June 2013 e.g. mark-to-market losses on economic hedges, partially unwinding or not recurring during the six months to December 2013. Refer to margin analysis on page 40 for additional information.*

The Group's income statement benefited from an increase of 20% in net interest income (NII), driven by good growth in new business at FNB, WesBank and RMB. Asset margins continued to be positively impacted by repricing and growth in advances in higher-yielding asset classes, such as vehicle asset finance (VAF) and unsecured lending. This trend, however, is reducing on a rolling six-month basis.

Total non-interest revenue (NIR) increased 8% year-on-year, with strong contributions from all franchises. FNB's NIR growth continued to be driven by increases in fee and commission income, particularly on the back of the acquisition of core transactional accounts. The strategy to drive customers onto electronic platforms continued to produce strong growth in volumes across cellphone (+27%) and internet (+16%) banking channels. WesBank's NIR benefited from robust levels of new business origination. Knowledge-based fees at RMB were resilient despite muted levels of activity from the local corporate sector, however, client execution revenues remained strong particularly from RMB's activities in the rest of Africa.

Overall operating cost growth was 14% for the period, reflecting the continued investment in FNB's electronic platforms and the Group's African operating footprint. In addition, costs associated with the strong underlying growth from alliance partnerships (particularly at WesBank) also increased.

Bad debts are currently trending below expectations at 77 bps, but, excluding portfolio overlays, the rand value of portfolio impairments are higher in the core advances book due to the Group's view that the previously benign credit cycle has bottomed. This is considered prudent given the strong book growth year-on-year. All of the Group's portfolios are tracking as anticipated, reflecting decisions taken as early as 2011 to exit origination in high-risk segments, particularly in the unsecured lending market.

Overall non-performing loans (NPLs) have continued to trend down, with retail NPLs declining 8% mainly as a result of the continuing significant reductions in residential mortgage NPLs. Unsecured lending NPLs have increased as expected, although all of these loan books are still performing better than expected at this point in the cycle. Corporate NPLs declined 14% as a result of decreases in the WesBank corporate and RMB portfolios.

The Group's overall balance sheet showed a robust increase in advances year-on-year, with particularly good growth from card, secured affordable housing and overdrafts at FNB, and excellent growth generated from the FNB Africa portfolio. RMB's core advances book posted strong growth, which also benefited from activities in the rest of Africa. On a rolling six-month basis, growth in certain retail portfolios, such as unsecured lending and VAF, has moderated.

OVERVIEW OF OPERATING FRANCHISES

The Group's vision is to be the African financial services group of choice, create long-term franchise value, deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility and maintain balance sheet strength. FirstRand seeks to achieve this with two parallel growth strategies which are executed through its portfolio of operating franchises within a framework set by the Group. The growth strategies are:

- 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, India and China.

With regard to expansion into the rest of Africa, there are three pillars to its execution:

- utilise the capabilities of the South African franchise, particularly the domestic balance sheet, intellectual capital, international platforms and the existing operating footprint in the rest of Africa;
- start an in-country franchise and grow organically; and
- small-to medium-sized acquisitions where it makes commercial sense.

Below is a brief overview of the financial and operational performance of each franchise.

FNB

FNB represents FirstRand's activities in the retail and commercial segments in 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.

FNB financial highlights

R million	Six months ended 31 December 2013	2012	% change	Year ended 30 June 2013
Normalised earnings	**4 769**	4 016	19	8 124
Normalised profit before tax	**7 059**	5 769	22	11 622
Total assets	**312 340**	283 755	10	296 338
Total liabilities	**300 516**	272 946	10	281 686
NPLs (%)	**3.55**	4.45		3.95
Credit loss ratio* (%)	**0.95**	1.19		1.18
ROE (%)	**36.8**	36.1		35.4
ROA (%)	**3.26**	2.94		2.92
Cost-to-income ratio (%)	**53.7**	54.0		54.8
Advances margin (%)	**3.68**	3.24		3.39

* *2013 figure includes special impairment relating to merchant acquiring event of R215 million.*

Segment results

Normalised PBT R million	Six months ended 31 December 2013	2012	% change	Year ended 30 June 2013
Retail	**3 992**	3 193	25	6 564
FNB Africa	**975**	769	27	1 549
Commercial	**2 092**	1 807	16	3 509
Total FNB	**7 059**	5 769	22	11 622

FNB produced an excellent performance for the period, increasing pre-tax profits 22%, driven by increased NII and NIR and a decrease in bad debts, particularly in residential mortgages. This performance can continue to be attributed to FNB's primary strategy to grow and retain core transactional accounts through offering a compelling value proposition to the customer (innovative products and channels at an acceptable cost) supported by rewards programmes, such as eBucks, SLOW lounges and fuel, data and airtime rewards. Innovations such as the banking app, cellphone banking and eWallet also continue to attract and retain customers.

FNB's NII increased 17% driven by growth in both advances (+10%) and deposits (+14%). The 46 bps improvement in asset margins was driven by good risk pricing across FNB's portfolios, the decrease in interest in suspense (ISP) and growth year-on-year in higher-margin products, although this latter trend is reducing on a rolling six-month basis. Deposit margins held up well, decreasing only 4 bps. Deposit and advances growth came from across all segments as indicated below.

Segment analysis of advances and deposit growth

Segments	Six months ended 31 December 2013: Deposit growth %	Deposit growth R billion	Advances growth %	Advances growth R billion
Retail	12	**13.9**	7	**12.4**
FNB Africa	22	**8.2**	27	**7.7**
Commercial	13	**14.8**	14	**5.6**

Residential mortgages grew 5% as FNB continued to originate only in lower risk categories. Card increased 13% on the back of new customer acquisition. Personal loans declined 2% year-on-year and 5% on a rolling six-month basis, reflecting the ongoing adjustments in credit appetite in that segment.

Overall NPLs decreased 12% due to FNB's ongoing proactive workout strategy (particularly in residential mortgages). NPLs in the personal loans portfolio remained flat at R919 million. The year-on-year decrease is mainly attributable to residential mortgages (-22%) and Commercial (-10%).

FNB's NIR increased 12% year-on-year reflecting growth in core transactional banking accounts. There was continued strong growth of 11% in overall transactional volumes with electronic transactional volumes up 15%. An example of how customers are adapting to electronic channels is that year-on-year ATM and ADT deposits increased 27%, whilst branch-based deposits decreased 13%. The adoption of FNB's innovative customer proposition in the commercial and business segments resulted in strong NIR growth of 11% and 19% respectively.

FNB's overall operating expenditure increased 14%, reflecting on-going investment in its operating footprint, particularly in Africa (costs up 21%). However, the business continues to deliver positive operating jaws.

The African subsidiaries performed well, growing pre-tax profits 27%. The established subsidiaries continued to show good growth, with Namibia performing particularly strongly driven by increased NIR and NII. The newer subsidiaries, Zambia, Mozambique and Tanzania, continued to invest in footprint and product roll-out.

FNB produced an ROE of 36.8%, which remains well above hurdle rates, despite ongoing investment in platforms and new territories.

RMB

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

RMB financial highlights

R million	Six months ended 31 December 2013	Six months ended 31 December 2012	% change	Year ended 30 June 2013
Normalised earnings	**2 268**	1 943*	17	4 471*
Normalised profit before tax	**3 195**	2 677	19	6 150
Total assets	**374 929**	355 380	6	354 758
Total liabilities	**367 491**	348 746	5	346 133
ROE (%)	**25.0**	21.9		25.0
ROA (%)	**1.33**	1.13		1.31
Credit loss ratio (%)	**0.30**	0.36		0.55
Cost-to-income ratio (%)	**44.7**	46.1		42.4

* *Includes R155 million of IT enablement impairments relating to financial years prior to and including June 2012.*

Divisional performance

Normalised PBT R million	Six months ended 31 December 2013	Six months ended 31 December 2012	% change	Year ended 30 June 2013
Investment banking	**2 953**	2 381	24	5 613
– Global Markets	**1 012**	892	13	1 935
– IBD	**1 701**	1 499	13	3 423
– Private Equity	**444**	229	94	690
– Other RMB	**(204)**	(239)	(15)	(435)
Corporate banking	**242**	296**	(18)	537**
Operational performance*	**242**	203	19	444
Normalisation adj (IT enablement for Dec 2012 period)	**–**	93	(100)	93
Total RMB	**3 195**	2 677	19	6 150

* *Dec 2013 operational performance includes IT enablement spend of R73 million (Dec 2012: R93 million; June 2013: R164 million).*

** *Includes a normalisation adjustment of R248 million for December 2012 which carries through to June 2013 for IT enablement spend of which R155 million relates to years prior to and including June 2012.*

RMB Corporate and Investment Banking (CIB) produced strong results for the six months to December 2013. Pre-tax profits increased 19% to R3.2 billion and the ROE improved to 25.0%. This performance reflects the strength of the domestic franchise and momentum from the African expansion strategy.

RMB's revenue mix is diverse and remains extremely solid; it has continued to focus on building scale in the Corporate Banking franchise, generating growth from the rest of Africa, strengthening the balance sheet and consolidating market share in the more established business lines.

The Global Markets division delivered a robust performance for the first half of the year across all business lines, notwithstanding challenging market conditions and macroeconomic pressures. Profits grew 13% to R1 billion, reflecting the strength of the domestic client franchise, a growing African footprint and enhanced fee-generating capacity.

The Investment Banking Division (IBD) delivered strong results, increasing pre-tax profits 13% to R1.7 billion. The growth was, to an extent, balance sheet led with core advances up approximately 18% as IBD benefited from continued infrastructure spend (particularly in the renewable energy sector) and strong growth in African cross-border lending. Advances in the rest of Africa increased more than 100% to R25 billion (2012: R12 billion). Good growth was also generated from structuring fees.

Private Equity's profits also increased year-on-year and benefited from the diversity of its portfolio, reporting good equity-accounted earnings and income from investment subsidiaries. While earnings from associates were strong, no material realisations were seen in the period. Unrealised profits grew 78% from R1.66 billion to R2.96 billion. Corvest and Ventures continue to invest and the Capital Partners business experienced improved earnings from associates.

RMB Resources' (included in other RMB) improved performance was driven by a modest recovery in equity prices during the first half of the year and an increase in interest margin from the debt portfolio. Junior mining counters remain under pressure and new investing limits remain in place until performance improves.

The operational performance of the Corporate Banking division was up 19% year-on-year, with total revenue increasing due to good growth in advances and deposits. Investment in platforms remains a key focus.

WesBank

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

WesBank financial highlights

R million	Six months ended 31 December 2013	Six months ended 31 December 2012	% change	Year ended 30 June 2013
Normalised earnings	**1 406**	1 389	1	2 834
Normalised profit before tax	**2 022**	1 968	3	3 983
Total assets	**157 273**	132 574	19	145 179
Total liabilities	**155 079**	129 026	20	140 814
NPLs (%)	**2.67**	3.14		2.76
Credit loss ratio (%)	**1.25**	1.12		1.26
ROE (%)	**27.5**	31.7		32.6
ROA (%)	**1.92**	2.18		2.13
Cost-to-income ratio (%)	**43.1**	40.7		41.2
Net interest margin (%)	**5.10**	5.27		5.30

WesBank's performance was resilient given its sensitivity to the credit cycle. Despite higher credit and operating costs, strong new business volumes continued and for the six months ended 31 December 2013, WesBank grew pre-tax profits 3% to R2 billion and delivered an ROE of 27.5% and ROA of 1.92%. This performance was underpinned by strict credit discipline and effective and efficient origination channels.

The table below shows the relative performance year-on-year of WesBank's activities.

Breakdown of profit contribution by activity*

Normalised PBT R million	Six months ended 31 December 2013	Six months ended 31 December 2012	% change	Year ended 30 June 2013
VAF				
– Local retail	**932**	972	(4)	1 889
– International (MotoNovo)	**293**	211	39	444
– Corporate and commercial	**221**	189	17	528
Personal loans	**576**	596	(3)	1 122
Total WesBank	**2 022**	1 968	3	3 983

* *Refer to additional segmental disclosure on page 70.*

Profit growth continued in the corporate and MotoNovo businesses, while the personal loans business was marginally down on the prior year.

New business continued to reflect a good risk profile across all portfolios, with systemic tightening in credit appetite for higher risk segments. Production was up 14% year-on-year, although trends in new business growth in the local retail portfolios are slowing. From a divisional perspective, motor, corporate, personal loans and MotoNovo origination volumes were up 7%, 24%, 19% and 31% (GBP), respectively. WesBank's rest of Africa business grew 20% year-on-year; these figures are reported under FNB Africa.

Total advances increased 19% to R154.2 billion driven by all of the underlying portfolios, with the retail motor, personal loans, corporate and commercial and MotoNovo businesses reflecting advances growth of 17%, 25%, 9% and 57%, respectively. In addition, the corporate division increased the value of the full maintenance rental asset book to R1.6 billion.

Interest margins were maintained despite increased competition across all portfolios with origination well within agreed risk thresholds. As key macro inputs indicate upside risk to impairment ratios, credit appetite continues to be critically and regularly assessed and performance closely monitored.

NPLs continued to reduce (2.67% at December 2013 compared to 2.76% at June 2013 and 3.14% at December 2012) despite the high proportion of restructured debt review accounts, which are still disclosed as non-performing regardless of repayment behaviour. These accounts are increasing as a proportion of NPLs and in the period under review, represented 22% of NPLs, compared to 18% at June 2013.

NIR, including income from associates, increased 19% year-on-year, reflective of the growth in the advances book and in rental assets, offset by continued pricing pressure on the auto card business.

Core operating costs increased 13%, however, total expenses grew 22% when including the impact of the increase in profit share payments to alliance partners (which now total R247 million and are up 20% year-on-year), investment in platforms and strategic initiatives, and the increase in depreciation of full maintenance rental assets.

Ashburton Investments

The Group's investment management franchise, Ashburton Investments, continues to execute on its organic strategy.

Since the launch in June 2013, assets under management have grown 10% to R111 billion. This was mainly driven by good growth in retail structured products and both traditional single-managed and multi-manager funds. Profitability is tracking in line with expectations given the current level of investment in people and platforms.

Ashburton Investments has launched the first phase of the roll-out of its investor platform. Branded FNB, and initially only for internal distribution channels, this first phase includes retirement and investment products, RMB structured products and Ashburton and third-party funds.

As expected Ashburton Investments is benefiting from both the product generation capabilities of RMB and the distribution platforms of FNB and RMB Private Bank.

Both traditional and alternative fund performance exceeded benchmarks during the period.

The relative contribution to the Group's normalised earnings mix and growth rates from types of income and business units are shown in the table below.

Segment analysis of normalised earnings

R million	Six months ended 31 December				% change	Year ended 30 June	
	2013	**% contri-bution**	2012	% contri-bution		2013	% contri-bution
Retail banking	**4 510**	**52**	3 938	54	15	7 991	52
FNB Retail	**3 263**		2 688			5 545	
WesBank	**1 247**		1 250			2 446	
Corporate and Commercial banking	**1 839**	**21**	1 681	23	9	3 358	22
RMB	**174**		214			391	
FNB Commercial	**1 506**		1 328			2 579	
WesBank	**159**		139			388	
Investment banking	**2 094**	**24**	1 729	24	21	4 080	26
RMB	**2 094**		1 729			4 080	
Other	**248**	**3**	(105)	(1)	(>100)	(9)	–
FirstRand and dividends paid on NCNR preference shares	**230**		180			61	
Corporate Centre and consolidation adjustments	**18**		(285)			(70)	
Normalised earnings	**8 691**	**100**	7 243	100	20	15 420	100

FINANCIAL RESOURCE MANAGEMENT

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

Asset quality

When assessing the underlying risk in the balance sheet from an economic perspective, the Group's asset profile is dominated by a balanced advances portfolio, which constitutes 78% of total assets. In terms of credit quality, 90% of advances are rated B upper or better. Cash, cash equivalents and liquid assets represent 15% of total assets, with only a small portion related to the investment and trading businesses.

Funding

FirstRand's funding profile continues to reflect the structural funding issues associated with the South African banking sector, however, the Group has continued to reduce its reliance on institutional funding and has further improved the term profile of institutional funding from a weighted average remaining term of 12 months in 2009 to 23 months at 31 December 2013.

Capital

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

Capital ratios and targets

	CET1	Tier 1	Total
Regulatory minimum (%)*	4.5	6.0	9.5
Target (%)	9.5 – 11.0	11.0	12.0 – 13.5
FirstRand actual (%)	**13.7**	**14.8**	**16.2**
FirstRand Bank actual (%)**	**13.4**	**14.1**	**15.7**

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

Dividend strategy

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

- To ensure that the ROE remains within the long-term target range of 18% to 22%, FirstRand assesses the robustness of the ongoing capital generation of its business. The Group is currently of the view that its ROE is at a cyclical high and, therefore, the dividend cover needs to be sustainable on a risk view as well as a core view.
- The anticipated growth in risk weighted assets (RWA) given the operating environment and the overall organic growth plans of the operating franchises.
- The Group's objective to protect the R10 billion of capital currently allocated to its expansion strategy.

Following a comprehensive analysis of the above factors at the June 2013 year end, the Group reduced its full year dividend cover to 2.0x (2012: 2.2x). This cover has been maintained for the six months to 31 December 2013, which means that compared to the dividend declared at 31 December 2012 (when cover was 2.3x), the interim dividend for the current period increased 40%. This is significantly higher than growth in normalised earnings.

Shareholders should note that the rate of growth in the dividend payout for the full financial year will be off the higher base recorded for the final dividend of June 2013. The Group, therefore, expects growth in dividend for the full year to more closely track normalised earnings.

The appropriateness of the level of payout is re-evaluated on an annual basis.

PROSPECTS

South Africa's dependence on foreign capital flows to fund the wide current account deficit continues to introduce uncertainty and vulnerability to the macroeconomic outlook. This was illustrated by the recent rapid exchange rate depreciation and the South African Reserve Bank's (SARB) decision to hike the repo rate by 50 bps in January 2014.

GDP growth has to date been supported by wage inflation, consumption and government spending and these trends are all slowing down. Manufacturing, exports and investments will provide some underpin to growth, however, South Africa has now entered an interest rate hiking cycle which will place further pressure on the South African consumer.

The Group believes that its strategy to grow customers, drive NIR and exercise discipline in its credit origination strategies in the retail market, particularly over the past 18 months will place it in a strong position to weather what is expected to be a difficult domestic credit cycle.

The franchises are expected to continue to show good operational performances and expectations remain unchanged for the second half of the year.

BASIS OF PRESENTATION

FirstRand prepares its condensed consolidated interim financial results in accordance with:

- recognition and measurement requirements of IFRS;
- presentation and disclosure requirements of IAS 34;
- SAICA Financial Reporting Guide as issued by the Accounting Practices Committee;
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council; and
- the requirements of the Companies Act 71 of 2008 applicable to summary financial statements.

The results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

The accounting policies applied in the preparation of the condensed interim consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of new and revised IFRS requirements and a voluntary change in the Group's presentation of loans to associates. The details of these are set out below.

New and revised IFRS requirements

The following new and revised IFRS requirements were adopted by the Group for the first time for the six months ended 31 December 2013. Unless stated otherwise, these requirements are applied retrospectively and the previously reported financial results have been restated.

- IFRS 10, IFRS 11, IFRS 12, IAS 27R and IAS 28R. These standards prescribe new and amended requirements for assessing whether control or joint control exists. The disclosure requirements for all interests in other entities, including unconsolidated structured entities, are now contained in a single standard. The impact of these new standards on the Group's previously reported financial position and performance is presented on pages 123 to 131.
- IFRS 13 establishes a single framework for measuring and disclosing fair value. The standard requires prospective implementation and does not require comparative information to be presented for disclosures in the year of adoption. The standard, therefore, has had no impact on amounts previously reported. The additional disclosures are provided on pages 104 to 115.
- Amendments to IFRS 7 require disclosures about the effect or potential effects of netting arrangements on the Group's financial position. The amendment does not impact recognition or measurement of amounts but requires additional disclosure in respect of financial instruments that are subject to an enforceable master netting arrangement or similar agreement. These additional disclosures, along with the comparative information, are presented on pages 116 to 121.
- Amendments to IAS 19 have resulted in changes to the recognition, measurement and presentation of amounts in respect of defined benefit plans. The impact of these amendments on the Group's previously reported financial position and performance is presented on pages 123 to 131.

All comparative information impacted by the new accounting policies has been restated.

Voluntary change in presentation

The Group has changed the manner in which it presents certain loans to associates and joint ventures. The change in presentation has had no impact on the net asset value of the Group and only affects the classification of items on the statement of financial position. The impact on previously reported results is set out on pages 123 to 131.

The condensed consolidated interim results for the six months ended 31 December 2013 have not been audited or independently reviewed by the Group's external auditors.

The Group believes normalised earnings more accurately reflect operational performance. Headline earnings are adjusted to take into account non-operational items and accounting anomalies. Details of the nature of these adjustments and the reasons therefore can be found on pages 14 and 15.

FirstRand's board of directors take full responsibility for the preparation of this *Analysis of financial results* booklet.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events, as defined in *IAS 10 Events After the Reporting Period*, occurring between 31 December 2013 and the date of authorisation of the results announcement.

BOARD CHANGES

Mr Johan Petrus Burger was appointed deputy chief executive officer on 1 October 2013. He relinquished his position as financial director on 1 January 2014.

Mr Hetash Surendrakumar (Harry) Kellan was appointed to the board as executive financial director on 1 January 2014.

Mr Bruce William Unser, having reached retirement age, retired as company secretary on 5 January 2014.

Mrs Carnita Low was appointed as company secretary on 6 January 2014.

CASH DIVIDEND DECLARATIONS

Ordinary shares

The directors have declared a gross cash dividend totalling 77.0 cents per ordinary share out of income reserves for the six months ended 31 December 2013.

Ordinary dividends

	Six months ended 31 December	
Cents per share	**2013**	2012
Interim (declared 3 March 2014)	**77.0**	55.0

The salient dates for the interim dividend are as follows:

Last day to trade cum-dividend	Thursday 20 March 2014
Shares commence trading ex-dividend	Monday 24 March 2014
Record date	Friday 28 March 2014
Payment date	Monday 31 March 2014

Share certificates may not be dematerialised or rematerialised between Monday 24 March 2014 and Friday 28 March 2014, both days inclusive.

The interim dividend of 77.0 cents per share carries no STC credits. Shareholders who are exempt from Dividend Withholding Tax (DWT) will receive the full 77.0 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).

For South African shareholders who are subject to DWT, the net interim dividend after deducting 15% tax will be 65.45000 cents per share.

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

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

B preference shares

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

Dividends declared and paid

	B preference shares	
Cents per share	**2013**	2012
Period:		
28 February 2012 – 27 August 2012		333.1
28 August 2012 – 25 February 2013		320.3
26 February 2013 – 26 August 2013	**320.3**	
27 August 2013 – 24 February 2014	**320.3**	

LL Dippenaar
Chairman

SE Nxasana
CEO

C Low
Company secretary

3 March 2014

DESCRIPTION OF DIFFERENCE BETWEEN NORMALISED AND IFRS RESULTS

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 items and accounting anomalies.

SHARE-BASED PAYMENTS 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.

In 2005 the Group concluded a BEE transaction. As part of this transaction, rights were granted to the Group's black South African employees and black non-executive directors. These rights were accounted for as expenses in accordance with IFRS 2. FirstRand hedged itself against the price risk of the FirstRand share price inherent in these schemes by buying in the open market the FirstRand shares required to settle these schemes. These shares are held in various share trusts. *IFRS 10 Consolidated Financial Statements* requires certain of these share trusts to be consolidated by the Group. FirstRand shares held by the staff share trusts are, therefore, treated as treasury shares.

The economic cost to the Group of the transaction is the net funding cost paid by the Group on the funding required to buy these shares.

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

CONSOLIDATED PRIVATE EQUITY SUBSIDIARIES

In accordance with IFRS, operating costs of consolidated private equity subsidiaries are included in profit or loss as part of operating expenses. For the purposes of calculating normalised results, these operating costs are reclassified to NIR, where income earned from these entities is included. This presentation of net income earned from consolidated private equity subsidiaries more accurately reflects the underlying economic substance of the Group's relationship with these entities.

FIRSTRAND SHARES HELD FOR CLIENT TRADING ACTIVITIES

The Group invests in FirstRand shares to offset its exposure as a result of client trading positions. Depending on the nature of the client trading position and resulting risks, FirstRand shares may be held long or sold short by the Group.

In terms of *IAS 32 Financial Instruments: Presentation*, FirstRand 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. All gains and losses on FirstRand shares are reversed to profit or loss.

In addition, in terms of *IAS 28 Investments in Associates*, upstream and downstream profits are eliminated when equity accounting is applied, and, in terms of *IAS 32 Financial Instruments: Presentation*, profits or losses cannot be recognised on an entity's own equity instruments. For the income statement, the Group's portion of the fair value change in FirstRand shares is, therefore, deducted from equity-accounted earnings and the investment recognised using the equity accounted method.

Changes in the fair value of FirstRand shares and dividends declared on these shares affect the fair value of client trading positions reflected in the statement of financial position, unless the client trading position is itself an equity instrument. The change in the fair value of client trading positions is recognised in profit or loss. However, because of the rules relating to treasury shares and the elimination of upstream and downstream profits, when equity accounting is applied the corresponding fair value changes (or the Group's portion of the fair value changes) in the FirstRand shares held to match client trading positions are reversed or eliminated. This results in a mismatch in the overall equity and profit or loss of the Group.

For purposes of calculating normalised results, the adjustments described above are reversed and FirstRand shares held for client trading positions are treated as issued to parties external to the Group.

Where the client trading position is classified as an equity instrument, then neither gains nor losses on client trading positions or FirstRand shares held to hedge these are reflected in profit or loss or on the statement of financial position.

ECONOMIC HEDGES

From time to time the Group enters into economic interest rate hedging transactions, which do not qualify for hedge accounting in terms of the requirements of IFRS. For the purposes of calculating normalised results, the Group reclassifies fair value changes on these hedging instruments from NIR to NII to reflect the economic substance of these hedges.

FAIR VALUE ANNUITY INCOME – LENDING

For the purposes of calculating normalised results, the Group accounts for the majority of its wholesale advances book in 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 reclassifies the margin relating to the annuity fair value income earned on the RMB wholesale advances book from NIR to NII to reflect the economic substance of the income earned on these assets. The corresponding impairment charge is reallocated from NIR to impairment of advances. Fair value advances are adjusted to reflect the cumulative adjustment.

IAS 19 REMEASUREMENT OF PLAN ASSETS

In terms of the revised IAS 19, interest income is recognised on plan assets and set off against staff costs in the income statement. All other remeasurements of plan assets are recognised in other comprehensive income. In instances where the plan asset is a qualifying insurance policy, which has a limit of indemnity, the fair value of the plan asset is limited to that limit of indemnity. The limit of indemnity continually reduces as payments are made in terms of the insurance policy. After the recognition of interest income on the plan asset, any further adjustment required to revalue the plan asset to the limit of indemnity is recognised in other comprehensive income. Therefore, to the extent that interest income on plan assets results in an increase in the fair value of the plan asset above the limit of indemnity, a downward fair value measurement is recognised in other comprehensive income. Economically, the value of the plan asset has simply reduced with claims paid. Normalised results are adjusted to reflect this by increasing staff costs for the value of the interest on the plan assets and increasing other comprehensive income

REALISATION ON THE SALE OF PRIVATE EQUITY SUBSIDIARIES

In terms of *Circular 2/2013 Headline Earnings*, gains or losses from the sale of subsidiaries are excluded from headline earnings.

The circular includes specific industry rules. Rule 1 allows entities to include in headline earnings gains or losses associated with private equity investments that are associates or joint ventures, which form part of trading or operating activities. This exclusion, however, does not apply to gains or losses associated with private equity investments that are subsidiaries. The Group includes gains or losses on the sale of private equity subsidiaries in normalised headline earnings to reflect the nature of these investments.

ECONOMIC HEDGE AGAINST SHARE-BASED PAYMENT OBLIGATIONS

The Group entered into a total return swap (TRS) with external parties in order to economically hedge itself against the cost associated with the Group's share option schemes.

In terms of *IAS 39 Financial Instruments: Recognition and Measurement*, the TRS is accounted for as a derivative instrument at fair value with the full fair value change recognised in profit or loss.

In accordance with IFRS 2, the expense resulting from these option schemes is recognised over the vesting period of the schemes. This leads to a mismatch in the recognition of the profit or loss of the hedge and the share-based payment expense.

For the purposes of calculating normalised results, the Group defers the recognition of the fair value gain or loss on the hedging instrument for the specific reporting period to the period in which the IFRS 2 impact will manifest in the Group's results. This reflects the economic substance of the hedge and associated IFRS 2 impact for the Group.

HEADLINE EARNINGS ADJUSTMENTS

All adjustments that are required by *Circular 2/2013 Headline Earnings* in calculating headline earnings are included in normalised results on a line-by-line basis based on the nature of the adjustment.

The description and amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 3. These adjustments include the write back of impairment losses recognised on intangible assets and goodwill.

CONDENSED CONSOLIDATED INCOME STATEMENT – IFRS

R million	Six months ended 31 December 2013	Six months ended 31 December 2012*	% change	Year ended 30 June 2013*
Net interest income before impairment of advances	**14 673**	12 408	18	24 769
Impairment of advances	**(2 294)**	(2 250)	2	(4 807)
Net interest income after impairment of advances	**12 379**	10 158	22	19 962
Non-interest income	**17 192**	15 237	13	30 734
Income from operations	**29 571**	25 395	16	50 696
Operating expenses	**(17 047)**	(15 353)	11	(30 804)
Net income from operations	**12 524**	10 042	25	19 892
Share of profit of associates and joint ventures after tax	**360**	293	23	824
Income before tax	**12 884**	10 335	25	20 716
Indirect tax	**(465)**	(462)	1	(645)
Profit before tax	**12 419**	9 873	26	20 071
Income tax expense	**(2 989)**	(2 255)	33	(4 117)
Profit for the period	**9 430**	7 618	24	15 954
Attributable to:				
Ordinary equityholders	**8 839**	7 105	24	14 785
NCNR preference shareholders	**144**	150	(4)	297
Equityholders of the Group	**8 983**	7 255	24	15 082
Non-controlling interests	**447**	363	23	872
Profit for the period	**9 430**	7 618	24	15 954
Earnings per share (cents)				
– Basic	**161.1**	129.6	24	269.7
– Diluted	**159.6**	128.1	25	266.4
Headline earnings per share (cents)				
– Basic	**160.5**	132.8	21	279.6
– Diluted	**159.1**	131.2	21	276.2

* *Refer to restatement of prior year numbers on pages 123 to 131.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – IFRS

R million	Six months ended 31 December 2013	Six months ended 31 December 2012*	% change	Year ended 30 June 2013*
Profit for the period	**9 430**	7 618	24	15 954
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**70**	(89)	(>100)	853
Gains/(losses) arising during the period	**(265)**	(453)	(42)	417
Reclassification adjustments for amounts included in profit or loss	**364**	329	11	768
Deferred income tax	**(29)**	35	(>100)	(332)
Available-for-sale financial assets	**(40)**	431	(>100)	(104)
(Losses)/gains arising during the period	**(19)**	565	(>100)	(117)
Reclassification adjustments for amounts included in profit or loss	**(66)**	(1)	>100	(33)
Deferred income tax	**45**	(133)	(>100)	46
Exchange differences on translating foreign operations	**396**	315	26	998
Gains arising during the period	**396**	315	26	998
Share of other comprehensive income of associates after tax and non-controlling interests	**3**	24	(88)	129
Items that may not subsequently be reclassified to profit or loss				
Actuarial losses on defined benefit post-employment plans	**(20)**	(22)	(9)	22
(Losses)/gains arising during the period	**(25)**	(32)	(22)	30
Deferred income tax	**5**	10	(50)	(8)
Other comprehensive income for the period	**409**	659	(38)	1 898
Total comprehensive income for the period	**9 839**	8 277	19	17 852
Attributable to:				
Ordinary equityholders	**9 225**	7 748	19	16 625
NCNR preference shareholders	**144**	150	(4)	297
Equityholders of the Group	**9 369**	7 898	19	16 922
Non-controlling interests	**470**	379	24	930
Total comprehensive income for the period	**9 839**	8 277	19	17 852

* *Refer to restatement of prior year numbers on pages 123 to 131.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – IFRS

	As at 31 December		As at 30 June
R million	**2013**	2012*	2013*
ASSETS			
Cash and cash equivalents	**49 546**	51 570	48 565
Derivative financial instruments	**44 221**	56 251	52 277
Commodities	**6 894**	8 003	6 016
Accounts receivable	**7 349**	6 755	7 804
Current tax asset	**618**	602	266
Advances	**635 443**	565 449	601 065
Investment securities and other investments	**127 281**	110 873	128 388
Investments in associates and joint ventures	**6 293**	5 252	5 396
Property and equipment	**14 300**	12 520	13 453
Intangible assets	**1 181**	1 557	1 169
Reinsurance assets	**396**	846	394
Post-employment benefit asset	**3**	–	–
Investment properties	**458**	452	459
Deferred income tax asset	**432**	355	460
Non-current assets and disposal groups held for sale	**16**	505	20
Total assets	**894 431**	820 990	865 732
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**5 532**	9 219	2 991
Derivative financial instruments	**48 836**	58 284	53 008
Creditors and accruals	**10 256**	8 733	11 079
Current tax liability	**438**	235	513
Deposits	**727 032**	651 375	697 035
Provisions	**655**	584	600
Employee liabilities	**4 998**	4 637	5 857
Other liabilities	**4 591**	4 822	6 101
Policyholder liabilities under insurance contracts	**662**	1 107	646
Deferred income tax liability	**1 185**	1 180	753
Tier 2 liabilities	**8 127**	8 120	8 116
Liabilities directly associated with disposal groups held for sale	**–**	83	–
Total liabilities	**812 312**	748 379	786 699
Equity			
Ordinary shares	**55**	55	55
Share premium	**5 571**	5 601	5 609
Reserves	**69 115**	59 840	65 954
Capital and reserves attributable to ordinary equityholders	**74 741**	65 496	71 618
NCNR preference shareholders	**4 519**	4 519	4 519
Capital and reserves attributable to equityholders of the Group	**79 260**	70 015	76 137
Non-controlling interests	**2 859**	2 596	2 896
Total equity	**82 119**	72 611	79 033
Total equity and liabilities	**894 431**	820 990	865 732

* *Refer to restatement of prior year numbers on pages 123 to 131.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – IFRS

	Six months ended 31 December		Year ended 30 June
R million	**2013**	2012	2013
Net cash flows from operating activities	**11 334**	11 421	24 298
Net cash utilised from operations	**(2 888)**	8 014	(4 241)
Taxation paid	**(3 273)**	(3 391)	(5 642)
Net cash inflow from operating activities	**5 173**	16 044	14 415
Net cash outflow from investing activities	**(3 335)**	(1 347)	(3 803)
Net cash inflow from financing activities	**(1 626)**	(474)	325
Net increase in cash and cash equivalents from operations	**212**	14 223	10 937
Cash and cash equivalents at the beginning of the year	**48 565**	37 317	37 317
Cash and cash equivalents at the end of the period	**48 777**	51 540	48 254
Cash and cash equivalents acquired*	**–**	–	2
Cash and cash equivalents disposed of*	**326**	(2)	–
Effect of exchange rate changes on cash and cash equivalents	**443**	32	309
Cash and cash equivalents at the end of the period	**49 546**	51 570	48 565
Mandatory reserve balances included above**	**17 005**	14 991	16 160

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

** *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.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – IFRS

for the six months ended 31 December

R million	Ordinary share capital and ordinary equityholders' funds				
	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as reported at 30 June 2012	55	5 216	**5 271**	–	(753)
Prior period restatements	–	216	**216**	(591)	–
Restated balance as at 1 July 2012	55	5 432	**5 487**	(591)	(753)
Issue of share capital	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Consolidation of treasury shares	–	169	**169**	–	–
Total comprehensive income for the period	–	–	**–**	(22)	(89)
Vesting of share-based payment reserve	–	–	**–**	–	–
Balance as at 31 December 2012	55	5 601	**5 656**	(613)	(842)
Balance as reported at 30 June 2013	55	5 397	**5 452**	–	100
Prior period restatements	–	212	**212**	(569)	–
Balance as at 1 July 2013	55	5 609	**5 664**	(569)	100
Issue of share capital	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Consolidation of treasury shares	–	(38)	**(38)**	–	–
Total comprehensive income for the period	–	–	**–**	(20)	70
Vesting of share-based payment reserve	–	–	**–**	–	–
Balance as at 31 December 2013	55	5 571	**5 626**	(589)	170

Ordinary share capital and ordinary equityholders' funds								
Share-based payment reserve	Available-for-sale reserve	Foreign currency translation reserve	Other reserves	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Non-cumulative non-redeemable preference shares**	**Non-controlling interests**	**Total equity**
3 247	626	1 052	(61)	53 139	**57 250**	**4 519**	**2 767**	**69 807**
–	(6)	(10)	(20)	(411)	**(1 038)**	**–**	**(66)**	**(888)**
3 247	620	1 042	(81)	52 728	**56 212**	**4 519**	**2 701**	**68 919**
–	–	–	–	–	**–**	**–**	**(4)**	**(4)**
(262)	–	–	(40)	5	**(297)**	**–**	**(7)**	**(304)**
–	–	–	–	(3 193)	**(3 193)**	**–**	**(412)**	**(3 605)**
–	–	–	–	–	**–**	**(150)**	**–**	**(150)**
–	–	–	15	(15)	**–**	**–**	**–**	**–**
–	–	–	–	22	**22**	**–**	**(61)**	**(39)**
–	–	–	–	50	**50**	**–**	**–**	**219**
–	428	306	20	7 105	**7 748**	**150**	**379**	**8 277**
(26)	–	–	–	(676)	**(702)**	**–**	**–**	**(702)**
2 959	1 048	1 348	(86)	56 026	**59 840**	**4 519**	**2 596**	**72 611**
3 173	539	1 995	140	60 786	**66 733**	**4 519**	**2 924**	**79 628**
–	(21)	4	(14)	(179)	**(779)**	**–**	**(28)**	**(595)**
3 173	518	1 999	126	60 607	**65 954**	**4 519**	**2 896**	**79 033**
–	–	–	–	–	**–**	**–**	**–**	**–**
(499)	–	–	(9)	(27)	**(535)**	**–**	**(28)**	**(563)**
–	–	–	–	(4 444)	**(4 444)**	**–**	**(360)**	**(4 804)**
–	–	–	–	–	**–**	**(144)**	**–**	**(144)**
–	–	–	11	(11)	**–**	**–**	**–**	**–**
–	–	–	–	(234)	**(234)**	**–**	**(119)**	**(353)**
–	–	–	–	5	**5**	**–**	**–**	**(33)**
–	(40)	372	4	8 839	**9 225**	**144**	**470**	**9 839**
(15)	–	–	–	(841)	**(856)**	**–**	**–**	**(856)**
2 659	478	2 371	132	63 894	**69 115**	**4 519**	**2 859**	**82 119**

Detailed financial analysis

This section is based on normalised earnings from the Group. A detailed reconciliation between IFRS and normalised results is set out on pages 30 to 38.

KEY FINANCIAL RESULTS, RATIOS AND STATISTICS – NORMALISED

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012	% change	2013
Earnings performance				
Normalised earnings contribution by franchise	**8 691**	7 243	20	15 420
FNB	**4 769**	4 016	19	8 124
RMB	**2 268**	1 943	17	4 471
WesBank	**1 406**	1 389	1	2 834
Treasury and Corporate Centre	**18**	(285)	(>100)	(70)
FirstRand Limited (company)	**374**	330	13	358
NCNR preference dividend	**(144)**	(150)	(4)	(297)
Attributable earnings – IFRS (refer page 16)	**8 839**	7 105	24	14 785
Headline earnings	**8 807**	7 281	21	15 327
Normalised earnings	**8 691**	7 243	20	15 420
Normalised net asset value	**75 714**	66 689	14	72 696
Normalised net asset value per share (cents)	**1 342.9**	1 182.9	14	1 289.4
Tangible normalised net asset value	**74 533**	65 132	14	71 527
Tangible normalised net asset value per share (cents)	**1 322.0**	1 155.2	14	1 268.7
Average normalised net asset value	**74 205**	65 016	14	68 019
Market capitalisation	**202 346**	174 776	16	163 106
Normalised earnings per share (cents)				
– Basic	**154.2**	128.5	20	273.5
– Diluted	**154.2**	128.5	20	273.5
Earnings per share (cents)				
– Basic	**161.1**	129.6	24	269.7
– Diluted	**159.6**	128.1	25	266.4
Headline earnings per share (cents)				
– Basic	**160.5**	132.8	21	279.6
– Diluted	**159.1**	131.2	21	276.2
Ordinary dividend per share (cents)	**77.0**	55.0	40	136.0
NCNR B preference dividend* paid (cents per share)	**320.3**	333.1	(4)	653.4
Capital adequacy – FirstRand**				
Capital adequacy ratio (%)	**16.2**	14.9		16.3
Tier 1 ratio (%)	**14.8**	13.4		14.8
CET1 ratio (%)	**13.7**	12.5		13.8
Balance sheet				
Normalised total assets	**895 401**	822 178	9	866 807
Loans and advances (net of credit impairment)	**635 443**	565 449	12	601 065
Ratios and key statistics				
ROE (%)	**23.4**	22.3		22.7
Return on assets (%)	**1.97**	1.82		1.89
Price earnings ratio (times)	**11.6**	12.1		10.6
Price-to-book ratio (times)	**2.7**	2.6		2.2
Dividend cover (times)	**2.0**	2.3		2.0
Average loan-to-deposit ratio (%)	**88.6**	88.7		88.4
Diversity ratio (%)	**48.3**	50.7		50.0
Credit impairment charge	**2 445**	2 509	(3)	5 700
NPLs as % of advances	**2.56**	3.13		2.81
Credit loss ratio (%)	**0.77**	0.90		0.99
Credit loss ratio (%) excluding impact of merchant acquiring event	**0.77**	0.90		0.95
Specific coverage ratio (%)	**40.2**	36.3		40.1
Total impairment coverage ratio (%)	**77.3**	65.7		73.6
Performing book coverage ratio (%)	**0.97**	0.95		0.97
Cost-to-income ratio (%)	**52.5**	53.0		51.7
Effective tax rate (%)	**23.8**	22.7		20.2
Number of employees	**38 026**	36 491	4	37 231

* *75.56% of FNB prime lending rate.*

** *2013 capital ratios are calculated on Basel III basis; 2012 capital ratios are calculated on Basel 2.5 basis.*

CONDENSED CONSOLIDATED INCOME STATEMENT – NORMALISED

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012*	% change	2013*
Net interest income before impairment of advances	**16 397**	13 629	20	28 100
Impairment of advances	**(2 445)**	(2 509)	(3)	(5 700)
Net interest income after impairment of advances	**13 952**	11 120	25	22 400
Non-interest revenue	**14 839**	13 737	8	27 265
Income from operations	**28 791**	24 857	16	49 665
Operating expenses	**(16 643)**	(14 643)	14	(29 064)
Net income from operations	**12 148**	10 214	19	20 601
Share of profit of associates and joint ventures after tax	**487**	284	71	803
Income before tax	**12 635**	10 498	20	21 404
Indirect tax	**(465)**	(462)	1	(645)
Profit before tax	**12 170**	10 036	21	20 759
Income tax expense	**(2 891)**	(2 282)	27	(4 190)
Profit for the period	**9 279**	7 754	20	16 569
Non-controlling interests	**(444)**	(361)	23	(852)
NCNR preference shareholders	**(144)**	(150)	(4)	(297)
Normalised earnings attributable to ordinary equityholders of the Group	**8 691**	7 243	20	15 420

* *Refer to restatement of prior year numbers on pages 123 to 131.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – NORMALISED

	Six months ended 31 December			Year ended 30 June
R million	2013	2012	% change	2013
Profit for the period	**9 279**	7 754	20	16 569
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**70**	(89)	(>100)	853
Gains/(losses) arising during the period	**(265)**	(453)	(42)	417
Reclassification adjustments for amounts included in profit or loss	**364**	329	11	768
Deferred income tax	**(29)**	35	(>100)	(332)
Available-for-sale financial assets	**(120)**	326	(>100)	(209)
(Losses)/gains arising during the period	**(99)**	460	(>100)	(222)
Reclassification adjustments for amounts included in profit or loss	**(66)**	(1)	>100	(33)
Deferred income tax	**45**	(133)	(>100)	46
Exchange differences on translating foreign operations	**396**	315	26	998
Gains arising during the period	**396**	315	26	998
Share of other comprehensive income of associates after tax and non-controlling interests	**3**	24	(88)	129
Items that may not subsequently be reclassified to profit or loss				
Actuarial gains on defined benefit post-employment plans	**33**	34	(3)	132
Gains arising during the period	**49**	46	7	183
Deferred income tax	**(16)**	(12)	33	(51)
Other comprehensive income for the period	**382**	610	(37)	1 903
Total comprehensive income for the period	**9 661**	8 364	16	18 472
Attributable to:				
Ordinary equityholders	**9 050**	7 837	15	17 265
NCNR preference shareholders	**144**	150	(4)	297
Equityholders of the Group	**9 194**	7 987	15	17 562
Non-controlling interests	**467**	377	24	910
Total comprehensive income for the period	**9 661**	8 364	16	18 472

STATEMENT OF HEADLINE EARNINGS

R million	Six months ended 31 December 2013	Six months ended 31 December 2012	% change	Year ended 30 June 2013
IFRS profit (refer page 16)	**9 430**	7 618	24	15 954
Non-controlling interests	**(447)**	(363)	23	(872)
NCNR preference shareholders	**(144)**	(150)	(4)	(297)
IFRS earnings attributable to ordinary equityholders	**8 839**	7 105	24	14 785
Adjusted for:				
Headline earnings adjustments	**(32)**	176	(>100)	542
Headline earnings	**8 807**	7 281	21	15 327

STATEMENT OF NORMALISED EARNINGS

R million	Six months ended 31 December 2013	Six months ended 31 December 2012	% change	Year ended 30 June 2013
Headline earnings	**8 807**	7 281	21	15 327
Adjusted for:	**(116)**	(38)	>100	93
IFRS 2 Share-based payment expense	**12**	22	(45)	43
Treasury shares*	**63**	42	50	33
TRS adjustment	**(146)**	(53)	>100	85
IAS 19 adjustments	**(53)**	(56)	(5)	(110)
Private equity subsidiary realisations	**8**	7	14	42
Normalised earnings	**8 691**	7 243	20	15 420

* *Includes FirstRand shares held for client trading activities.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – NORMALISED

	As at 31 December		As at 30 June
R million	**2013**	2012	2013
ASSETS			
Cash and cash equivalents	**49 546**	51 570	48 565
Derivative financial instruments	**44 221**	56 251	52 277
Commodities	**6 894**	8 003	6 016
Accounts receivable	**7 334**	6 720	7 752
Current tax asset	**570**	602	218
Advances	**635 443**	565 449	601 065
Investment securities and other investments	**126 682**	110 332	127 843
Loans to share trusts	**1 651**	1 773	1 727
Investments in associates and joint ventures	**6 274**	5 243	5 389
Property and equipment	**14 300**	12 520	13 453
Intangible assets	**1 181**	1 557	1 169
Reinsurance assets	**396**	846	394
Post-employment benefit asset	**3**	–	–
Investment properties	**458**	452	459
Deferred income tax asset	**432**	355	460
Non-current assets and disposal groups held for sale	**16**	505	20
Total assets	**895 401**	822 178	866 807
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**5 532**	9 219	2 991
Derivative financial instruments	**48 836**	58 284	53 008
Creditors and accruals	**10 256**	8 731	11 079
Current tax liability	**435**	232	510
Deposits	**727 032**	651 375	697 035
Provisions	**655**	584	600
Employee liabilities	**4 998**	4 637	5 857
Other liabilities	**4 591**	4 822	6 101
Policyholder liabilities under insurance contracts	**662**	1 107	646
Deferred income tax liability	**1 185**	1 180	753
Tier 2 liabilities	**8 127**	8 120	8 116
Liabilities directly associated with disposal groups held for sale	**–**	83	–
Total liabilities	**812 309**	748 374	786 696
Equity			
Ordinary shares	**56**	56	56
Share premium	**7 083**	7 083	7 083
Reserves	**68 575**	59 550	65 557
Capital and reserves attributable to ordinary equityholders	**75 714**	66 689	72 696
NCNR preference shareholders	**4 519**	4 519	4 519
Capital and reserves attributable to equityholders of the Group	**80 233**	71 208	77 215
Non-controlling interests	**2 859**	2 596	2 896
Total equity	**83 092**	73 804	80 111
Total equity and liabilities	**895 401**	822 178	866 807

RECONCILIATION OF NORMALISED TO IFRS CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 31 December 2013

R million	**Normalised**	IFRS 2 Share-based payment expense	Private equity expenses	Treasury shares*	Economic hedges
Net interest income before impairment of advances	**16 397**	–	–	(64)	(114)
Impairment of advances	**(2 445)**	–	–	–	–
Net interest income after impairment of advances	**13 952**	–	–	(64)	(114)
Non-interest revenue	**14 839**	–	456	(11)	114
Income from operations	**28 791**	–	456	(75)	–
Operating expenses	**(16 643)**	(12)	(456)	–	–
Net income from operations	**12 148**	(12)	–	(75)	–
Share of profit of associates and joint ventures after tax	**487**	–	–	12	–
Income before tax	**12 635**	(12)	–	(63)	–
Indirect tax	**(465)**	–	–	–	–
Profit before tax	**12 170**	(12)	–	(63)	–
Income tax expense	**(2 891)**	–	–	–	
Profit for the year	**9 279**	(12)	–	(63)	–
Attributable to:					
Non-controlling interests	**(444)**	–	–	–	–
NCNR preference shareholders	**(144)**	–	–	–	–
Ordinary equityholders of the Group	**8 691**	(12)	–	(63)	–
Headline and normalised earnings adjustments	**–**	12	–	63	–
Normalised earnings	**8 691**	–	–	–	–

* *Includes FirstRand shares held for client trading activities.*

Fair value annuity income (lending)	IAS 19 adjustments	Private equity subsidiary realisations	Impairment of goodwill and other assets	Other headline earnings adjustments	TRS adjustment	**IFRS**
(1 546)	–	–	–	–	–	**14 673**
151	–	–	–	–	–	**(2 294)**
(1 395)	–	–	–	–	–	**12 379**
1 534	–	(8)	–	65	203	**17 192**
139	–	(8)	–	65	203	**29 571**
–	74	–	(11)	1	–	**(17 047)**
139	74	(8)	(11)	66	203	**12 524**
(139)	–	–	–	–	–	**360**
–	74	(8)	(11)	66	203	**12 884**
–	–	–	–	–	–	**(465)**
–	74	(8)	(11)	66	203	**12 419**
–	(21)	–	–	(20)	(57)	**(2 989)**
–	53	(8)	(11)	46	146	**9 430**
–	–	–	–	(3)	–	**(447)**
–	–	–	–	–	–	**(144)**
–	53	(8)	(11)	43	146	**8 839**
–	(53)	8	11	(43)	(146)	**(148)**
–	–	–	–	–	–	**8 691**

RECONCILIATION OF NORMALISED TO IFRS CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 31 December 2012

	Normalised	IFRS 2 Share-based payment expense	Private equity expenses	Treasury shares*
Net interest income before impairment of advances	13 629	–	–	(68)
Impairment of advances	(2 509)	–	–	–
Net interest income after impairment of advances	11 120	–	–	(68)
Non-interest revenue	13 737	–	510	17
Income from operations	24 857	–	510	(51)
Operating expenses	(14 643)	(22)	(510)	–
Net income from operations	10 214	(22)	–	(51)
Share of profit of associates and joint ventures after tax	284	–	–	9
Income before tax	10 498	(22)	–	(42)
Indirect tax	(462)	–	–	–
Profit before tax	10 036	(22)	–	(42)
Income tax expense	(2 282)	–	–	–
Profit for the year	7 754	(22)	–	(42)
Attributable to:				
Non-controlling interests	(361)	–	–	–
NCNR preference shareholders	(150)	–	–	–
Ordinary equityholders of the Group	7 243	(22)	–	(42)
Headline and normalised earnings adjustments	–	22		42
Normalised earnings	7 243	–	–	–

* *Includes FirstRand shares held for client trading activities.*

Economic hedges	Fair value annuity income (lending)	IAS 19 adjustments	Private equity subsidiary realisations	Impairment of goodwill and other assets	Other headline earnings adjustments	TRS adjustment	IFRS
(109)	(1 044)	–	–	–	–	–	12 408
–	259	–	–	–	–	–	(2 250)
(109)	(785)	–	–	–	–	–	10 158
109	785	–	(7)	–	13	73	15 237
–	–	–	(7)	–	13	73	25 395
–	–	78	–	(248)	(8)	–	(15 353)
–	–	78	(7)	(248)	5	73	10 042
–	–	–	–	–	–	–	293
–	–	78	(7)	(248)	5	73	10 335
–	–	–	–	–	–	–	(462)
–	–	78	(7)	(248)	5	73	9 873
	–	(22)	–	69	–	(20)	(2 255)
–	–	56	(7)	(179)	5	53	7 618
–	–	–	–	–	(2)	–	(363)
–	–	–	–	–	–	–	(150)
–	–	56	(7)	(179)	3	53	7 105
–	–	(56)	7	179	(3)	(53)	138
–	–	–	–	–	–	–	7 243

RECONCILIATION OF NORMALISED TO IFRS CONDENSED CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2013

R million	Normalised	IFRS 2 Share-based payment expense	Private equity expenses	Treasury shares*
Net interest income before impairment of advances	28 100	–	–	(131)
Impairment of advances	(5 700)	–	–	–
Net interest income after impairment of advances	22 400	–	–	(131)
Non-interest revenue	27 265	–	1 124	45
Income from operations	49 665	–	1 124	(86)
Operating expenses	(29 064)	(43)	(1 124)	(2)
Net income from operations	20 601	(43)	–	(88)
Share of profit of associates and joint ventures after tax	803	–	–	7
Income before tax	21 404	(43)	–	(81)
Indirect tax	(645)	–	–	–
Profit before tax	20 759	(43)	–	(81)
Income tax expense	(4 190)	–	–	48
Profit for the year	16 569	(43)	–	(33)
Attributable to:				
Non-controlling interests	(852)	–	–	–
NCNR preference shareholders	(297)	–	–	–
Ordinary equityholders of the Group	15 420	(43)	–	(33)
Headline and normalised earnings adjustments	–	43	–	33
Normalised earnings	15 420	–	–	–

* *Includes FirstRand shares held for client trading activities.*

	Economic hedges	Fair value annuity income (lending)	IAS 19 adjustments	Private equity subsidiary realisations	Impairment of goodwill and other assets	Other headline earnings adjustments	TRS adjustment	IFRS
	(403)	(2 797)	–	–	–	–	–	24 769
	–	893	–	–	–	–	–	(4 807)
	(403)	(1 904)	–	–	–	–	–	19 962
	403	1 904	–	(42)	–	153	(118)	30 734
	–	–	–	(42)	–	153	(118)	50 696
	–	–	153	–	(672)	(52)	–	(30 804)
	–	–	153	(42)	(672)	101	(118)	19 892
	–	–	–	–	–	14	–	824
	–	–	153	(42)	(672)	115	(118)	20 716
	–	–	–	–	–	–	–	(645)
	–	–	153	(42)	(672)	115	(118)	20 071
		–	(43)	–	69	(34)	33	(4 117)
	–	–	110	(42)	(603)	81	(85)	15 954
	–	–	–	–	–	(20)	–	(872)
	–	–	–	–	–	–	–	(297)
	–	–	110	(42)	(603)	61	(85)	14 785
	–	–	(110)	42	603	(61)	85	635
	–	–	–	–	–	–	–	15 420

RECONCILIATION OF NORMALISED TO IFRS CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

R million	Normalised	Treasury shares*	IFRS
ASSETS			
Cash and cash equivalents	**49 546**	–	**49 546**
Derivative financial instruments	**44 221**	–	**44 221**
Commodities	**6 894**	–	**6 894**
Accounts receivable	**7 334**	15	**7 349**
Current tax asset	**570**	48	**618**
Advances	**635 443**	–	**635 443**
Investment securities and other investments	**126 682**	599	**127 281**
Loans to share trusts	**1 651**	(1 651)	**–**
Investments in associates and joint ventures	**6 274**	19	**6 293**
Property and equipment	**14 300**	–	**14 300**
Intangible assets	**1 181**	–	**1 181**
Reinsurance assets	**396**	–	**396**
Post-employment benefit asset	**3**	–	**3**
Investment properties	**458**	–	**458**
Deferred income tax asset	**432**	–	**432**
Non-current assets and disposal groups held for sale	**16**	–	**16**
Total assets	**895 401**	(970)	**894 431**
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**5 532**	–	**5 532**
Derivative financial instruments	**48 836**	–	**48 836**
Creditors and accruals	**10 256**	–	**10 256**
Current tax liability	**435**	3	**438**
Deposits	**727 032**	–	**727 032**
Provisions	**655**	–	**655**
Employee liabilities	**4 998**	–	**4 998**
Other liabilities	**4 591**	–	**4 591**
Policyholder liabilities under insurance contracts	**662**	–	**662**
Deferred income tax liability	**1 185**	–	**1 185**
Tier 2 liabilities	**8 127**	–	**8 127**
Liabilities directly associated with disposal groups held for sale	**–**	–	**–**
Total liabilities	**812 309**	3	**812 312**
Equity			
Ordinary shares	**56**	(1)	**55**
Share premium	**7 083**	(1 512)	**5 571**
Reserves	**68 575**	540	**69 115**
Capital and reserves attributable to ordinary equityholders	**75 714**	(973)	**74 741**
NCNR preference shareholders	**4 519**	–	**4 519**
Capital and reserves attributable to equityholders of the Group	**80 233**	(973)	**79 260**
Non-controlling interests	**2 859**	–	**2 859**
Total equity	**83 092**	(973)	**82 119**
Total equity and liabilities	**895 401**	(970)	**894 431**

* *Includes FirstRand shares held for client trading activities.*

RECONCILIATION OF NORMALISED TO IFRS CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

R million	Normalised	Treasury shares*	IFRS
ASSETS			
Cash and cash equivalents	51 570	–	51 570
Derivative financial instruments	56 251	–	56 251
Commodities	8 003	–	8 003
Accounts receivable	6 720	35	6 755
Current tax asset	602	–	602
Advances	565 449	–	565 449
Investment securities and other investments	110 332	541	110 873
Loans to share trusts	1 773	(1 773)	–
Investments in associates and joint ventures	5 243	9	5 252
Property and equipment	12 520	–	12 520
Intangible assets	1 557	–	1 557
Reinsurance assets	846	–	846
Post-employment benefit asset	–	–	–
Investment properties	452	–	452
Deferred income tax asset	355	–	355
Non-current assets and disposal groups held for sale	505	–	505
Total assets	822 178	(1 188)	820 990
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	9 219	–	9 219
Derivative financial instruments	58 284	–	58 284
Creditors and accruals	8 731	2	8 733
Current tax liability	232	3	235
Deposits	651 375	–	651 375
Provisions	584	–	584
Employee liabilities	4 637	–	4 637
Other liabilities	4 822	–	4 822
Policyholder liabilities under insurance contracts	1 107	–	1 107
Deferred income tax liability	1 180	–	1 180
Tier 2 liabilities	8 120	–	8 120
Liabilities directly associated with disposal groups held for sale	83	–	83
Total liabilities	748 374	5	748 379
Equity			
Ordinary shares	56	(1)	55
Share premium	7 083	(1 482)	5 601
Reserves	59 550	290	59 840
Capital and reserves attributable to ordinary equityholders	66 689	(1 193)	65 496
NCNR preference shareholders	4 519	–	4 519
Capital and reserves attributable to equityholders of the Group	71 208	(1 193)	70 015
Non-controlling interests	2 596	–	2 596
Total equity	73 804	(1 193)	72 611
Total equity and liabilities	822 178	(1 188)	820 990

* *Includes FirstRand shares held for client trading activities.*

RECONCILIATION OF NORMALISED TO IFRS CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

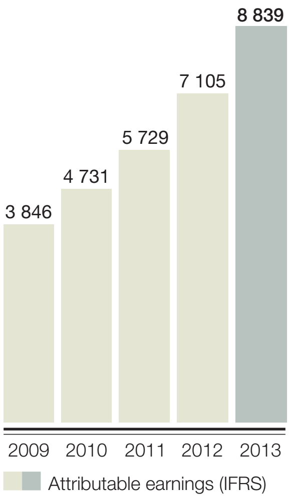
R million	Normalised	Treasury shares*	IFRS
ASSETS			
Cash and cash equivalents	48 565	–	48 565
Derivative financial instruments	52 277	–	52 277
Commodities	6 016	–	6 016
Accounts receivable	7 752	52	7 804
Current tax asset	218	48	266
Advances	601 065	–	601 065
Investment securities and other investments	127 843	545	128 388
Loans to share trusts	1 727	(1 727)	–
Investments in associates and joint ventures	5 389	7	5 396
Property and equipment	13 453	–	13 453
Intangible assets	1 169	–	1 169
Reinsurance assets	394	–	394
Post-employment benefit asset	–	–	–
Investment properties	459	–	459
Deferred income tax asset	460	–	460
Non-current assets and disposal groups held for sale	20	–	20
Total assets	866 807	(1 075)	865 732
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	2 991	–	2 991
Derivative financial instruments	53 008	–	53 008
Creditors and accruals	11 079	–	11 079
Current tax liability	510	3	513
Deposits	697 035	–	697 035
Provisions	600	–	600
Employee liabilities	5 857	–	5 857
Other liabilities	6 101	–	6 101
Policyholder liabilities under insurance contracts	646	–	646
Deferred income tax liability	753	–	753
Tier 2 liabilities	8 116	–	8 116
Liabilities directly associated with disposal groups held for sale	–	–	–
Total liabilities	786 696	3	786 699
Equity			
Ordinary shares	56	(1)	55
Share premium	7 083	(1 474)	5 609
Reserves	65 557	397	65 954
Capital and reserves attributable to ordinary equityholders	72 696	(1 078)	71 618
NCNR preference shareholders	4 519	–	4 519
Capital and reserves attributable to equityholders of the Group	77 215	(1 078)	76 137
Non-controlling interests	2 896	–	2 896
Total equity	80 111	(1 078)	79 033
Total equity and liabilities	866 807	(1 075)	865 732

* *Includes FirstRand shares held for client trading activities.*

OVERVIEW OF RESULTS

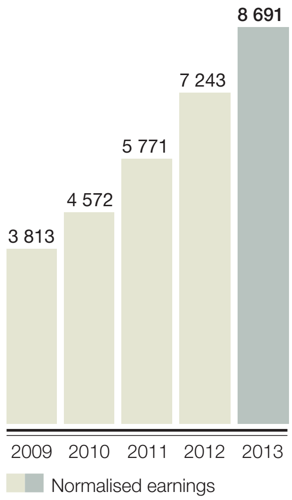
Earnings performance (R million)

CAGR 23%



Normalised earnings (R million)

CAGR 23%



Note: 2009 figures presented on an IFRS-continuing basis, figures from 2010 to 2012 presented on a continuing normalised basis. 2012 and 2013 figures have been prepared in terms of IFRS 10 and 11, and the restated IAS 19.

These results are characterised by the following themes.

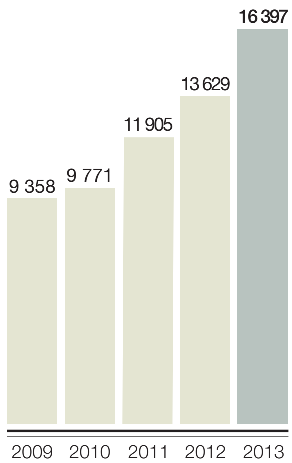
Positives

- Strong advances growth of 12%, driven by:
  - year-on-year growth in higher-yielding asset classes such as VAF, WesBank personal loans and card;
  - sustained wholesale advances book growth from RMB Investment Banking;
  - robust growth from the African subsidiaries, particularly FNB Namibia and FNB Botswana; and
  - good growth in commercial advances, primarily in the agricultural and commercial property finance segments.
- Higher risk-adjusted pricing maintained on new business, specifically in residential mortgages.
- Strong fee and commission income growth of 8%, on the back of:
  - continued growth in the active account base in FNB;
  - strong new business volumes at WesBank; and
  - good levels of knowledge-based fees at RMB.
- Higher capital levels in the current reporting period.
- Resilient levels of investment banking income, underpinned by RMB's client-centric activities and business lines, driven by:
  - robust balance sheet growth, particularly relating to infrastructure and African resources activities, creating hedging and structuring opportunities;
  - strong client-execution revenues from the African subsidiaries, driven by increased volumes; and
  - resilient results from the flow trading and residual risk businesses, due to client demand and volatility in the currency markets.
- An exceptional performance from the Group's associates and joint ventures, assisted by a strong performance from private equity associates.

NET INTEREST INCOME (BEFORE IMPAIRMENT OF ADVANCES) – UP 20%

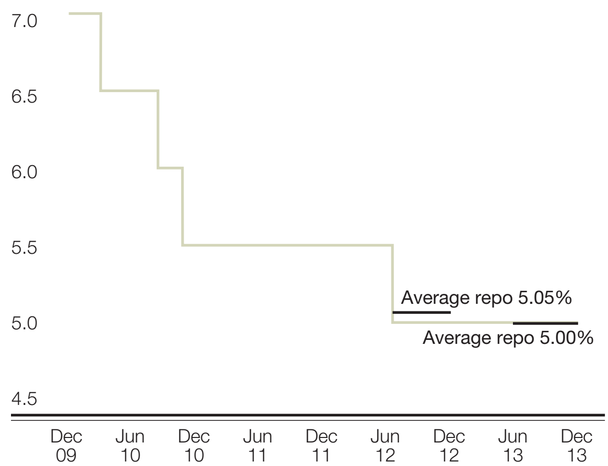
Net interest income (R million)

CAGR 15%



Note: 2009 figures presented on an IFRS-continuing basis, figures from 2010 to 2012 presented on a continuing normalised basis. 2012 and 2013 figures have been prepared in terms of IFRS 10 and 11, and the restated IAS 19.

Repo rate (%)



Note: R112 billion = average endowment book for the period. Rates were lower by 5 bps on average in the current period, which translates into a negative endowment impact of approximately R28 million for the period.

Margin cascade table

Percentage of average interest-earning banking assets	%
December 2012 normalised margin	**4.91**
Capital and deposit endowment	(0.01)
Advances	0.05
– Changes in balance sheet mix	(0.01)
– Asset pricing	0.06
Liabilities	0.08
– Changes in balance sheet mix (deposits)	(0.01)
– Changes in balance sheet mix (capital)	0.02
– Term funding cost	0.08
– Deposit pricing	(0.01)
Group Treasury and other movements	0.10
– Foreign currency liquidity buffer carry cost	(0.01)
– Accounting mismatches and interest rate risk hedges	0.11
December 2013 normalised margin	**5.13**

Segmental analysis of net interest income before impairment of advances

R million	Six months ended 31 December 2013	Six months ended 31 December 2012	% change	Year ended 30 June 2013
FNB	**8 742**	7 465	17	15 496
Retail	**4 990**	4 219	18	8 900
– Residential mortgages	**1 570**	1 245	26	2 477
– Card	**657**	591	11	1 215
– Personal loans	**1 046**	958	9	2 194
– Retail other	**1 717**	1 425	20	3 014
Commercial	**2 326**	2 078	12	4 261
FNB Africa	**1 426**	1 168	22	2 335
RMB	**2 368**	1 565	51	3 897
Investment banking	**2 026**	1 278	59	3 290
Corporate banking	**342**	287	19	607
WesBank	**3 757**	3 299	14	6 853
Corporate Centre	**1 497**	1 304	15	1 817
Net interest income – banking activities	**16 364**	13 633	20	28 063
Other*	**33**	(4)	(>100)	37
Net interest income	**16 397**	13 629	20	28 100

* *Includes FirstRand company and consolidation adjustments.*

Positives	Negatives
Strong advances growth in the wholesale and commercial segments. Continued benefit from growth in higher-yielding asset classes. Further interest in suspense unwind benefit from a continued decline in absolute levels of NPLs, specifically in residential mortgages. Non-repeat of hedging cost related to capital investment in RMB Nigeria. Reduced mark-to-market losses on specific term funding instruments resulting from the narrowing of funding spreads year-on-year – these losses will pull to par over the duration of the instruments.	Dollar funding carry costs associated with USD1 billion of excess liquidity raised and invested in US treasury bills, amounting to R124 million. Increased pricing pressure on retail and commercial deposits.

Average balance sheet

R million	Notes	As at 31 December					
		2013			2012		
		Average balance	**Interest income/ (expense)**	**Average rate %**	Average balance	Interest income/ (expense)	Average rate %
INTEREST-EARNING ASSETS							
Average prime rate				**8.50**			8.55
Balances with central banks		**17 070**	**–**	**-**	14 774	–	–
Cash and cash equivalents		**19 036**	**228**	**2.38**	19 629	250	2.53
Statutory liquid asset portfolio		**52 093**	**1 507**	**5.74**	40 462	1 179	5.78
Loans and advances to customers	1	**545 246**	**25 316**	**9.21**	475 773	21 970	9.16
Interest-earning assets		**633 445**	**27 051**	**8.47**	550 638	23 399	8.43
INTEREST-BEARING LIABILITIES							
Average JIBAR				**5.14**			5.25
Deposits due to customers	2	**(385 656)**	**(6 397)**	**3.29**	(337 197)	(5 677)	3.34
Group Treasury funding		**(211 859)**	**(4 519)**	**4.23**	(199 819)	(4 295)	4.26
Interest-bearing liabilities		**(597 515)**	**(10 916)**	**3.62**	(537 016)	(9 972)	3.68
ENDOWMENT AND TRADING BOOK							
Other assets*		**166 306**	**262**	**0.31**	170 320	202	0.24
Other liabilities**		**(123 475)**	**–**	**–**	(120 876)	–	–
NCNR preference shareholders		**(4 519)**	**–**	**–**	(4 519)	–	–
Equity		**(74 242)**	**–**	**–**	(58 547)	–	–
Endowment and trading book		**(35 930)**	**262**	**(1.45)**	(13 622)	202	(2.94)
Total interest-earning liabilities, endowment and trading book		**(633 445)**	**(10 654)**	**3.34**	(550 638)	(9 770)	3.52
Net interest margin on average interest-earning assets		**633 445**	**16 397**	**5.13**	550 638	13 629	4.91

Interest income represents gross interest received on assets and interest expense represents gross interest paid on liabilities.

* *Includes preference share advances and trading assets.*

** *Includes trading liabilities.*

Note 1 – Margin analysis on loans and advances to customers

R million	December 2013 Average balance	December 2013 Average margin %	December 2012 Average balance	December 2012 Average margin* %
Average prime rate (RSA)		**8.50**		8.55
ADVANCES				
Retail – secured	**269 013**	**2.91**	244 717	2.66
Residential mortgages	**164 661**	**1.81**	158 365	1.48
VAF	**104 352**	**4.65**	86 352	4.82
Retail – unsecured	**39 711**	**13.04**	34 510	12.87
Card	**13 347**	**9.03**	11 839	8.91
Personal loans	**20 324**	**17.29**	18 663	16.62
FNB loans	**12 741**	**15.60**	12 461	14.58
WesBank loans	**7 583**	**20.12**	6 202	20.71
Overdrafts	**6 040**	**7.60**	4 008	7.13
Corporate	**201 565**	**2.68**	167 436	2.54
FNB Commercial	**42 796**	**3.76**	36 796	3.72
– Mortgages	**12 060**	**2.73**	10 560	1.96
– Overdrafts	**17 864**	**4.91**	15 230	5.37
– Term loans	**12 872**	**3.12**	11 006	3.12
WesBank Corporate	**33 880**	**3.11**	29 094	3.29
RMB Investment Banking	**122 240**	**2.20**	99 561	1.90
RMB Corporate Banking	**2 649**	**1.58**	1 985	2.19
FNB Africa	**34 957**	**5.34**	29 110	4.52
Total advances**	**545 246**	**3.72**	475 773	3.47

The loans and advances margins are calculated using total net interest as a percentage of gross advances before impairments. Average balances are daily averages for FNB and WesBank and monthly averages for RMB.

* *2012 margins have been restated for the change in the Group's funds transfer pricing methodology and segment changes.*

** *Excluded from loans and advances to customers are assets under agreements to resell and preference share advances.*

Margin analysis on loans and advances and deposits to customers is based on net interest income as a percentage of average advances/deposits. Net interest income is calculated as the difference between the client rate (earned or paid) and the funds transfer pricing rate (earned or paid by Group Treasury); the average margin is, therefore, net of funds transfer pricing.

The Group operates a transfer pricing framework that incorporates liquidity cost benefits and risks into product pricing, including any regulatory requirement costs and performance measurement for all significant business activities on- and off-balance sheet; thereby aligning liquidity risk-taking incentives of individual business units within the liquidity risk exposure this activity creates for the Group as a whole.

Where fixed-rate commitments are undertaken (fixed-rate loans or fixed deposits), the transfer pricing will also include the interest rate transfer price.

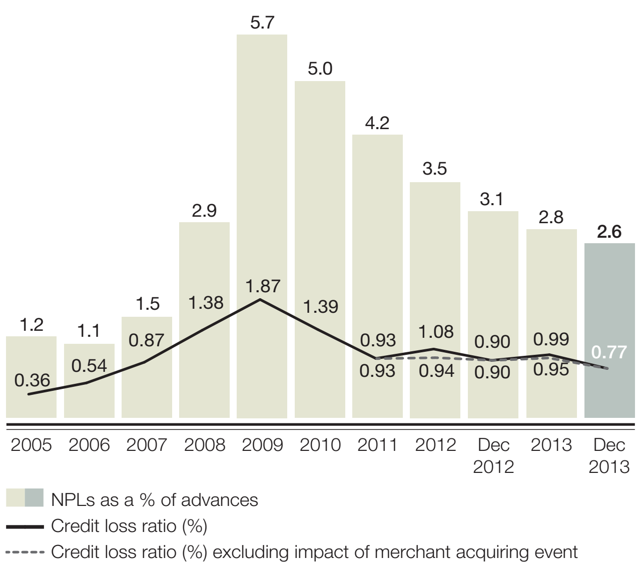
Note 2 – Margin analysis on deposits due to customers

R million	December 2013 Average balance	December 2013 Average margin %	December 2012 Average balance	December 2012 Average margin* %
Average prime rate (RSA)		**8.50**		8.55
DEPOSITS				
Retail	**116 983**	**2.53**	105 601	2.55
Current and savings	**40 733**	**4.74**	35 386	4.77
Call	**3 068**	**2.57**	3 115	2.63
Money market	**27 642**	**1.57**	27 389	1.69
Term	**45 540**	**1.13**	39 711	1.15
Commercial	**126 346**	**2.29**	113 061	2.35
Current and savings	**48 431**	**4.24**	42 077	4.36
Call	**29 199**	**1.30**	26 466	1.37
Money market	**18 078**	**1.83**	17 485	1.88
Term	**30 638**	**0.42**	27 033	0.50
Corporate and investment banking	**98 524**	**0.68**	82 552	0.78
Current and savings	**38 549**	**1.23**	29 168	1.54
Call	**30 795**	**0.35**	31 748	0.39
Term	**29 180**	**0.31**	21 636	0.32
FNB Africa	**43 803**	**1.82**	35 983	1.66
Total deposits	**385 656**	**1.90**	337 197	1.95

Average balances are daily averages for the FNB and WesBank and monthly averages for RMB.
Institutional funding is excluded from deposits due to customers.
** 2012 margins have been restated for changes in the Group's transfer pricing methodology and segment changes.*

IMPAIRMENT OF ADVANCES – DOWN 3% (UP 10% EXCLUDING OVERLAYS)

NPLs and impairment history



CREDIT HIGHLIGHTS

The table below summarises key information on advances, NPLs and impairments in the credit portfolio.

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012	% change	2013
Total gross advances*	**648 254**	577 312	12	613 748
NPLs*	**16 564**	18 043	(8)	17 231
NPLs as a % of advances	**2.56**	3.13		2.81
Impairment charge – total	**2 445**	2 509	(3)	5 700
– Business as usual	**2 445**	2 509	(3)	5 470
– Special impairment**	**–**	–	–	230
Impairment charge as a % of average advances	**0.77**	0.90		0.99
– Business as usual	**0.77**	0.90		0.95
– Special impairment	**–**	–		0.04
Total impairments*	**12 811**	11 863	8	12 683
– Portfolio impairments	**6 152**	5 314	16	5 776
– Specific impairments	**6 659**	6 549	2	6 907
Implied loss given default (coverage)#	**40.2**	36.3		40.1
Total impairments coverage ratio†	**77.3**	65.7		73.6
Performing book coverage ratio‡	**0.97**	0.95		0.97

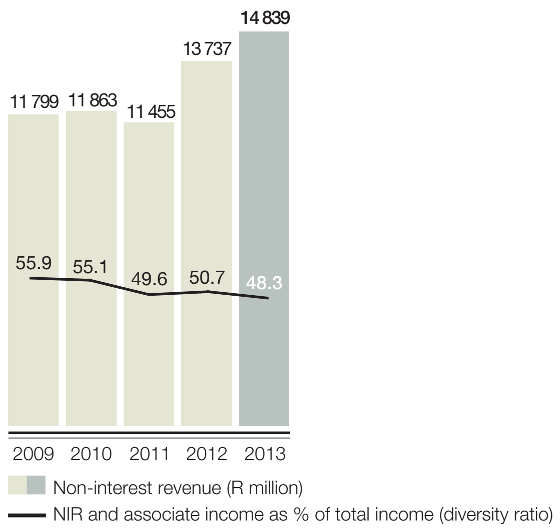
* *Includes cumulative credit fair value adjustments.*
** *This impairment relates to the discovery in the year ended June 2012 of the deliberate concealment by employees of unrecovered amounts in FNB's merchant acquiring business unit. This was classified as a boundary event.*
# *Amortised cost-specific impairments and non-performing book cumulative credit fair value adjustments as a percentage of NPLs.*
† *Total amortised cost impairments and total cumulative credit fair value adjustments as a percentage of NPLs.*
‡ *Portfolio impairments as a percentage of the performing book.*

Positives	Negatives
‣ A further reduction in absolute NPL levels, driven by reductions in residential mortgages, FNB Commercial, WesBank Corporate and RMB IBD. ‣ Robust post write-off recoveries, especially in the card, personal loans and VAF books.	‣ Higher levels of portfolio impairments on the core advances book, reflecting: – the bottoming of the credit cycle; – strong book growth year-on-year; – increasing levels of arrears in VAF and unsecured lending, although in line with expectations; and – additional portfolio overlays created in the current year, albeit at lower levels than the comparative period.

NON-INTEREST REVENUE – UP 8%

Non-interest revenue and diversity ratio

CAGR 6%



Note: 2009 figures presented on an IFRS-continuing basis, figures from 2010 to 2012 presented on a continuing normalised basis. 2012 and 2013 figures have been prepared in terms of IFRS 10 and 11, and the restated IAS 19.

Non-interest revenue

R million	Notes	Six months ended 31 December 2013	Six months ended 31 December 2012	% change	Year ended 30 June 2013
Fee and commission income	1	**11 881**	11 037	8	21 873
Fair value income	2	**2 017**	1 801	12	3 296
Investment income	3	**318**	626	(49)	738
Other non-interest revenue		**623**	273	>100	1 358
– Consolidated private equity income		**154**	116	33	285
– Other		**469**	157	>100	1 073
Total non-interest revenue		**14 839**	13 737	8	27 265

Note 1 – Fee and commission income – up 8%

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012	% change	2013
Bank commissions and fee income	**10 472**	9 289	13	18 857
– Card commissions	**1 715**	1 444	19	2 887
– Cash deposit fees	**1 017**	963	6	1 854
– Commissions on bills, drafts and cheques	**813**	618	32	1 318
– Bank charges	**6 927**	6 264	11	12 798
Knowledge-based fees	**519**	720	(28)	1 121
Management and fiduciary fees	**517**	545	(5)	1 003
Insurance income	**1 362**	1 272	7	2 649
Other non-bank commissions	**660**	664	(1)	1 208
Gross fee and commission income	**13 530**	12 490	8	24 838
Fee and commission expenditure	**(1 649)**	(1 453)	13	(2 965)
Total fee and commission income	**11 881**	11 037	8	21 873

Positives

- Growth in fee and commission income was underpinned by growth in core transactional accounts at FNB, and 11% growth in transaction volumes.
- Total electronic volumes increased 15%:
  - cellphone banking transactions up 27%;
  - internet banking transactions up 16%; and
  - over 20% growth in both cheque and debit card transactions.
- 21% growth in WesBank's NIR, driven by strong new business volumes across all lending portfolios as well as ongoing growth in the full maintenance rental book.
- The insurance businesses' growth was underpinned by good new business volumes, although lapse rates have increased.
- Resilient levels of knowledge-based fee income, albeit down from the high base produced in the comparative period, reflecting:
  - lower levels of debt capital market fees on the back of a slow-down in debt capital market activity year-on-year;
  - more subdued M&A deal flow, resulting directly from significantly reduced levels of corporate activity; and
  - reduced levels of structuring and origination fees given the high base in the comparative period.

Note 2 – Fair value income – up 12%

Positives

- A strong performance from RMB's client-centric businesses, specifically:
  - increased client-execution revenues from the African subsidiaries, driven by higher transaction volumes, especially in the currency product set; and
  - a resilient performance from the flow trading and residual risk business.
- A positive mark-to-market impact on the Group's TRS held to hedge current and future share-based payment liabilities, driven by the increase in the Group's share price during the period under review. The corresponding cost is recorded as part of the Group's share-based payment expenses in operating expenses.

Negatives

- Muted performance from the South African client execution business, in part due to increased competition and commoditisation of products, leading to tightening margins.

Note 3 – Investment income – down 49%

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012	% change	2013
Private equity realisations and dividends received	**10**	51	(80)	269
Profit on realisation of private equity investments	**10**	48	(79)	233
Dividends received	**–**	2	(100)	3
Other private equity income	**–**	1	(100)	33
Other income from investments	**308**	575	(46)	469
Profit on assets held against employee liabilities	**279**	340	(18)	246
RMB Resources	**(20)**	(74)	73	(84)
Other investment income	**49**	309	(84)	307
Total investment income	**318**	626	(49)	738

Positives

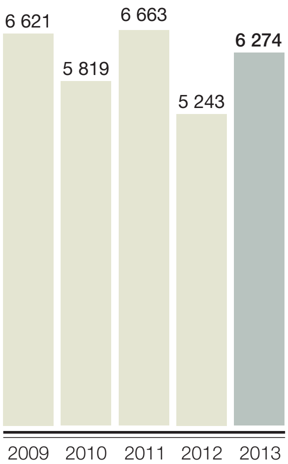
- A strong performance from the Group's ELI asset portfolio, buoyed by a 17% increase in the ALSI since June 2013. Related staff costs are reflected in operating expenses.
- Reduced losses from the RMB Resources portfolio, although the junior mining sector remains under pressure.

Negatives

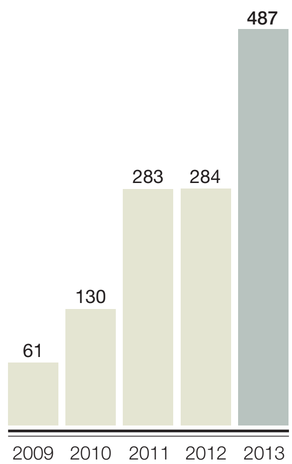
- The non-recurrence of a once-off profit of R240 million realised on the Group's disposal of its remaining 40% shareholding in Eris Property Group in the comparative period.

SHARE OF PROFITS FROM ASSOCIATES AND JOINT VENTURES – UP 71%

Investment in associates and joint ventures (R million)



Income from associates and joint ventures (R million)



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Share of profits from associates and joint ventures

R million	Six months ended 31 December 2013	Six months ended 31 December 2012	% change	Year ended 30 June 2013
Private equity associates	**455**	214	>100	702
Operational performance	**441**	266	66	913
Less: impairments	**14**	(52)	(>100)	(211)
WesBank associates	**140**	133	5	261
Toyota Financial Services (Pty) Ltd	**95**	86	10	164
Other	**45**	47	(4)	97
Other operational associates	**87**	84	4	205
Morgan Stanley (Pty) Ltd	**38**	48	(21)	70
Other	**49**	36	36	135
Share of profits from associates and joint ventures before tax	**682**	431	58	1 168
Tax on profits from associates and joint ventures	**(195)**	(147)	33	(365)
Share of profits from associates and joint ventures after tax	**487**	284	71	803

Positives

- Exceptional performance from RMB's private equity associates, driven by:
  - strong operational performances across most sectors, new income streams from investments over the last two years and a positive contribution from the Australian portfolio; and
  - the non-recurrence of impairments taken against the portfolio in the comparative period.
- A satisfactory performance from WesBank's associates, assisted by strong new business volumes.

TOTAL INCOME FROM PRIVATE EQUITY ACTIVITIES (RMB DIVISION AND OTHER PRIVATE EQUITY-RELATED ACTIVITIES)

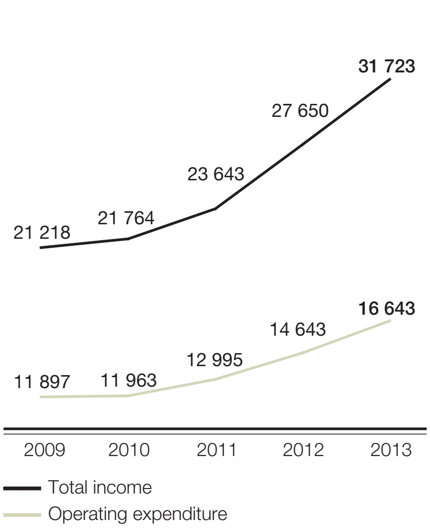
RMB earns private equity-related income primarily from its Private Equity division. However, other divisions within RMB also engage in or hold private equity-related investments (as defined in *Circular 02/2013 Headline Earnings),* which are not reported as part of the Private Equity division's results. The underlying nature of the various private equity-related income streams are reflected below.

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012	% change	2013
RMB Private Equity division	**619**	372	66	1 239
Income from associates	**455**	205	>100	685
– Equity-accounted income*	**441**	257	72	896
– Reversal of impairments/(impairments)*	**14**	(52)	(>100)	(211)
Realisations and dividends**	**10**	50	(80)	236
Other investment property income**	**–**	1	(100)	33
Consolidated private equity income#	**154**	116	33	285
Legacy	**–**	9	(100)	17
Income from associates	**–**	9	(100)	17
– Equity-accounted income*	**–**	9	(100)	17
Other business units	**31**	288	(89)	360
Income from associates	**29**	19	53	98
– Equity-accounted income*	**29**	19	53	98
Other investment income**	**2**	269	(99)	262
Private equity activities	**650**	669	(3)	1 616
Tax on equity-accounted private equity investments	**(156)**	(83)	88	(276)
Private equity activities	**494**	586	(16)	1 340

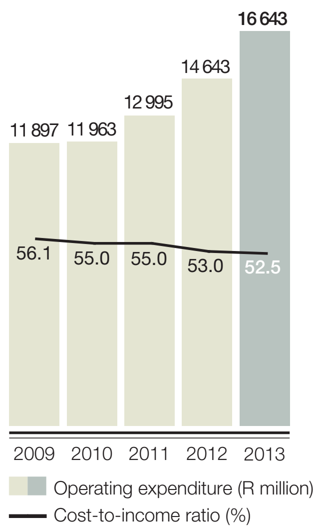
* *Refer to analysis of income from associates and joint ventures on page 49.*
** *Refer to investment income analysis on page 48.*
# *Refer to non-interest revenue analysis on page 46.*

OPERATING EXPENSES – UP 14%

Operating jaws (R million)



Operating efficiency



Note: 2009 figures presented on an IFRS-continuing basis, figures from 2010 to 2012 presented on a continuing normalised basis. 2012 and 2013 figures have been prepared in terms of IFRS 10 and 11, and the restated IAS 19.

Operating expenses

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012	% change	2013
Staff expenditure	**10 030**	8 645	16	16 896
– Direct staff expenditure	**6 034**	5 299	14	10 600
– Other staff-related expenditure	**3 996**	3 346	19	6 296
Depreciation	**938**	935	–	1 899
Amortisation of other intangible assets	**42**	63	(33)	129
Advertising and marketing	**767**	636	21	1 280
Insurance	**38**	40	(5)	80
Lease charges	**590**	559	6	1 096
Professional fees	**548**	577	(5)	1 127
Audit fees	**117**	119	(2)	217
Computer expenses	**700**	543	29	1 181
Maintenance	**401**	361	11	825
Telecommunications	**208**	195	7	397
Cooperation agreements and joint ventures	**410**	345	19	764
Property	**386**	354	9	788
Business travel	**178**	155	15	314
Other expenditure	**1 290**	1 116	16	2 071
Total operating expenses	**16 643**	14 643	14	29 064

STAFF COSTS – UP 16%

- Direct staff costs increased 14%, due in part to above inflation unionised salary increases in excess of 8% for the year, as well as an increase in staff complement across the Group.
- Other staff costs were up 19%, impacted by:
  - an increase of 26% in variable staff costs, directly related to the increase in the Group's profitability; and
  - 19% increase in IFRS 2 Share-based payment expenses, reflecting the strong growth in the Group's share price during the reporting period. The related income on the TRS used to hedge this expense is reflected in fair value income.

OTHER OPERATING EXPENSES

- Strong growth in costs associated with various cooperation agreements and joint ventures, indicative of the underlying revenue growth of the alliance relationships.
- Increased spend on advertising and marketing campaigns across the Group, as well as expenses associated with the build-out of the footprint in the rest of Africa.
- A significant increase in computer expenses, partly associated with the ongoing investment in the Group's electronic platforms and related infrastructure.

DIRECT TAXATION – UP 27%

Impacted by:

- The higher level of profitability during the current period.
- A relative change in income mix, with strong growth in NII and standard rate taxable NIR (e.g. fee and commission income).

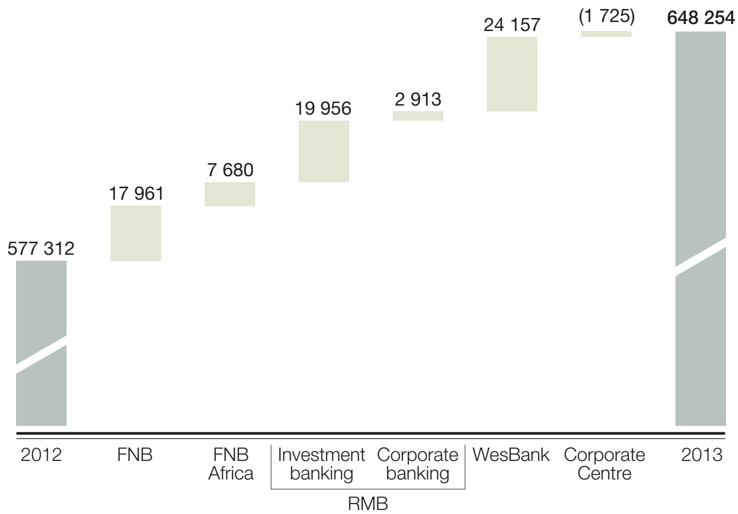
ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – NORMALISED

	As at 31 December			As at 30 June
R million	**2013**	2012	% change	2013
ASSETS				
Derivative financial instruments	**44 221**	56 251	(21)	52 277
Advances	**635 443**	565 449	12	601 065
Investment securities and other investments	**126 682**	110 332	15	127 843
Other assets	**89 055**	90 146	(1)	85 622
Total assets	**895 401**	822 178	9	866 807
EQUITY AND LIABILITIES				
Liabilities				
Deposits	**727 032**	651 375	12	697 035
Short trading positions and derivative financial instruments	**54 368**	67 503	(19)	55 999
Other liabilities	**30 909**	29 496	4	33 662
Total liabilities	**812 309**	748 374	9	786 696
Total equity	**83 092**	73 804	13	80 111
Total equity and liabilities	**895 401**	822 178	9	866 807

ADVANCES – UP 12%

	As at 31 December			As at 30 June
R million	**2013**	2012	% change	2013
Normalised gross advances	**648 254**	577 312	12	613 748
Normalised impairment of advances	**(12 811)**	(11 863)	8	(12 683)
Normalised net advances	**635 443**	565 449	12	601 065

Gross advances by franchise (R million)

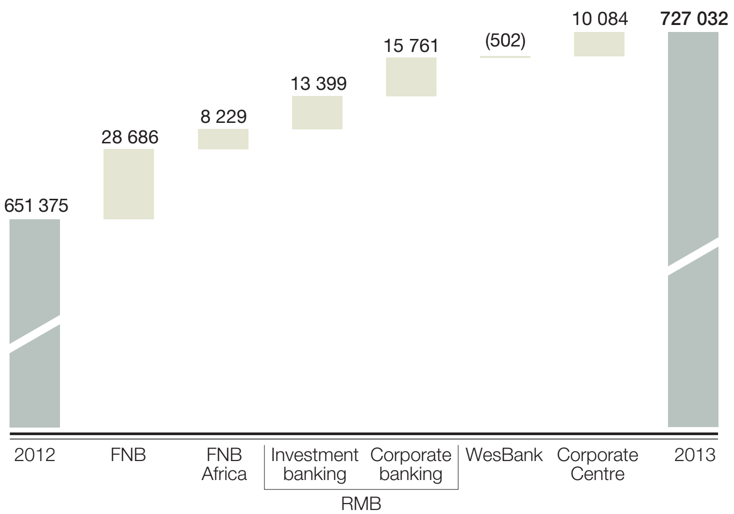


Positives

- Satisfactory growth of 9% from FNB retail (including Africa) resulting from:
  - 13% growth in card advances, supported by new customer acquisition;
  - 21% growth in secured affordable housing advances, underpinned by client demand and affordability levels;
  - contraction of 2% in personal loans, moderating from the 34% growth rate in the comparative period, indicative of a more conservative approach to unsecured term credit extension; and
  - strong growth of 68% from other retail, driven by 17% growth in overdrafts and more than 60% growth in other retail products.
- Strong growth of 27% from the FNB Africa portfolio, benefiting from:
  - 15% growth from FNB Namibia, driven by 16% growth in residential mortgages, 10% growth in VAF and 21% growth in term loans;
  - 29% growth from FNB Botswana, with the retail portfolio growing 40%, driven by residential mortgages and term loans; and
  - more than 100% growth from FNB Zambia albeit off a low base, underpinned by growth in footprint and client numbers.
- Growth of 5% from FNB HomeLoans, despite a deliberate strategy to focus new business origination on low-risk customers.
- Robust growth of 20% in RMB's investment banking core advances book (excluding repos), underpinned by:
  - strong deal flow from the African subsidiaries, particularly in the oil, gas and telecommunications sectors; and
  - drawdowns relating to infrastructure development initiatives in South Africa around renewable energy.
- Excellent growth of 19% from WesBank, driven by strong new business volumes across all portfolios and further impacted by the rand devaluation during the period positively impacting on the growth in the MotoNovo advances book.

DEPOSITS – UP 12%

Gross deposits by franchise (R million)



Positives
Strong growth of 12% year-on-year, with FNB's retail (including Africa) and commercial segments growing 14% and 13% respectively, and RMB CIB deposits growing 17%.
Current, savings and transmission, call deposits and notice deposits grew 10%, 24%, 15% and 24% respectively, due to FNB's focus on product innovation as well as attracting a larger share of the retail and commercial deposit pool.

Segment report

SEGMENT REPORT
for the six months ended 31 December 2013

	FNB							
	Retail segment							
R million	Residential mortgages	Card	Personal loans	Retail other	**Retail segment**	Commercial	FNB Africa	**Total FNB**
Net interest income before impairment of advances	1 570	657	1 046	1 717	**4 990**	2 326	1 426	**8 742**
Impairment of advances	(83)	(10)	(604)	(414)	**(1 111)**	(111)	(100)	**(1 322)**
Net interest income after impairment of advances	1 487	647	442	1 303	**3 879**	2 215	1 326	**7 420**
Non-interest revenue	178	651	445	4 888	**6 162**	2 684	1 081	**9 927**
Income from operations	1 665	1 298	887	6 191	**10 041**	4 899	2 407	**17 347**
Operating expenses	(722)	(638)	(392)	(4 095)	**(5 847)**	(2 792)	(1 403)	**(10 042)**
Net income from operations	943	660	495	2 096	**4 194**	2 107	1 004	**7 305**
Share of profit from associates and joint ventures after tax	2	–	–	16	**18**	–	1	**19**
Income before tax	945	660	495	2 112	**4 212**	2 107	1 005	**7 324**
Indirect tax	(20)	(18)	(17)	(165)	**(220)**	(15)	(30)	**(265)**
Profit for the period before tax	925	642	478	1 947	**3 992**	2 092	975	**7 059**
Income tax expense	(259)	(180)	(134)	(543)	**(1 116)**	(586)	(328)	**(2 030)**
Profit for the period	666	462	344	1 404	**2 876**	1 506	647	**5 029**
Attributable to:								
Ordinary equityholders	666	462	344	1 404	**2 876**	1 506	387	**4 769**
NCNR preference shareholders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	260	**260**
Profit for the period	666	462	344	1 404	**2 876**	1 506	647	**5 029**
Attributable earnings to ordinary shareholders	666	462	344	1 404	**2 876**	1 506	387	**4 769**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	666	462	344	1 404	**2 876**	1 506	387	**4 769**
TRS adjustment	–	–	–	–	**–**	–	–	**–**
IFRS 2 Share-based payment expense	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19	–	–	–	–	**–**	–	–	**–**
Private equity subsidiary realisations	–	–	–	–	**–**	–	–	**–**
Normalised earnings	666	462	344	1 404	**2 876**	1 506	387	**4 769**

* *Refer to additional segmental information on page 70.*

RMB									
Investment banking	Corporate banking	**Total RMB**	**WesBank***	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
2 026	342	**2 368**	**3 757**	1 497	21	12	**16 397**	(1 724)	**14 673**
(291)	(8)	**(299)**	**(924)**	–	100	–	**(2 445)**	151	**(2 294)**
1 735	334	**2 069**	**2 833**	1 497	121	12	**13 952**	(1 573)	**12 379**
2 908	608	**3 516**	**1 527**	1 404	(1 545)	10	**14 839**	2 353	**17 192**
4 643	942	**5 585**	**4 360**	2 901	(1 424)	22	**28 791**	780	**29 571**
(2 175)	(685)	**(2 860)**	**(2 336)**	(2 243)	369	469	**(16 643)**	(404)	**(17 047)**
2 468	257	**2 725**	**2 024**	658	(1 055)	491	**12 148**	376	**12 524**
519	–	**519**	**140**	–	(191)	–	**487**	(127)	**360**
2 987	257	**3 244**	**2 164**	658	(1 246)	491	**12 635**	249	**12 884**
(34)	(15)	**(49)**	**(142)**	(8)	–	(1)	**(465)**	–	**(465)**
2 953	242	**3 195**	**2 022**	650	(1 246)	490	**12 170**	249	**12 419**
(826)	(68)	**(894)**	**(566)**	(181)	896	(116)	**(2 891)**	(98)	**(2 989)**
2 127	174	**2 301**	**1 456**	469	(350)	374	**9 279**	151	**9 430**
2 094	174	**2 268**	**1 406**	419	(401)	230	**8 691**	148	**8 839**
–	–	**–**	**–**	–	–	144	**144**	–	**144**
33	–	**33**	**50**	50	51	–	**444**	3	**447**
2 127	174	**2 301**	**1 456**	469	(350)	374	**9 279**	151	**9 430**
2 094	174	**2 268**	**1 406**	419	(401)	230	**8 691**	148	**8 839**
–	–	**–**	**–**	–	–	–	**–**	(32)	**(32)**
2 094	174	**2 268**	**1 406**	419	(401)	230	**8 691**	116	**8 807**
–	–	**–**	**–**	–	–	–	**–**	(146)	**(146)**
–	–	**–**	**–**	–	–	–	**–**	12	**12**
–	–	**–**	**–**	–	–	–	**–**	63	**63**
–	–	**–**	**–**	–	–	–	**–**	(53)	**(53)**
–	–	**–**	**–**	–	–	–	**–**	8	**8**
2 094	174	**2 268**	**1 406**	419	(401)	230	**8 691**	–	**8 691**

R million	FNB							
	Retail segment							
	Residential mortgages	Card	Personal loans	Retail other	**Retail segment**	Commercial	FNB Africa	**Total FNB**
Cost-to-income ratio (%)	41.3	48.8	26.3	61.8	**52.3**	55.7	55.9	**53.7**
Diversity ratio (%)	10.3	49.8	29.8	74.1	**55.3**	53.6	43.1	**53.2**
Credit loss ratio (%)	0.10	0.15	9.60	10.56	**1.12**	0.51	0.58	**0.95**
NPLs as a percentage of advances (%)	3.65	2.58	7.48	5.01	**3.87**	3.39	1.94	**3.55**
Consolidated income statement includes:								
Depreciation	(3)	(2)	(1)	(518)	**(524)**	(36)	(73)	**(633)**
Amortisation	–	–	–	(6)	**(6)**	(6)	(5)	**(17)**
Impairment charges	–	–	–	(11)	**(11)**	–	–	**(11)**
Statement of financial position includes:								
Advances (after ISP – before impairments)	166 846	13 458	12 280	8 768	**201 352**	44 902	36 474	**282 728**
– Normal advances	166 846	13 458	12 280	8 768	**201 352**	44 902	36 474	**282 728**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
NPLs	6 089	347	919	439	**7 794**	1 523	708	**10 025**
Investment in associated companies	19	–	–	233	**252**	–	5	**257**
Total deposits (including non-recourse deposits)	127	1 305	–	132 006	**133 438**	131 263	45 277	**309 978**
Total assets	165 395	12 911	11 003	25 796	**215 105**	45 565	51 670	**312 340**
Total liabilities	164 488	12 270	10 525	23 837	**211 120**	43 477	45 919	**300 516**
Capital expenditure	1	2	–	919	**922**	76	150	**1 148**

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

* *Refer to additional segmental information on page 70.*

RMB									
Investment banking	Corporate banking	Total RMB	WesBank*	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	FirstRand Group – normalised	Normalised adjustments	FirstRand Group – IFRS
39.9	72.1	44.7	43.1	77.3	21.5	(>100)	52.5	80.5	52.9
62.8	64.0	63.0	30.7	48.4	>100	45.5	48.3	>100	54.5
0.30	0.28	0.30	1.25	–	86.58	–	0.77	9.36	0.73
1.20	0.12	1.17	2.67	–	–	–	2.56	–	2.57
						–			
(55)	(4)	(59)	(216)	(28)	(2)	–	(938)	(67)	(1 005)
(5)	–	(5)	(19)	(1)	–	–	(42)	(2)	(44)
(1)	–	(1)	–	2	(2)	–	(12)	(3)	(15)
201 899	6 425	208 324	154 225	3 264	(287)	–	648 254	(3 199)	645 055
201 899	6 425	208 324	142 593	3 264	(287)	–	636 622	(3 199)	633 423
–	–	–	11 632	–	–	–	11 632	–	11 632
2 419	8	2 427	4 112	–	–	–	16 564	–	16 564
5 119	–	5 119	934	1	(37)	–	6 274	19	6 293
137 605	59 847	197 452	20	224 470	(4 888)	–	727 032	–	727 032
367 619	7 310	374 929	157 273	106 797	(112 986)	57 048	895 401	(970)	894 431
360 591	6 900	367 491	155 079	40 817	(52 555)	961	812 309	3	812 312
243	2	245	327	24	224	–	1 968	–	1 968

SEGMENT REPORT

for the six months ended 31 December 2012

	FNB							
	Retail segment							
R million	Residential mortgages	Card	Personal loans	Retail other	**Retail segment**	Commercial	FNB Africa	**Total FNB**
Net interest income before impairment of advances	1 245	591	958	1 425	**4 219**	2 078	1 168	**7 465**
Impairment of advances	(309)	2	(742)	(242)	**(1 291)**	(114)	(90)	**(1 495)**
Net interest income after impairment of advances	936	593	216	1 183	**2 928**	1 964	1 078	**5 970**
Non-interest revenue	220	601	591	4 231	**5 643**	2 343	881	**8 867**
Income from operations	1 156	1 194	807	5 414	**8 571**	4 307	1 959	**14 837**
Operating expenses	(620)	(572)	(397)	(3 604)	**(5 193)**	(2 479)	(1 163)	**(8 835)**
Net income from operations	536	622	410	1 810	**3 378**	1 828	796	**6 002**
Share of profit from associates and joint ventures after tax	1	–	–	19	**20**	–	1	**21**
Income before tax	537	622	410	1 829	**3 398**	1 828	797	**6 023**
Indirect tax	(15)	(16)	(17)	(157)	**(205)**	(21)	(28)	**(254)**
Profit for the period before tax	522	606	393	1 672	**3 193**	1 807	769	**5 769**
Income tax expense	(138)	(161)	(104)	(444)	**(847)**	(479)	(204)	**(1 530)**
Profit for the period	384	445	289	1 228	**2 346**	1 328	565	**4 239**
Attributable to:								
Ordinary equityholders	384	445	289	1 228	**2 346**	1 328	342	**4 016**
NCNR preference shareholders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	223	**223**
Profit for the period	384	445	289	1 228	**2 346**	1 328	565	**4 239**
Attributable earnings to ordinary shareholders	384	445	289	1 228	**2 346**	1 328	342	**4 016**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	384	445	289	1 228	**2 346**	1 328	342	**4 016**
TRS adjustment	–	–	–	–	**–**	–	–	**–**
IFRS 2 Share-based payment expense	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19	–	–	–	–	**–**	–	–	**–**
Private equity subsidiary realisations	–	–	–	–	**–**	–	–	**–**
Normalised earnings	384	445	289	1 228	**2 346**	1 328	342	**4 016**

* *Refer to additional segmental information on page 70.*

RMB									
Investment banking	Corporate banking	**Total RMB**	**WesBank***	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
1 278	287	**1 565**	**3 299**	1 304	(11)	7	**13 629**	(1 221)	**12 408**
(309)	(5)	**(314)**	**(700)**	–	–	–	**(2 509)**	259	**(2 250)**
969	282	**1 251**	**2 599**	1 304	(11)	7	**11 120**	(962)	**10 158**
3 245	557	**3 802**	**1 265**	1 310	(1 531)	24	**13 737**	1 500	**15 237**
4 214	839	**5 053**	**3 864**	2 614	(1 542)	31	**24 857**	538	**25 395**
(2 074)	(528)	**(2 602)**	**(1 914)**	(2 142)	456	394	**(14 643)**	(710)	**(15 353)**
2 140	311	**2 451**	**1 950**	472	(1 086)	425	**10 214**	(172)	**10 042**
277	–	**277**	**133**	(3)	(144)	–	**284**	9	**293**
2 417	311	**2 728**	**2 083**	469	(1 230)	425	**10 498**	(163)	**10 335**
(36)	(15)	**(51)**	**(115)**	(40)	(1)	(1)	**(462)**	–	**(462)**
2 381	296	**2 677**	**1 968**	429	(1 231)	424	**10 036**	(163)	**9 873**
(629)	(82)	**(711)**	**(522)**	(110)	685	(94)	**(2 282)**	27	**(2 255)**
1 752	214	**1 966**	**1 446**	319	(546)	330	**7 754**	(136)	**7 618**
1 729	214	**1 943**	**1 389**	319	(604)	180	**7 243**	(138)	**7 105**
–	–	**–**	**–**	–	–	150	**150**	–	**150**
23	–	**23**	**57**	–	58	–	**361**	2	**363**
1 752	214	**1 966**	**1 446**	319	(546)	330	**7 754**	(136)	**7 618**
1 729	214	**1 943**	**1 389**	319	(604)	180	**7 243**	(138)	**7 105**
–	–	**–**	**–**	–	–	–	**–**	176	**176**
1 729	214	**1 943**	**1 389**	319	(604)	180	**7 243**	38	**7 281**
–	–	**–**	**–**	–	–	–	**–**	(53)	**(53)**
–	–	**–**	**–**	–	–	–	**–**	22	**22**
–	–	**–**	**–**	–	–	–	**–**	42	**42**
–	–	**–**	**–**	–	–	–	**–**	(56)	**(56)**
–	–	**–**	**–**	–	–	–	**–**	7	**7**
1 729	214	**1 943**	**1 389**	319	(604)	180	**7 243**	–	**7 243**

R million	FNB							
	Retail segment							
	Residential mortgages	Card	Personal loans	Retail other	**Retail segment**	Commercial	FNB Africa	**Total FNB**
Cost-to-income ratio (%)	42.3	48.0	25.6	63.5	**52.6**	56.1	56.7	**54.0**
Diversity ratio (%)	15.1	50.4	38.2	74.9	**57.3**	53.0	43.0	**54.4**
Credit loss ratio (%)	0.39	(0.03)	12.21	10.82	**1.38**	0.61	0.66	**1.19**
NPLs as a percentage of advances (%)	4.89	2.25	7.26	6.01	**4.91**	4.28	1.62	**4.45**
Consolidated income statement includes:								
Depreciation	(5)	(1)	(1)	(502)	**(509)**	(32)	(56)	**(597)**
Amortisation	–	–	–	(27)	**(27)**	(7)	(7)	**(41)**
Impairment charges	–	–	–	(6)	**(6)**	–	–	**(6)**
Statement of financial position includes:								
Advances (after ISP – before impairments)	159 324	11 877	12 587	5 205	**188 993**	39 300	28 794	**257 087**
– Normal advances	159 324	11 877	12 587	5 205	**188 993**	39 300	28 794	**257 087**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
NPLs	7 786	267	914	313	**9 280**	1 684	466	**11 430**
Investment in associated companies	13	–	–	202	**215**	–	5	**220**
Total deposits (including non-recourse deposits)	135	1 157	1	118 243	**119 536**	116 479	37 048	**273 063**
Total assets	157 623	11 392	11 547	19 997	**200 559**	39 522	43 674	**283 755**
Total liabilities	156 919	10 787	11 154	17 637	**196 497**	37 711	38 738	**272 946**
Capital expenditure	4	–	–	1 349	**1 353**	4	171	**1 528**

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

* *Refer to additional segmental information on page 70.*

RMB									
Investment banking	Corporate banking	**Total RMB**	**WesBank***	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
43.2	62.6	**46.1**	**40.7**	82.0	27.0	(>100)	**53.0**	–	**55.0**
73.4	66.0	**72.3**	**29.8**	50.1	99.3	77.4	**50.7**	–	**55.6**
0.36	0.32	**0.36**	**1.12**	–	–	–	**0.90**	20.84	**0.81**
1.38	0.23	**1.36**	**3.14**	–	–	–	**3.13**	–	**3.14**
						–			
(101)	(30)	**(131)**	**(155)**	(48)	(4)	–	**(935)**	(58)	**(993)**
(8)	–	**(8)**	**(13)**	(2)	1	–	**(63)**	(2)	**(65)**
(9)	(248)	**(257)**	**(6)**	(48)	36	–	**(281)**	(20)	**(301)**
181 943	3 512	**185 455**	**130 068**	5 319	(617)	–	**577 312**	(2 614)	**574 698**
181 943	3 512	**185 455**	**121 170**	5 319	(617)	–	**568 414**	(2 614)	**565 800**
–	–	**–**	**8 898**	–	–	–	**8 898**	–	**8 898**
2 515	8	**2 523**	**4 090**	–	–	–	**18 043**	–	**18 043**
4 325	–	**4 325**	**733**	2	(37)	–	**5 243**	9	**5 252**
124 206	44 086	**168 292**	**522**	213 410	(3 912)	–	**651 375**	–	**651 375**
351 630	3 750	**355 380**	**132 574**	100 582	(108 246)	58 133	**822 178**	(1 188)	**820 990**
345 183	3 563	**348 746**	**129 026**	46 463	(49 346)	539	**748 374**	5	**748 379**
163	97	**260**	**616**	–	–	–	**2 404**	–	**2 404**

SEGMENT REPORT
for the year ended 30 June 2013

R million	FNB							
	Retail segment							
	Residential mortgages	Card	Personal loans	Retail other	**Retail segment**	Commercial	FNB Africa	**Total FNB**
Net interest income before impairment of advances	2 477	1 215	2 194	3 014	**8 900**	4 261	2 335	**15 496**
Impairment of advances	(507)	(23)	(1 402)	(613)	**(2 545)**	(318)	(190)	**(3 053)**
Net interest income after impairment of advances	1 970	1 192	792	2 401	**6 355**	3 943	2 145	**12 443**
Non-interest revenue	453	1 182	1 031	8 665	**11 331**	4 744	1 798	**17 873**
Income from operations	2 423	2 374	1 823	11 066	**17 686**	8 687	3 943	**30 316**
Operating expenses	(1 358)	(1 169)	(834)	(7 449)	**(10 810)**	(5 140)	(2 342)	**(18 292)**
Net income from operations	1 065	1 205	989	3 617	**6 876**	3 547	1 601	**12 024**
Share of profit from associates and joint ventures after tax	6	–	–	32	**38**	–	2	**40**
Income before tax	1 071	1 205	989	3 649	**6 914**	3 547	1 603	**12 064**
Indirect tax	(34)	(38)	(34)	(244)	**(350)**	(38)	(54)	**(442)**
Profit for the period before tax	1 037	1 167	955	3 405	**6 564**	3 509	1 549	**11 622**
Income tax expense	(275)	(309)	(253)	(856)	**(1 693)**	(929)	(462)	**(3 084)**
Profit for the period	762	858	702	2 549	**4 871**	2 580	1 087	**8 538**
Attributable to:								
Ordinary equityholders	762	858	702	2 549	**4 871**	2 579	674	**8 124**
NCNR preference shareholders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	1	413	**414**
Profit for the period	762	858	702	2 549	**4 871**	2 580	1 087	**8 538**
Attributable earnings to ordinary shareholders	762	858	702	2 549	**4 871**	2 579	674	**8 124**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	762	858	702	2 549	**4 871**	2 579	674	**8 124**
TRS adjustment	–	–	–	–	**–**	–	–	**–**
IFRS 2 Share-based payment expense	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19	–	–	–	–	**–**	–	–	**–**
Private equity subsidiary realisations	–	–	–	–	**–**	–	–	**–**
Normalised earnings	762	858	702	2 549	**4 871**	2 579	674	**8 124**

* *Refer to additional segmental information on page 70.*

RMB									
Investment banking	Corporate banking	**Total RMB**	**WesBank***	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
3 290	607	**3 897**	**6 853**	1 817	19	18	**28 100**	(3 331)	**24 769**
(954)	(44)	**(998)**	**(1 649)**	–	–	–	**(5 700)**	893	**(4 807)**
2 336	563	**2 899**	**5 204**	1 817	19	18	**22 400**	(2 438)	**19 962**
6 659	1 148	**7 807**	**2 830**	1 495	(2 954)	214	**27 265**	3 469	**30 734**
8 995	1 711	**10 706**	**8 034**	3 312	(2 935)	232	**49 665**	1 031	**50 696**
(4 187)	(1 141)	**(5 328)**	**(4 093)**	(3 177)	1 551	275	**(29 064)**	(1 740)	**(30 804)**
4 808	570	**5 378**	**3 941**	135	(1 384)	507	**20 601**	(709)	**19 892**
865	–	**865**	**261**	(19)	(344)	–	**803**	21	**824**
5 673	570	**6 243**	**4 202**	116	(1 728)	507	**21 404**	(688)	**20 716**
(60)	(33)	**(93)**	**(219)**	110	–	(1)	**(645)**	–	**(645)**
5 613	537	**6 150**	**3 983**	226	(1 728)	506	**20 759**	(688)	**20 071**
(1 480)	(146)	**(1 626)**	**(1 054)**	24	1 698	(148)	**(4 190)**	73	**(4 117)**
4 133	391	**4 524**	**2 929**	250	(30)	358	**16 569**	(615)	**15 954**
4 080	391	**4 471**	**2 834**	250	(320)	61	**15 420**	(635)	**14 785**
–	–	**–**	**–**	–	–	297	**297**	–	**297**
53	–	**53**	**95**	–	290	–	**852**	20	**872**
4 133	391	**4 524**	**2 929**	250	(30)	358	**16 569**	(615)	**15 954**
4 080	391	**4 471**	**2 834**	250	(320)	61	**15 420**	(635)	**14 785**
–	–	**–**	**–**	–	–	–	**–**	542	**542**
4 080	391	**4 471**	**2 834**	250	(320)	61	**15 420**	(93)	**15 327**
–	–	**–**	**–**	–	–	–	**–**	85	**85**
–	–	**–**	**–**	–	–	–	**–**	43	**43**
–	–	**–**	**–**	–	–	–	**–**	33	**33**
–	–	**–**	**–**	–	–	–	**–**	(110)	**(110)**
–	–	**–**	**–**	–	–	–	**–**	42	**42**
4 080	391	**4 471**	**2 834**	250	(320)	61	**15 420**	–	**15 420**

R million	FNB							
	Retail segment							
	Residential mortgages	Card	Personal loans	Retail other	**Retail segment**	Commercial	FNB Africa	**Total FNB**
Cost-to-income ratio (%)	46.3	48.8	25.9	63.6	**53.3**	57.1	56.6	**54.8**
Diversity ratio (%)	15.6	49.3	32.0	74.3	**56.1**	52.7	43.5	**53.6**
Credit loss ratio (%)	0.32	0.19	11.39	11.51	**1.34**	0.81	0.65	**1.18**
NPLs as a percentage of advances (%)	4.24	2.32	7.32	6.64	**4.40**	3.34	2.07	**3.95**
Consolidated income statement includes:								
Depreciation	(9)	(4)	(2)	(1 013)	**(1 028)**	(123)	(123)	**(1 274)**
Amortisation	–	–	–	(51)	**(51)**	(13)	(13)	**(77)**
Impairment charges	–	–	–	(188)	**(188)**	–	–	**(188)**
Statement of financial position includes:								
Advances (after ISP – before impairments)	163 046	13 001	12 885	6 909	**195 841**	42 834	32 720	**271 395**
– Normal advances	163 046	13 001	12 885	6 909	**195 841**	42 834	32 720	**271 395**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
NPLs	6 911	302	943	459	**8 615**	1 429	677	**10 721**
Investment in associated companies	18	–	–	216	**234**	–	4	**238**
Total deposits (including non-recourse deposits)	129	1 212	–	124 014	**125 355**	117 217	40 718	**283 290**
Total assets	161 402	12 499	11 713	19 627	**205 241**	44 122	46 975	**296 338**
Total liabilities	160 367	11 333	10 758	17 182	**199 640**	40 618	41 428	**281 686**
Capital expenditure	7	7	1	2 172	**2 187**	102	514	**2 803**

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

* *Refer to additional segmental information on page 70.*

RMB									
Investment banking	Corporate banking	**Total RMB**	**WesBank***	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
38.7	65.0	**42.4**	**41.2**	96.5	47.3	(>100)	**51.7**	–	**54.7**
69.6	65.4	**69.0**	**31.1**	44.8	>100	92.2	**50.0**	–	**56.0**
0.54	1.13	**0.55**	**1.26**	–	–	–	**0.99**	31.85	**0.84**
1.36	0.18	**1.33**	**2.76**	–	–	–	**2.81**	–	**2.82**
(140)	(35)	**(175)**	**(354)**	(92)	(4)	–	**(1 899)**	(112)	**(2 011)**
(18)	–	**(18)**	**(31)**	(5)	2	–	**(129)**	(5)	**(134)**
(4)	(248)	**(252)**	**(21)**	(261)	–	–	**(722)**	(79)	**(801)**
189 564	5 101	**194 665**	**142 158**	5 704	(174)	–	**613 748**	(3 250)	**610 498**
189 564	5 101	**194 665**	**135 132**	5 704	(174)	–	**606 722**	(3 250)	**603 472**
–	–	**–**	**7 026**	–	–	–	**7 026**	–	**7 026**
2 571	9	**2 580**	**3 930**	–	–	–	**17 231**	–	**17 231**
4 355	–	**4 355**	**832**	1	(37)	–	**5 389**	7	**5 396**
141 850	45 855	**187 705**	**815**	230 849	(5 624)	–	**697 035**	–	**697 035**
349 427	5 331	**354 758**	**145 179**	121 707	(109 503)	58 328	**866 807**	(1 075)	**865 732**
341 221	4 912	**346 133**	**140 814**	69 692	(51 858)	229	**786 696**	3	**786 699**
199	107	**306**	**1 423**	24	–	–	**4 556**	–	**4 556**

ADDITIONAL SEGMENTAL DISCLOSURE – WESBANK

	Six months ended 31 December 2013				
	VAF				
	Retail		**Corporate and commercial**	**Personal loans**	**Total WesBank**
R million	**SA**	**MotoNovo**			
NII before impairment of advances	**1 929**	**500**	**509**	**819**	**3 757**
Impairment of advances	**(519)**	**(60)**	**(100)**	**(245)**	**(924)**
Normalised profit before tax	**932**	**293**	**221**	**576**	**2 022**
Normalised earnings	**671**	**211**	**159**	**365**	**1 406**
Advances	**93 822**	**17 049**	**35 133**	**8 221**	**154 225**
– Normal advances	**92 887**	**6 352**	**35 133**	**8 221**	**142 593**
– Securitised advances	**935**	**10 697**	**–**	**–**	**11 632**
NPLs	**2 839**	**71**	**682**	**520**	**4 112**
Advances margin (%)	**4.31**	**6.69**	**3.11**	**20.12**	**5.10**
NPLs as a percentage of advances (%)	**3.03**	**0.42**	**1.94**	**6.33**	**2.67**
Credit loss ratio (%)	**1.15**	**0.79**	**0.58**	**6.31**	**1.25**

	Six months ended 31 December 2012				
	VAF				
	Retail		Corporate and commercial	Personal loans	Total WesBank
R million	SA	MotoNovo			
NII before impairment of advances	1 744	359	555	641	3 299
Impairment of advances	(376)	(46)	(119)	(159)	(700)
Normalised profit before tax	972	211	189	596	1 968
Normalised earnings	713	155	139	382	1 389
Advances	80 366	10 871	32 279	6 552	130 068
– Normal advances	78 398	3 941	32 279	6 552	121 170
– Securitised advances	1 968	6 930	–	–	8 898
NPLs	2 480	42	1 196	372	4 090
Advances margin (%)	4.55	6.90	3.29	20.71	5.27
NPLs as a percentage of advances (%)	3.09	0.39	3.71	5.68	3.14
Credit loss ratio (%)	0.99	0.91	0.74	5.08	1.12

	Year ended 30 June 2013				
	VAF				
	Retail		Corporate and commercial	Personal loans	Total WesBank
R million	SA	MotoNovo			
NII before impairment of advances	3 577	777	1 070	1 429	6 853
Impairment of advances	(945)	(97)	(177)	(430)	(1 649)
Normalised profit before tax	1 889	444	528	1 122	3 983
Normalised earnings	1 389	326	388	731	2 834
Advances	87 309	13 256	34 293	7 300	142 158
– Normal advances	85 850	7 689	34 293	7 300	135 132
– Securitised advances	1 459	5 567	–	–	7 026
NPLs	2 461	50	975	444	3 930
Advances margin (%)	4.65	6.96	3.00	21.10	5.30
NPLs as a percentage of advances (%)	2.82	0.38	2.84	6.08	2.76
Credit loss ratio (%)	1.18	0.86	0.53	6.48	1.26

Balance sheet and return analysis

PERFORMANCE MEASUREMENT

The Group aims to deliver sustainable returns to its shareholders and each business unit is evaluated on shareholder value created. This is measured through ROE and the Group's specific benchmark of economic profit, net income after capital charge (NIACC).

NIACC is embedded across the Group, and as a function of normalised earnings and the cost of capital utilised in the businesses, provides a clear indication of economic value added.

Targeted hurdle rates are set for the business units and capital is allocated to each business unit based on its risk profile. The capital allocation process is based on internal assessment of the requirements as well as Basel III.

SHAREHOLDER VALUE CREATION

The Group continues to achieve returns in excess of its cost of equity resulting in positive NIACC, despite the increased levels of capital required by regulatory changes.

Decomposition of the ROE indicates that, although gearing levels are lower due to the implementation of Basel III, the Group's focus on improving ROA delivered an increase in ROE to 23.4% (2012: 22.3%). The table below illustrates the improving trends in ROA and ROE.

The Group believes ROA and ROE are at cyclically high levels, because bad debts are below the long run average.

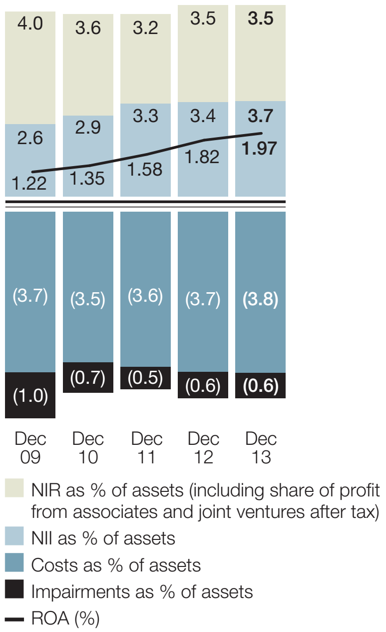
Historical analysis of ROA, gearing and ROE

	Six months ended 31 December					Year ended 30 June
	2013	2012	2011	2010*	2009*	2013
ROA (%)	**1.97**	1.82	1.58	1.35	1.22	1.89
Gearing** (times)	**11.9**	12.2	12.4	13.3	14.0	12.0
ROE (%)	**23.4**	22.3	19.5	18.0	17.1	22.7

* *Comparatives prior to 2011 are for FirstRand Banking Group.*
** *Gearing = average total assets/average equity.*

ROA analysis

The following graph provides a high level summary of the drivers of returns over time.



Note: The graph shows each item before taxation and non-controlling interests as a percentage of average assets. ROA reflects normalised earnings after tax and non-controlling interests as a percentage of average assets.

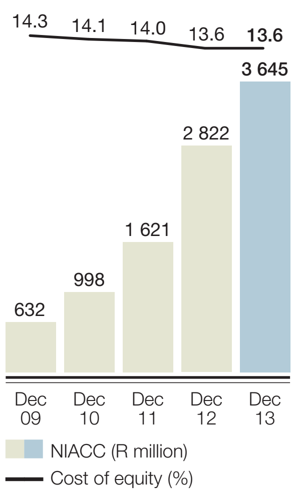
The Group's NIACC increased largely due to the improvement in earnings exceeding capital growth, as illustrated in the table below.

NIACC and ROE

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012	% change	2013
Normalised earnings attributable to ordinary shareholders	**8 691**	7 243	20	15 420
Capital charge*	**(5 046)**	(4 421)	14	(9 251)
NIACC**	**3 645**	2 822	29	6 169
Average ordinary shareholders' equity and reserves	**74 205**	65 016	14	68 019
ROE (%)	**23.4**	22.3		22.7
Cost of equity (%)	**13.6**	13.6		13.6
Return on average RWA (%)	**3.29**	3.01		3.11

* *Capital charge based on cost of equity.*
** *NIACC = normalised earnings – (cost of equity x average ordinary shareholders' equity and reserves).*

NIACC and cost of equity



Note: Comparatives prior to 2011 are for FirstRand Banking Group.

FRANCHISE PERFORMANCE AND ROE

The Group's performance measures are aligned to risk considerations and regulatory requirements. The table below provides a summary of ROEs for the Group's franchises, which all produced returns in excess of the cost of equity.

Franchise ROEs and normalised earnings

	Six months ended 31 December			Year ended 30 June
	2013		2012	2013
R million	**Normalised earnings***	**ROE %**	ROE %	ROE %
FNB**	**4 954**	**36.8**	36.1	35.4
RMB#	**2 418**	**25.0**	21.9	25.0
WesBank	**1 452**	**27.5**	31.7	32.6
Corporate Centre	**(133)**	**(1.5)**	(1.8)	(0.9)
FirstRand Limited	**8 691**	**23.4**	22.3	22.7
Total Africa†	**588**	**20.5**	22.1	22.2

* *Includes the return on capital earned by the respective franchises, Corporate Centre costs and cost of preference share capital.*

** *Includes FNB Africa.*

Includes RMB Africa.

† *Reflects FNB and RMB's combined African operations.*

ECONOMIC VIEW OF THE BALANCE SHEET

The balance sheet structure has remained largely unchanged year-on-year.

When assessing the underlying risk in the balance sheet, the Group's asset profile is dominated by a balanced advances portfolio, which constitutes 78% of total assets. The composition of the net advances portfolio consists of retail secured (43%), retail unsecured (6%), corporate and commercial (45%) and FNB Africa and other (6%). Total NPLs were R16.6 billion (2.56% as a percentage of advances) with a credit loss ratio of 0.77% and 90% of advances are rated B upper or better.

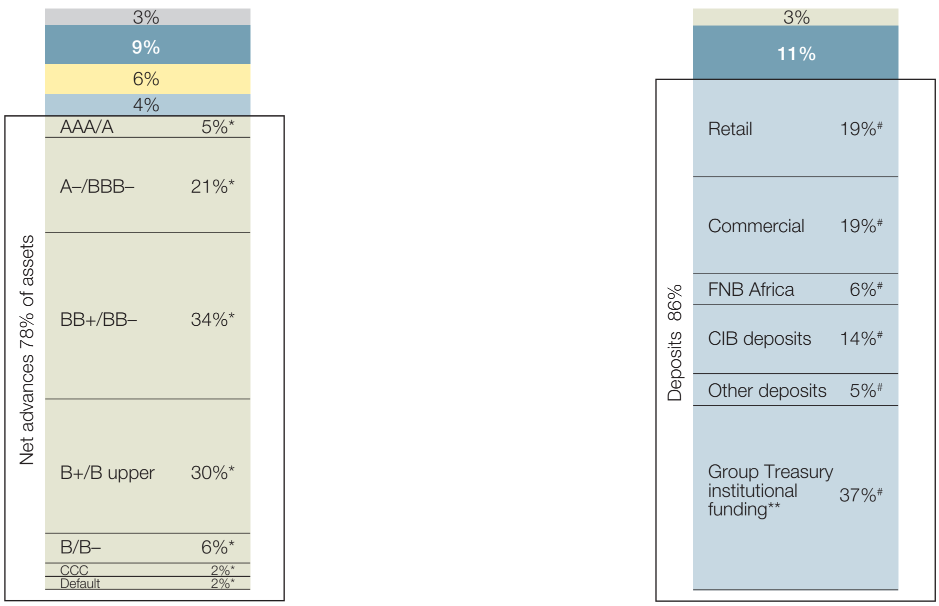
Cash and cash equivalents and liquid assets represent 6% and 9% respectively of total assets. Only a small portion of assets relates to the investment and trading businesses. Market risk arising from trading activities has remained low and the Group's equity investments stem primarily from RMB's private equity activities.

FirstRand's funding profile continues to reflect the structural funding issues associated with the South African banking sector, however, the Group has continued to reduce its reliance on institutional funding and has further improved the term profile of institutional funding from a weighted average remaining term of 12 months in 2009 to 23 months in 2013.

The weighted average remaining term of the advances portfolio is approximately 36 months and 9 months for deposits.

The Group's capital ratios remained strong with the CET1 ratio at 13.7%, Tier 1 ratio at 14.8% and total capital adequacy ratio at 16.2%. Financial gearing reduced to 11.9 times (2012: 12.2 times).

Economic view of the balance sheet as at 31 December 2013 (%)



Assets

- Other assets
- Liquid assets
- Cash and cash equivalents
- Trading and equity investments
- Net advances

* *Of net advances*

Equity and liabilities

- Other liabilities
- Ordinary equity and non-controlling interests (9.5%) and NCNR preference shares and Tier 2 liabilities (1.5%)
- Deposits

Of deposits
** *Includes consolidation and IFRS adjustments*

Note: Non-recourse-, derivative-, securities lending- and short trading position assets and liabilities have been netted off.

CAPITAL

The optimal level and composition of capital is determined after taking into account business units' organic growth plans – provided financial targets are met. In addition, other factors taken into consideration are:

- targeted capital ratios;
- future business plans;
- issuance of additional capital instruments;
- stress testing scenarios;
- appropriate buffers in excess of minimum requirements;
- rating agencies' considerations;
- investor expectations;
- proposed regulatory changes; and
- risk appetite of management and board.

PERIOD UNDER REVIEW

The capital planning process ensures that the total capital adequacy and CET1 ratios remain within the approved ranges or above target levels across economic and business cycles. FirstRand is appropriately capitalised under a range of normal and severe scenarios as well as a range of stress events.

The targeted capital levels, as well as the actual ratios at 31 December 2013 are summarised in the table below.

Capital adequacy position

	CET1	Tier 1	Total
Regulatory minimum (%)*	4.5	6.0	9.5
Target (%)	9.5 – 11.0	11.0	12.0 – 13.5
FirstRand actual (%)	**13.7**	**14.8**	**16.2**
FRB actual (%)**	**13.4**	**14.1**	**15.7**

* *The regulatory minimum excludes the bank-specific individual capital requirement.*

** *Reflects solo supervision, i.e. FRB excluding foreign branches.*

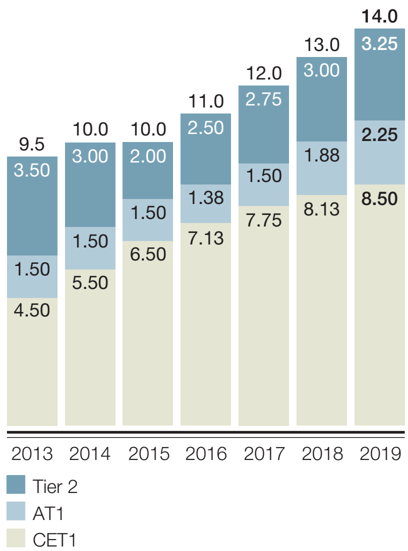
Throughout the period under review, FirstRand operated above its targeted capitalisation range, reporting a total capital adequacy ratio of 16.2% and a solid CET1 ratio of 13.7% at 31 December 2013. Similarly, FRB comfortably exceeded its target ranges with a total capital adequacy ratio of 15.7% and CET1 ratio of 13.4%. The Group continues to follow a conservative approach to capital levels and prefers to maintain capital ratios at the higher end of its targeted capitalisation range, particularly given the current macro conditions, ongoing regulatory developments and African expansion initiatives.

The Group aims to back all economic risk with CET1 capital adjusted for volatile reserves and remains well capitalised in the current environment.

Basel III

Given the transitional period to comply with the final Basel III capital framework, the Group remains focused on meeting the end state minimum CET1 requirement, while looking at ways to optimise the overall capital mix. The final add-on for domestic systemically important banks (D-SIB) in South Africa has been communicated but is confidential. The graph below demonstrates the minimum requirement assuming a maximum D-SIB add-on.

Minimum capital requirements* (%)



* *Excludes the bank-specific individual capital requirement.*

The Basel Committee on Banking Supervision (BCBS) has issued a number of consultative documents over the past six months. These papers cover various topics and are at different stages of testing, finalisation and implementation.

The Group continues to participate in the BCBS's quantitative impact studies to assess the effect of Basel III developments on capital adequacy ratios, as well as monitor the impact of leverage for the industry. The Group's current leverage ratio continues to comfortably exceed the SARB's existing minimum requirement of 4%.

CAPITAL ADEQUACY

Composition of capital

The table below shows the composition of regulatory capital for FirstRand and FRB.

Composition of qualifying capital

	FirstRand		
	31 December 2013	31 December 2012*	30 June 2013*
R million	**Basel III**	Basel 2.5	Basel III
CET1 capital	**73 461**	61 376	71 869
Tier 1 capital	**79 083**	65 495	77 212
Total qualifying capital and reserves	**86 674**	73 041	84 690

	FRB**		
	31 December 2013	31 December 2012*	30 June 2013*
R million	**Basel III**	Basel 2.5	Basel III
CET1 capital	**54 094**	45 489	50 173
Tier 1 capital	**56 794**	48 489	52 873
Total qualifying capital and reserves	**63 486**	55 855	59 572

* *Comparative numbers have not been restated for IFRS changes.*
** *Reflects solo supervision, i.e. FRB excluding foreign branches.*

Supply of capital – Tier 1 capital

CET1 capitalisation ratios benefited from strong internal capitalisation through earnings. All profits were appropriated at 31 December 2013.

Supply of capital – Tier 2 capital

Given recent SARB guidance on the loss absorbency requirements for Additional Tier 1 (AT1) and Tier 2 capital instruments, the Group continues to focus on the most optimal capital mix and pricing.

For more detail on the Basel III additional capital disclosure templates (as required per *SARB Directive 8 of 2013*), refer to www.firstrand.co.za/investorcentre/pages/capitaldisclosures.aspx

Scan with your smart device's QR code reader to access additional capital disclosures on the Group's website.

Demand for capital

The table below shows the breakdown of RWA per risk type as per current SARB regulations.

Composition of RWA

	FirstRand		
	31 December 2013	31 December 2012	30 June 2013
R million	**Basel III**	Basel 2.5	Basel III
Credit risk*	**377 056**	336 901	360 681
Operational risk	**85 055**	73 795	83 219
Market risk	**11 246**	13 191	9 785
Equity investment risk	**31 174**	42 110	38 190
Other risk	**30 879**	24 376	28 085
Total RWA	**535 410**	490 373	519 960

	FRB**		
	31 December 2013	31 December 2012	30 June 2013
R million	**Basel III**	Basel 2.5	Basel III
Credit risk*	**300 152**	285 289	297 863
Operational risk	**63 417**	56 390	62 748
Market risk	**9 466**	10 735	7 855
Equity investment risk	**6 529**	13 513	10 511
Other risk	**23 900**	15 492	19 542
Total RWA	**403 464**	381 419	398 519

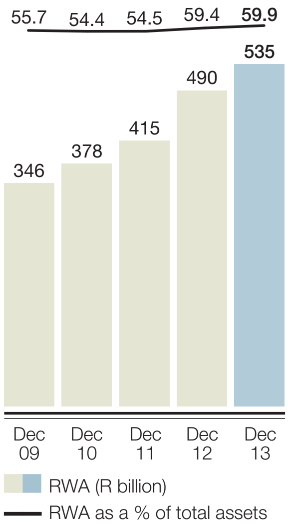
* *Includes counterparty credit risk.*
** *Reflects solo supervision, i.e. FRB excluding foreign branches.*

Overall movement in RWA from June 2013 to December 2013 can be attributed to the following:

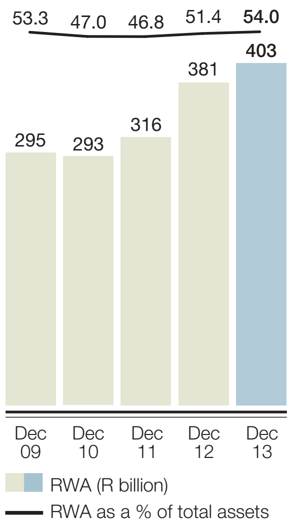
- credit risk – increase in organic growth was partly offset by model risk recalibrations. Counterparty credit risk decreased due to higher collateralisation and improved internal methodologies;
- operational risk – movement due to recalibration of risk scenarios and increase in gross revenue for entities reported on the standardised approach;
- market risk – increase in general risk capital requirement as a result of a higher capital multiplier; and
- equity investment risk – decrease mainly due to the change in the IFRS reporting for post-retirement assets.

The graphs below show the increase in the demand for capital, taking into the regulatory changes over time.

FirstRand RWA history



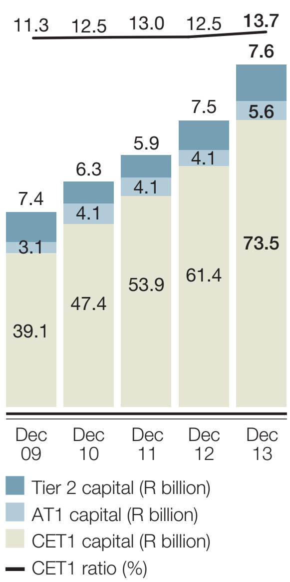
FRB RWA history



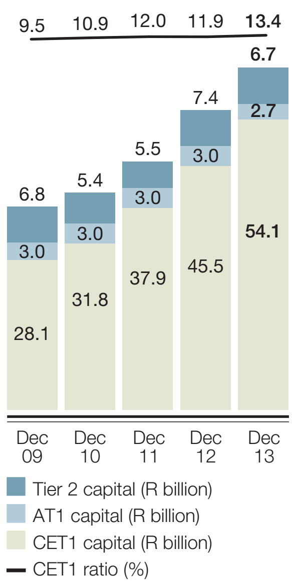
HISTORICAL OVERVIEW OF CAPITAL ADEQUACY

The graphs below provide a historical overview of capital adequacy.

Capital adequacy – FirstRand



Capital adequacy – FRB



Capital adequacy position of FirstRand, its subsidiaries and foreign branches

The registered banking subsidiaries of FirstRand must comply with SARB regulations and those of the respective in-country regulators, with primary focus placed on Tier 1 and total capital adequacy ratios. Based on the outcome of detailed stress testing, each entity targets a capital level in excess of the regulatory minimum. Adequate controls and processes are in place to ensure that each entity is adequately capitalised to meet local regulatory requirements. Capital generated by subsidiaries/branches in excess of targeted levels is returned to FirstRand, usually in the form of dividends/return of profits. During the period under review, no restrictions were experienced on the repayment of such dividends or profits to the Group.

The capital adequacy positions of FirstRand, its subsidiaries and foreign branches are set out below.

RWA and capital adequacy positions of FirstRand, its subsidiaries and foreign branches

	December 2013			December 2012	June 2013
	RWA	**Tier 1**	**Total capital adequacy**	Total capital adequacy	Total capital adequacy
	R million	**%**	**%**	%	%
Basel III*					
FirstRand	**535 410**	**14.8**	**16.2**	14.9	16.3
FirstRand Bank South Africa	**403 464**	**14.1**	**15.7**	14.6	14.9
FirstRand Bank London	**17 258**	**13.2**	**13.2**	17.2	11.3
FirstRand Bank India	**1 360**	**32.1**	**32.7**	34.0	36.0
RMB Australia	**9 394**	**14.2**	**14.2**	12.8	11.5
FNB Namibia**	**17 185**	**11.7**	**15.7**	16.1	16.2
Basel I**					
FNB Botswana	**12 817**	**14.7**	**20.7**	20.2	17.4
FNB Swaziland	**1 868**	**24.1**	**25.3**	26.5	28.1
FNB Lesotho	**533**	**13.3**	**17.9**	20.6	18.1
FNB Mozambique	**2 063**	**10.2**	**10.7**	15.0	12.7
FNB Zambia	**2 614**	**32.8**	**39.0**	20.2	26.6
FNB Tanzania	**280**	**39.0**	**39.0**	89.4	26.7
FNB Nigeria#	**268**	**>100**	**>100**		>100

* *Ratios for December 2012 based on Basel 2.5.*
** *Ratios based on local rules.*
\# *Opened offices on 7 February 2013.*

FUNDING AND LIQUIDITY

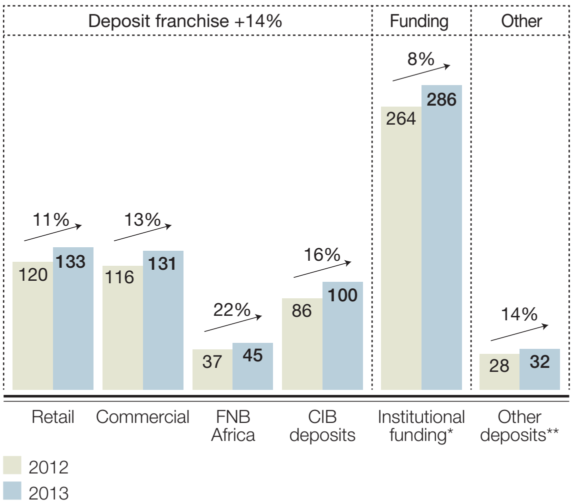
FUNDING STRATEGY

FirstRand's objective is to fund its activities in a sustainable, diversified, efficient and flexible manner, underpinned by strong counterparty relationships within prudential limits and requirements. The objective is to maintain natural market share of transactional accounts and balances, but also to outperform at the margin, which will provide the Group with a natural liquidity buffer.

The graph below provides a segment analysis of the Group's funding base.

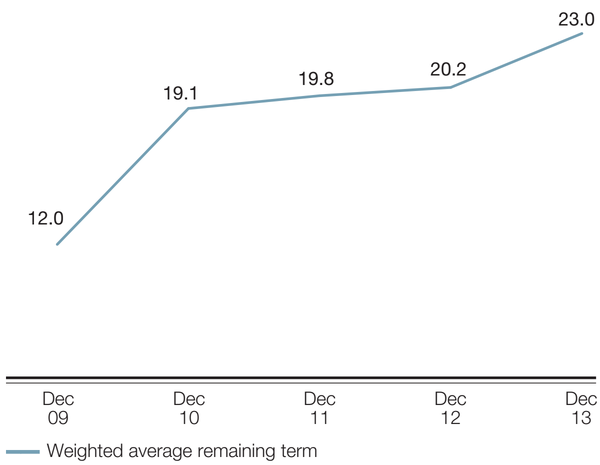
Compliance with the Basel III Liquidity Coverage Ratio (LCR) influences the Group's funding strategy, in particular as it seeks to restore the correct risk-adjusted pricing of deposits. FirstRand is actively building its deposit franchise through innovative and competitive products and pricing, while improving the risk profile of its institutional funding (as illustrated by the following graph).

Group funding by segment (R billion)



* *Includes CIB institutional funding.*
** *Other consists of liabilities with respect to conduits and securitisations.*

Weighted average remaining term of institutional funding (months)



The banking sector in South Africa is characterised by certain structural features, 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. Recent observations suggest that South African corporates and the public sector are also making use of financial intermediaries that provide bulking and maturity transformation services with their cyclical cash surpluses. Given these structural issues and, as a result of the need to fund the significant asset growth between 2001 and 2007, South African banks' overall proportion of institutional funding increased. This is reflected in the table below.

SA banks' funding sources

	As at 31 December 2013			
% of funding liabilities	Total	Short-term	Medium-term	Long-term
Institutional	**39.8**	**13.1**	**10.3**	**16.4**
Corporate	**22.2**	**18.1**	**1.7**	**2.4**
Retail	**16.8**	**12.7**	**2.4**	**1.7**
SMEs	**5.0**	**4.3**	**0.5**	**0.2**
Government and parastatals	**8.0**	**6.4**	**1.3**	**0.3**
Foreign	**7.4**	**3.9**	**1.0**	**2.5**
Other	**0.8**	**0.2**	**–**	**0.6**
Total	**100**	**58.7**	**17.2**	**24.1**

Source: SA banking sector aggregate SARB BA900 returns (31 December 2013), FirstRand research.

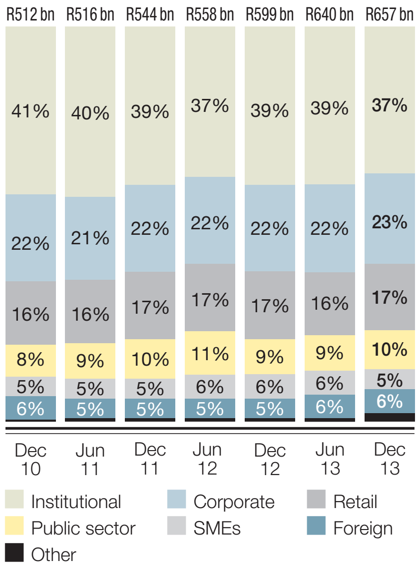
FRB, FirstRand's wholly-owned subsidiary and debt issuer, generates a larger proportion of its funding from the deposit franchise in comparison to the SA aggregate, but its funding profile also reflects the structural features described above. Emphasis is placed on improving the profile of institutional funding and developing products that better meet the needs of deposit franchise clients in order to capture a greater proportion of these clients' available liquidity.

FirstRand Bank's funding sources

	As at 31 December 2013			
% of funding liabilities	Total	Short-term	Medium-term	Long-term
Institutional	36.8	13.8	8.1	14.9
Deposit franchise	63.2	49.3	6.1	7.8
Corporate	**23.0**	**19.9**	**1.4**	**1.7**
Retail	**17.5**	**13.1**	**3.0**	**1.4**
SMEs	**5.3**	**4.7**	**0.4**	**0.2**
Government and parastatals	**9.8**	**8.4**	**1.0**	**0.4**
Foreign	**5.6**	**3.1**	**0.2**	**2.3**
Other	**2.0**	**0.1**	**0.1**	**1.8**
Total	**100.0**	**63.1**	**14.2**	**22.7**

The chart below provides a historic analysis of FRB's funding sources and reflects the stability of funding sources with an improvement in the deposit franchise.

FRB funding analysis by source

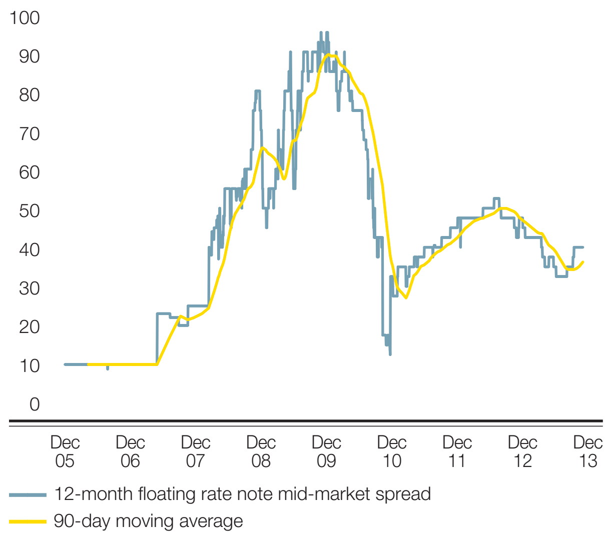


The Group's aim is to fund the balance sheet in the most efficient manner, taking into account the liquidity risk management framework, as well as regulatory and rating agency requirements.

To ensure maximum efficiency and flexibility in accessing funding opportunities, a range of debt programmes has been established. FRB's strategy for domestic vanilla public issuance is to create actively-traded benchmarks, which facilitate secondary market liquidity in both domestic and offshore markets. The value of this strategy is that it assists in identifying cost-effective funding opportunities while ensuring a good understanding of market liquidity.

The following graph is a representation of the market cost of liquidity, which is measured as the spread paid on NCDs relative to the prevailing swap curve for that tenor. The liquidity spread graph is based on the most actively-issued money market instrument by banks, namely 12-month NCDs. During the six months to December 2013, liquidity premiums initially dropped, but subsequently started to increase in October 2013. This was due to banks extending their maturities into 2014, while investors were increasingly uncertain about the interest rate environment and preferred to maintain shorter duration.

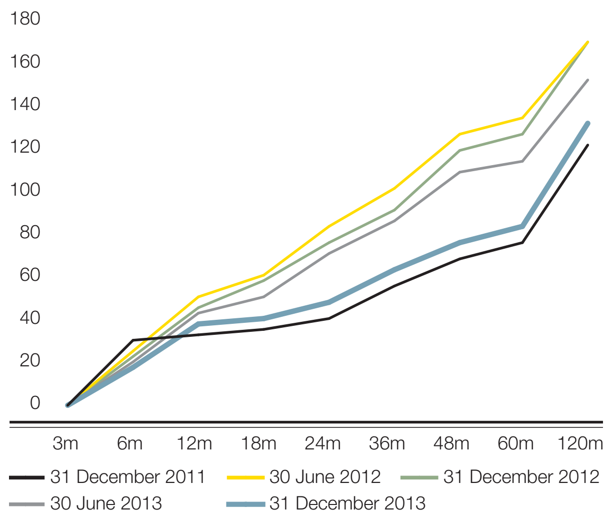
12-month liquidity spread (bps)



Source: Bloomberg (RMBP screen) and Reuters.

Long-term funding spreads are elevated from a historical perspective, however, these have reduced considerably year-on-year, as can be seen from the graph below. These movements are also related to the yield curve steepening and changes in the basis between the South African government bond curve and swap curve. On the basis of the Group's improved risk profile, higher capital adequacy and greater predictability of earnings, the credit risk component of the funding spreads should be lower. Long-term funding spreads, therefore, still appear to be reflecting a high liquidity premium. The Group is consistently able to raise funds in the capital markets in line with its funding curve.

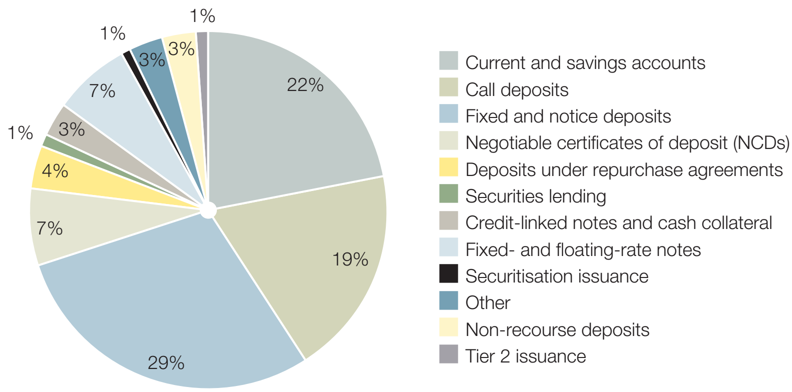
Long-term funding spreads (bps)



Source: Bloomberg (RMBP screen) and Reuters.

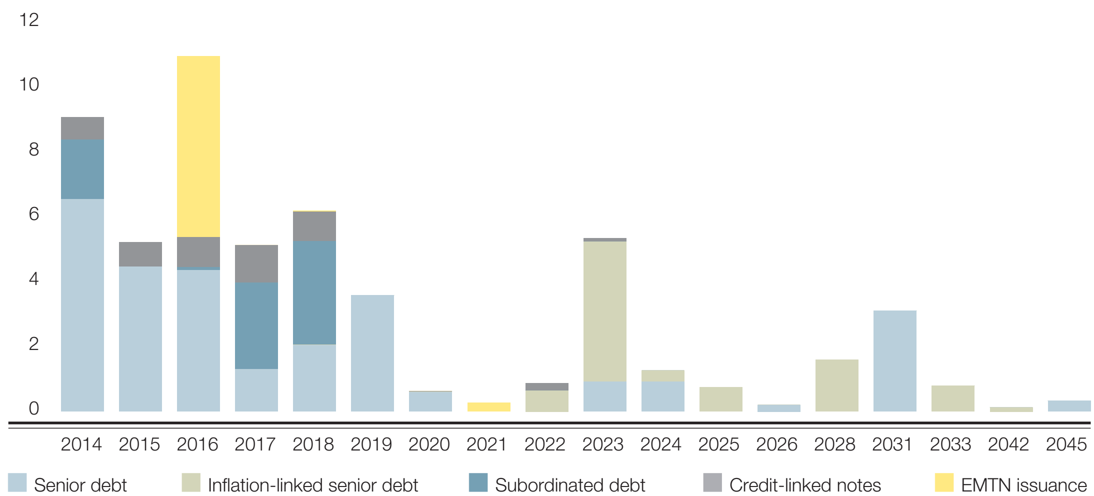
The chart below shows that the Group has well-diversified instruments funding the balance sheet.

Instrument type (including senior debt and securitisation)



The maturity profile of all issued capital markets instruments is shown below – the Group does not have concentration risk in any one year and seeks to efficiently issue across the curve with consideration of investor demand.

Maturity profile of FRB's capital market instruments (R billion)



Foreign currency balance sheet

Given the Group's objective to grow its franchise in the rest of Africa, India and the corridors, and given the size of MotoNovo, the active management of foreign currency liquidity risk continues to be a strategic imperative. The Group seeks to avoid exposing itself to undue liquidity risk within the risk appetite approved by the FirstRand board and risk committee. The SARB via *Exchange Control Circular 9 of 2011* introduced macro-prudential limits (MPL) that are applicable to authorised dealers. The Group utilises its own foreign currency measurement balance sheet measures based on economic risk and has set internal limits below that are allowed by the MPL limit framework.

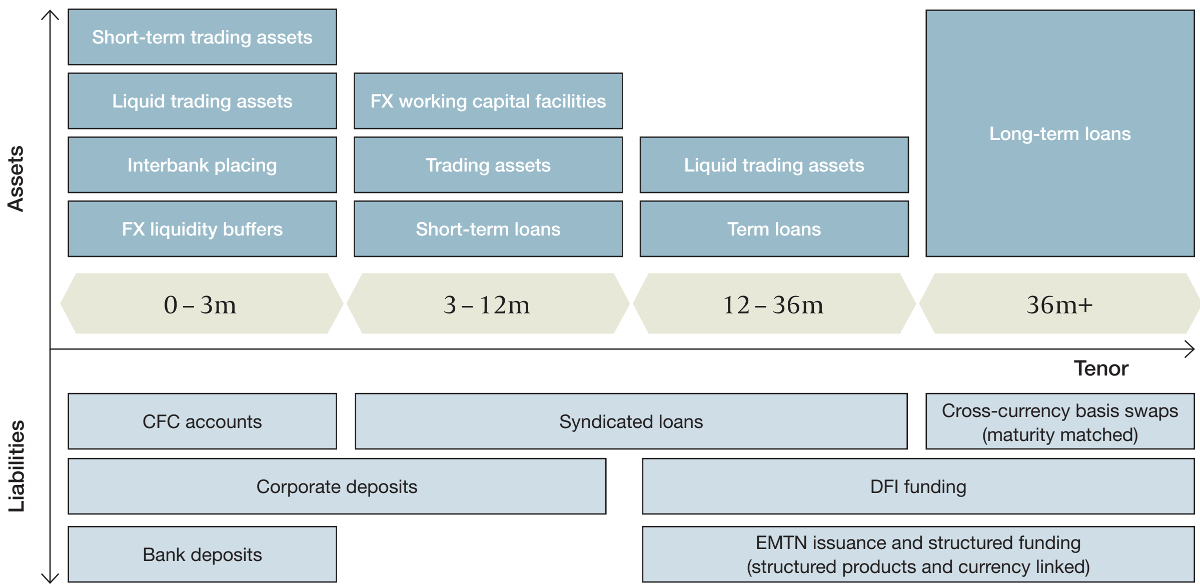
FirstRand's expansion strategy means that its foreign currency activities, in particular lending and trade finance, have increased. It is, therefore, important to have a sound framework for the assessment and management of foreign currency external debt, given the inherent vulnerabilities and liquidity risks associated with cross-border financing. This limit includes FRB's exposure to branches, foreign currency assets and guarantees.

Philosophy on foreign currency external debt

A key determinant in an institution's ability to fund and refinance in currencies other than its domestic currency is the sovereign risk and associated external financing requirement. The framework for the management of external debt takes into account sources of sovereign risk and foreign currency funding capacity. In order to achieve this, the Group considers risks arising from unsustainable debt path, liquidity, exchange rate and macroeconomic crises.

To determine South Africa's foreign currency funding capacity, the Group considers the external debt of all South African entities (private and public sector, financial institutions) as all these entities utilise the South African system's capacity – confidence and export receipts.

Graphical representation of the foreign currency balance sheet



BASEL III UPDATE

The liquidity reforms under Basel III seek to address two aspects of liquidity risk:

- the LCR addresses short-term liquidity risk and cash management; and
- the Net Stable Funding Ratio (NSFR) addresses the structural liquidity risk of the balance sheet.

In January 2013, the BCBS released an amendment to the LCR and finalised LCR requirements and implementation dates.

The BCBS released an update on the NSFR in January 2014. The consultative paper proposes a better alignment between the LCR and NSFR, which will allow for balance sheet improvements between LCR and NSFR. The Group believes that the calibration and LCR alignment has improved.

FirstRand will continue to participate in the consultative process on the NSFR.

Liquidity Coverage Ratio

The LCR has been fully adopted by the SARB with the inclusion of a committed liquidity facility (CLF) and will be phased in from 2015 to 2019. The minimum requirement will be for an LCR of 60% at 1 January 2015, with 10% incremental step ups each year to 100% on 1 January 2019.

Eligible collateral will include levels 2A and 2B with qualifying criteria and ratings requirements now reference to national scale ratings for liquidity risk in that local currency.

Committed liquidity facility

On 2 August 2013, the SARB released *Guidance Note 6 of 2013* which outlines the provision of a committed liquidity facility to assist banks in meeting the LCR. The guidance note confirms that the maximum facility size would initially be set at 40% of high-quality liquid assets. Banks would, therefore, be required to meet the 60% requirement through adjustment to their balance sheets. It is envisaged that, as capital markets develop and the liquid asset shortage is addressed, the SARB will reduce the size of the CLF.

The CLF remains broadly as defined in *Guidance Note 5 of 2012* but with revisions to acceptable collateral. The SARB has, however, provided a detailed operational notice on the CLF in *Guidance Note 6 of 2013.*

Eligible collateral for the CLF includes but is not limited to:

- listed debt securities (minimum A- national scale credit rating);
- listed equities on the main board of the JSE;
- notes of self-securitised eligible residential mortgages; and
- selection of on-balance sheet ring-fenced assets.

In order to include the CLF in banks' available liquidity resources, a considerable amount of work is first required to appropriately structure and prepare the bank's assets to access such a facility. The collateral requirements include structuring features, eligibility criteria and haircuts designed to protect all counterparties. The CLF has provided more clarity on the nature of liquidity transactions under stress and is a step towards reducing systemic risk in the banking sector.

FirstRand is in the process of LCR implementation and expects to be able to comply with LCR phase-in requirements.

Net Stable Funding Ratio

The latest consultative paper of the BCBS now reflects the NSFR as a more structural balance sheet ratio and no longer a one-year stressed balance sheet ratio. The BCBS maintains the principle that a stable funding profile in relation to the composition of a bank's assets and off-balance sheet items promotes a more resilient banking sector. The ratio calculates the amount of available stable funding relative to the amount of required stable funding. The ratio has to at least equal 100%. It is anticipated that the ratio will become a requirement on 1 January 2018, once the calibration is finalised.

In assessing the amount of stable funding, the calibration reflects the stability of liabilities across two dimensions:

- funding type and counterparty; and
- funding tenor.

The BCBS explicitly considered the following criteria in determining the amounts of required stable funding for assets and off-balance sheet commitments:

- resilient credit creation – ensuring continuity of lending to the real economy;
- bank behaviour – assuming that banks seek to preserve customer relationships;
- asset tenor – short-dated assets require less stable funding as banks could allow a proportion of these assets to mature instead of rolling over; and
- asset quality and liquidity value – recognition that high quality assets can be securitised or traded, and, therefore, be readily used as collateral to secure additional funding, or sold in the market, and, therefore, do not need to be wholly financed with stable funding.

CREDIT

Credit strategy is managed as part of the broader financial resource management process and is aligned to the Group's view of the trends in the wider economy.

The Group's total gross advances increased 12% year-on-year underpinned by 12% growth in both retail and corporate portfolios.

NPLs have continued to trend down since the peak in June 2009. Retail NPLs declined 8% mainly as a result of a sizeable decrease in residential mortgages with unsecured lending NPLs increasing as expected.

Corporate and commercial NPLs declined 14% primarily as a result of decreases in WesBank Corporate and RMB Investment Banking.

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

		Six months ended 31 December			Year ended 30 June
R million	Notes	**2013**	2012	% change	2013
Total gross advances*	1	**648 254**	577 312	12	613 748
NPLs*	2	**16 564**	18 043	(8)	17 231
NPLs as a % of advances		**2.56**	3.13		2.81
Impairment charge – total	3	**2 445**	2 509	(3)	5 700
– Business as usual		**2 445**	2 509	(3)	5 470
– Special impairment**		**–**	–	–	230
Impairment charge as a % of average advances		**0.77**	0.90		0.99
– Business as usual		**0.77**	0.90		0.95
– Special impairment		**–**	–		0.04
Total impairments*	4	**12 811**	11 863	8	12 683
– Portfolio impairments		**6 152**	5 314	16	5 776
– Specific impairments		**6 659**	6 549	2	6 907
Implied loss given default (coverage)#	4	**40.2**	36.3		40.1
Total impairments coverage ratio†		**77.3**	65.7		73.6
Performing book coverage ratio‡		**0.97**	0.95		0.97

* *Includes cumulative credit fair value adjustments.*
** *This impairment relates to the discovery during the year ended June 2012 of the deliberate concealment by employees of unrecovered amounts in FNB's merchant acquiring business unit. This was classified as a boundary event.*
\# *Amortised cost specific impairments and non-performing book cumulative credit fair value adjustments as a percentage of NPLs.*
† *Total amortised cost impairments and total cumulative credit fair value adjustments as a percentage of NPLs.*
‡ *Portfolio impairments as a percentage of the performing book.*

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

The credit information in this section is presented on a normalised basis. The normalised basis differs from IFRS in that the credit fair value adjustments on fair value advances were reversed to reflect advances and impairments as if accounted for on an accrual basis. The adjustments had the following impact:

- advances were adjusted (upwards) by the balance sheet credit fair value adjustments of R3 199 million (Dec 2012: R2 614 million; June 2013: R3 250 million); and
- IFRS credit impairments in the income statement were adjusted to include the credit fair value adjustment impact of R151 million (Dec 2012: R259 million; June 2013: R893 million). Under IFRS, these would have been accounted for under NIR.

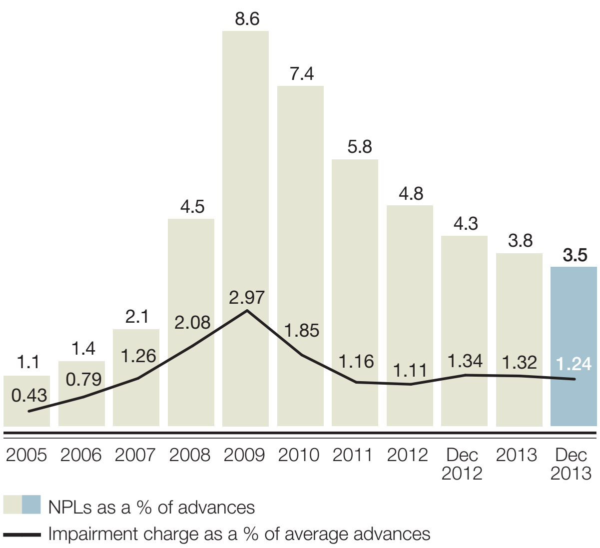
Retail credit portfolios

- NPLs as a percentage of advances continue to trend downwards and were 3.50% at December 2013 compared to 4.25% at December 2012. As expected VAF and unsecured lending NPLs are contributing a higher proportion of the NPL balance.
- The impairment charge as a percentage of average advances for retail was 1.24% (December 2012: 1.34%). The absolute charge for the portfolio reflects a higher proportion of specific impairments emanating mainly from the retail other portfolio (overdrafts and revolving loans), VAF and personal loans. The FNB Card impairment charge remains low and continues to benefit from good post write-off recoveries.

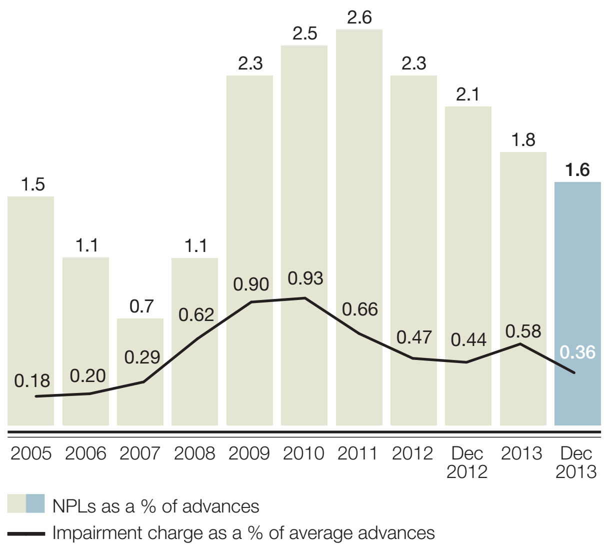
Corporate credit portfolios

- NPLs in the corporate and commercial portfolios declined to 1.61% from 2.10% year-on-year with a significant reduction from WesBank's corporate portfolio.
- The impairment charge decreased to 0.36% from 0.44%.

Retail NPLs and impairments



Corporate and commercial NPLs and impairments



NOTE 1: ANALYSIS OF ADVANCES

The table below provides a segmental analysis of advances.

Segmental analysis of advances

R million	As at 31 December 2013	As at 31 December 2012	% change	2013 % composition	As at 30 June 2013
Retail	**320 444**	286 782	12	49	303 706
Retail – secured	**277 717**	250 561	11	43	263 611
Residential mortgages	**166 846**	159 324	5	26	163 046
VAF	**110 871**	91 237	22	17	100 565
Retail – unsecured	**42 727**	36 221	18	6	40 095
Card	**13 458**	11 877	13	2	13 001
Personal loans	**20 501**	19 139	7	3	20 185
– FNB loans	**12 280**	12 587	(2)	2	12 885
– WesBank loans	**8 221**	6 552	25	1	7 300
Retail other	**8 768**	5 205	68	1	6 909
Corporate and commercial	**288 359**	257 034	12	45	271 792
FNB Commercial	**44 902**	39 300	14	7	42 834
WesBank Corporate	**35 133**	32 279	9	6	34 293
RMB Investment Banking	**201 899**	181 943	11	31	189 564
RMB Corporate Banking	**6 425**	3 512	83	1	5 101
FNB Africa	**36 474**	28 794	27	6	32 720
Corporate Centre	**2 977**	4 702	(37)	–	5 530
Total advances	**648 254**	577 312	12	100	613 748
Of which:					
Accrual book	**480 720**	420 868	14	74	453 373
Fair value book*	**167 534**	156 444	7	26	160 375

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

RMB Investment Banking core advances

R million	As at 31 December 2013	As at 31 December 2012	% change	2013 % composition	As at 30 June 2013
Investment banking advances	**201 899**	181 943	11	100	189 564
Less: assets under agreements to resell	**(36 599)**	(44 205)	(17)	(18)	(40 502)
Investment banking advances net of assets under agreements to resell	**165 300**	137 738	20	82	149 062

Sector and geographic analysis of advances

R million	As at 31 December 2013	As at 31 December 2012	% change	2013 % composition	As at 30 June 2013
Gross advances	**650 043**	579 377	12	100	615 614
Less: interest in suspense	**(1 789)**	(2 065)	(13)	–	(1 866)
Advances net of interest in suspense	**648 254**	577 312	12	100	613 748
Sector analysis					
Agriculture	**22 712**	17 472	30	4	20 873
Banks	**8 065**	9 248	(13)	1	7 178
Financial services	**70 860**	70 182	1	11	65 969
Building and property development	**33 184**	32 021	4	5	35 888
Government, Land Bank and public authorities	**15 996**	15 641	2	2	18 169
Individuals	**337 388**	302 555	12	52	318 296
Manufacturing and commerce	**83 341**	64 498	29	13	74 837
Mining	**22 957**	18 359	25	4	23 036
Transport and communication	**20 722**	17 043	22	3	15 689
Other services	**33 029**	30 293	9	5	33 813
Total advances	**648 254**	577 312	12	100	613 748
Geographic analysis					
South Africa	**561 125**	516 523	9	87	544 296
Other Africa	**56 918**	38 542	48	9	45 671
UK	**20 399**	13 958	46	3	15 949
Other Europe	**5 737**	3 803	51	1	3 398
North America	**1 225**	145	>100	–	1 033
South America	**652**	521	25	–	601
Australasia	**1 094**	1 391	(21)	–	1 359
Asia	**1 104**	2 429	(55)	–	1 441
Total advances	**648 254**	577 312	12	100	613 748

NOTE 2: ANALYSIS OF NPLs

Segment analysis of NPLs

	NPLs					NPLs as a % of advances		
	As at 31 December			2013 % compo- sition	As at 30 June	As at 31 December		As at 30 June
R million	**2013**	2012	% change		2013	**2013**	2012	2013
Retail	**11 224**	12 174	(8)	68	11 570	**3.50**	4.25	3.81
Retail – secured	**8 999**	10 308	(13)	55	9 422	**3.24**	4.11	3.57
Residential mortgages	**6 089**	7 786	(22)	37	6 911	**3.65**	4.89	4.24
VAF	**2 910**	2 522	15	18	2 511	**2.62**	2.76	2.50
Retail – unsecured	**2 225**	1 866	19	13	2 148	**5.21**	5.15	5.36
Card	**347**	267	30	2	302	**2.58**	2.25	2.32
Personal loans	**1 439**	1 286	12	9	1 387	**7.02**	6.72	6.87
– FNB loans	**919**	914	1	6	943	**7.48**	7.26	7.32
– WesBank loans	**520**	372	40	3	444	**6.33**	5.68	6.08
Retail other	**439**	313	40	2	459	**5.01**	6.01	6.64
Corporate and commercial	**4 632**	5 403	(14)	28	4 984	**1.61**	2.10	1.83
FNB Commercial	**1 523**	1 684	(10)	9	1 429	**3.39**	4.28	3.34
WesBank Corporate	**682**	1 196	(43)	4	975	**1.94**	3.71	2.84
RMB Investment Banking	**2 419**	2 515	(4)	15	2 571	**1.20**	1.38	1.36
RMB Corporate Banking	**8**	8	–	–	9	**0.12**	0.23	0.18
FNB Africa	**708**	466	52	4	677	**1.94**	1.62	2.07
Corporate Centre	**–**	–	–	–	–	**–**	–	–
Total NPLs	**16 564**	18 043	(8)	100	17 231	**2.56**	3.13	2.81
Of which:								
Accrual book	**14 451**	15 934	(9)	87	14 941	**3.01**	3.79	3.30
Fair value book	**2 113**	2 109	–	13	2 290	**1.26**	1.35	1.43

Sector and geographic analysis of NPLs

	NPLs					NPLs as a % of advances		
	As at 31 December			2013	As at 30 June	As at 31 December		As at 30 June
R million	**2013**	2012	% change	% composition	2013	**2013**	2012	2013
Sector analysis								
Agriculture	**616**	568	8	4	617	**2.71**	3.25	2.96
Financial services	**233**	401	(42)	1	247	**0.30**	0.50	0.34
Building and property development	**2 036**	2 460	(17)	12	2 540	**6.14**	7.68	7.08
Government, Land Bank and public authorities	**109**	46	>100	1	145	**0.68**	0.29	0.80
Individuals	**11 597**	12 590	(8)	70	11 946	**3.44**	4.16	3.75
Manufacturing and commerce	**1 100**	969	14	7	741	**1.32**	1.50	0.99
Mining	**51**	91	(44)	–	105	**0.22**	0.50	0.46
Transport and communication	**119**	220	(46)	1	138	**0.57**	1.29	0.88
Other services	**703**	698	1	4	752	**2.13**	2.30	2.22
Total NPLs	**16 564**	18 043	(8)	100	17 231	**2.56**	3.13	2.81
Geographic analysis								
South Africa	**15 216**	16 990	(10)	92	16 041	**2.71**	3.29	2.95
Other Africa	**775**	471	65	5	678	**1.36**	1.22	1.48
UK	**71**	44	61	–	50	**0.35**	0.32	0.31
North America	**35**	28	25	–	34	**2.86**	19.31	3.29
South America	**331**	273	21	2	315	**50.77**	52.40	52.41
Australasia	**78**	203	(62)	1	75	**7.13**	14.59	5.52
Asia	**58**	34	71	–	38	**5.25**	1.40	2.64
Total NPLs	**16 564**	18 043	(8)	100	17 231	**2.56**	3.13	2.81

Security and recoverable amounts

	As at 31 December						As at 30 June		
	2013			2012			2013		
R million	**NPLs**	**Security held and expected recoveries**	**Specific impairment***	NPLs	Security held and expected recoveries	Specific impairment*	NPLs	Security held and expected recoveries	Specific impairment*
Retail	**11 224**	**7 400**	**3 824**	12 174	8 217	3 957	11 570	7 567	4 003
Retail – secured	**8 999**	**6 793**	**2 206**	10 308	7 866	2 442	9 422	7 041	2 381
Residential mortgages	**6 089**	**4 809**	**1 280**	7 786	6 196	1 590	6 911	5 408	1 503
VAF	**2 910**	**1 984**	**926**	2 522	1 670	852	2 511	1 633	878
Retail – unsecured	**2 225**	**607**	**1 618**	1 866	351	1 515	2 148	526	1 622
Card	**347**	**97**	**250**	267	80	187	302	85	217
Personal loans	**1 439**	**394**	**1 045**	1 286	257	1 029	1 387	353	1 034
– FNB loans	**919**	**169**	**750**	914	178	736	943	173	770
– WesBank loans	**520**	**225**	**295**	372	79	293	444	180	264
Retail other	**439**	**116**	**323**	313	14	299	459	88	371
Corporate and commercial	**4 632**	**2 069**	**2 563**	5 403	2 977	2 426	4 984	2 345	2 639
FNB Commercial	**1 523**	**703**	**820**	1 684	889	795	1 429	647	782
WesBank Corporate	**682**	**266**	**416**	1 196	688	508	975	450	525
RMB Investment Banking	**2 419**	**1 100**	**1 319**	2 515	1 400	1 115	2 571	1 248	1 323
RMB Corporate Banking	**8**	**–**	**8**	8	–	8	9	–	9
FNB Africa	**708**	**436**	**272**	466	300	166	677	412	265
Corporate Centre	**–**	**–**	**–**	–	–	–	–	–	–
Total	**16 564**	**9 905**	**6 659**	18 043	11 494	6 549	17 231	10 324	6 907

* *Specific impairment includes cumulative credit fair value adjustments.*

NOTE 3: ANALYSIS OF INCOME STATEMENT CREDIT IMPAIRMENTS

The bad debt charge decreased from 90 bps at December 2012 to 77 bps at December 2013 (June 2013: 99 bps).

Income statement impairments

	Total impairment charge				As a % of average advances			
	For the six months ended 31 December			For the year ended 30 June	As at 31 December**		As at 30 June	Six months ended 30 June**
R million	**2013**	2012	% change	2013	**2013**	2012	2013	2013
Retail	**1 935**	1 872	3	3 802	**1.24**	1.34	1.32	1.31
Retail – secured	**662**	731	(9)	1 549	**0.49**	0.60	0.62	0.64
Residential mortgages	**83**	309	(73)	507	**0.10**	0.39	0.32	0.25
VAF	**579**	422	37	1 042	**1.10**	0.98	1.14	1.29
Retail – unsecured	**1 273**	1 141	12	2 253	**6.15**	6.62	6.19	5.83
Card	**10**	(2)	(>100)	23	**0.15**	(0.03)	0.19	0.40
Personal loans	**849**	901	(6)	1 832	**8.35**	9.78	9.67	9.47
– FNB loans	**604**	742	(19)	1 402	**9.60**	12.21	11.39	10.36
– WesBank loans	**245**	159	54	430	**6.31**	5.08	6.48	7.83
Retail other	**414**	242	71	398	**10.56**	10.82	7.47	5.15
Corporate and commercial	**510**	547	(7)	1 478	**0.36**	0.44	0.58	0.70
FNB Commercial	**111**	114	(3)	318	**0.51**	0.61	0.81	0.99
WesBank Corporate	**100**	119	(16)	177	**0.58**	0.74	0.53	0.35
RMB Investment Banking	**291**	309	(6)	954	**0.30**	0.36	0.54	0.69
RMB Corporate Banking	**8**	5	60	29	**0.28**	0.32	0.75	1.11
FNB Africa	**100**	90	11	190	**0.58**	0.66	0.65	0.65
Central portfolio overlay*	**(100)**	–	–	–	**(0.03)**	–	–	–
Business as usual impairment charge*	**2 445**	2 509	(3)	5 470	**0.77**	0.90	0.95	0.99
Special impairment*	**–**	–	–	230	**–**	–	0.04	0.08
Total impairment charge	**2 445**	2 509	(3)	5 700	**0.77**	0.90	0.99	1.07
Of which:								
Portfolio impairment charge	**350**	460	(24)	1 234	**0.11**	0.16	0.21	0.26
Specific impairment charge	**2 095**	2 049	2	4 466	**0.66**	0.74	0.78	0.81

* *Percentages calculated on total average advances.*
** *Annualised.*

NOTE 4: ANALYSIS OF BALANCE SHEET IMPAIRMENTS AND COVERAGE RATIOS

The Group constantly monitors market conditions as well as recent and expected recoveries on NPLs to determine its coverage ratios. The NPLs coverage ratio increased to 40.2% (December 2012: 36.3%).

Implied loss given default and total impairment coverage ratios

	Balance sheet impairments				Coverage ratios (% of NPLs)		
	As at 31 December			As at 30 June	As at 31 December		As at 30 June
R million	**2013**	2012	% change	2013	2013	2012	2013
Specific impairments*							
Retail	**3 824**	3 957	(3)	4 003	34.1	32.5	34.6
Retail – secured	**2 206**	2 442	(10)	2 381	24.5	23.7	25.3
Residential mortgages	**1 280**	1 590	(19)	1 503	21.0	20.4	21.7
VAF**	**926**	852	9	878	31.8	33.8	35.0
Retail – unsecured	**1 618**	1 515	7	1 622	72.7	81.2	75.5
Card	**250**	187	34	217	72.0	70.0	71.9
Personal loans	**1 045**	1 029	2	1 034	72.6	80.0	74.5
– FNB loans	**750**	736	2	770	81.6	80.5	81.7
– WesBank loans	**295**	293	1	264	56.7	78.8	59.5
Retail other	**323**	299	8	371	73.6	95.5	80.8
Corporate and commercial	**2 563**	2 426	6	2 639	55.3	44.9	52.9
FNB Commercial	**820**	795	3	782	53.8	47.2	54.7
WesBank Corporate	**416**	508	(18)	525	61.0	42.5	53.8
RMB Investment Banking	**1 319**	1 115	18	1 323	54.5	44.3	51.5
RMB Corporate Banking	**8**	8	–	9	100.0	100.0	100.0
FNB Africa	**272**	166	64	265	38.4	35.6	39.1
Corporate Centre	**–**	–	–	–	–	–	–
Total specific impairments/ implied loss given default#	**6 659**	6 549	2	6 907	40.2	36.3	40.1
Portfolio impairments†	**6 152**	5 314	16	5 776	37.1	29.4	33.5
Total impairments/total impairment coverage ratio‡	**12 811**	11 863	8	12 683	77.3	65.7	73.6

* *Specific impairments including credit fair value adjustments relating to the non-performing fair value advances.*

** *The decline in coverage ratio in the current period is a result of a lower coverage ratio which applies to accounts that have been restructured in terms of the debt review process and where a specific court order has been granted. These accounts are reported in NPLs even though clients may be fully performing in terms of revised repayment terms. This is in line with the Group's policy not to reclassify accounts out of NPLs, i.e. accounts will only migrate out of NPLs when clients have repaid all arrears in terms of the original credit facility.*

\# *Amortised cost specific impairments and credit fair value adjustments as a percentage of NPLs.*

† *Amortised cost portfolio impairments and credit fair value adjustments relating to the performing book as a percentage of NPLs.*

‡ *Total impairments and credit fair value adjustments as a percentage of NPLs.*

RECONCILIATION OF IMPAIRMENTS

The following table provides an analysis of the balance sheet amortised cost impairments and credit fair value adjustments.

Balance sheet impairments and credit fair value adjustments

	Amortised cost book			Fair value book			Total book		
	As at 31 December		As at 30 June	As at 31 December		As at 30 June	As at 31 December		As at 30 June
R million	**2013**	2012	2013	**2013**	2012	2013	**2013**	2012	2013
Non-performing book	**5 494**	5 595	5 713	**1 165**	954	1 194	**6 659**	6 549	6 907
Performing book	**4 118**	3 654	3 720	**2 034**	1 660	2 056	**6 152**	5 314	5 776
Total impairments	**9 612**	9 249	9 433	**3 199**	2 614	3 250	**12 811**	11 863	12 683

The following table provides an analysis of the amortised cost specific impairments.

Balance sheet specific impairments – amortised cost

	As at 31 December			As at 30 June
R million	**2013**	2012	% change	2013
Opening balance	**5 713**	5 574	2	5 574
Reclassifications and transfers	**(19)**	43	(>100)	158
Acquisitions	**–**	(3)		–
Exchange rate difference	**34**	7	>100	30
Unwinding and discounted present value on NPLs	**(89)**	(105)	(15)	(168)
Bad debts written off	**(2 872)**	(2 431)	18	(5 277)
Net new impairments created	**2 727**	2 510	9	5 396
Closing balance	**5 494**	5 595	(2)	5 713

The following table provides an analysis of the income statement impact of amortised cost impairments and credit fair value adjustments.

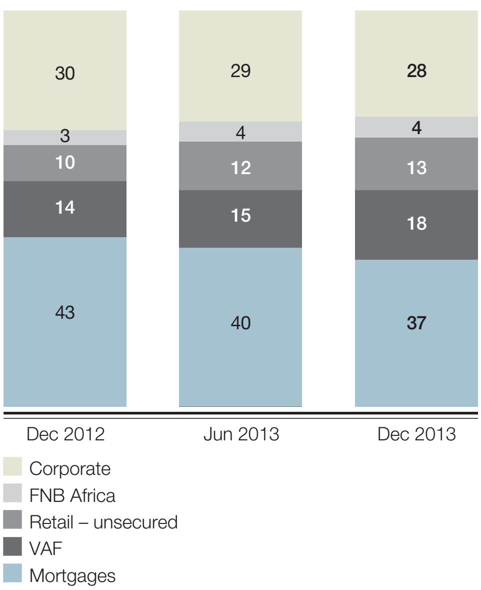
Income statement impairments

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012	% change	2013
Specific impairment charge	**2 727**	2 510	9	5 396
Recoveries of bad debts written off	**(806)**	(634)	27	(1 137)
Net specific impairment charge (amortised cost)	**1 921**	1 876	2	4 259
Portfolio impairment charge (amortised cost)	**373**	374	–	548
Credit fair value adjustments	**151**	259	(42)	893
– Non-performing book	**174**	173	(>100)	207
– Performing book	**(23)**	86	(>100)	686
Total impairments	**2 445**	2 509	(3)	5 700

NPL DISTRIBUTION

The graph below provides the NPL distribution across product categories, showing a decrease in the proportion of residential mortgage NPLs since December 2012 and increases in VAF and Retail unsecured lending.

NPL distribution (%)



RETAIL PROPERTIES IN POSSESSION

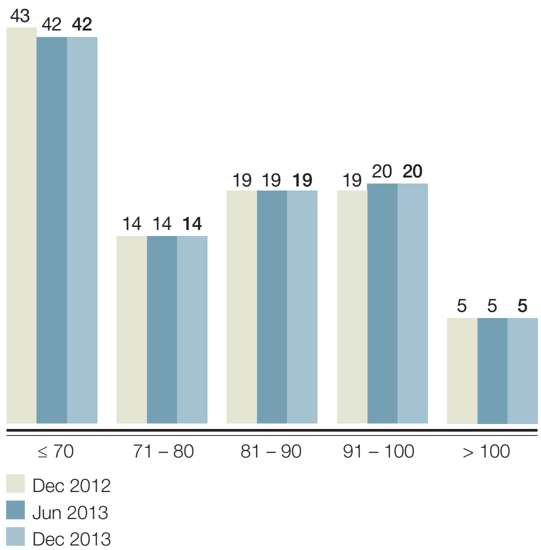
The Group took a decision to write off the carrying value of SA retail properties in possession. At December 2013, 221 properties were part of the Group's portfolio (December 2012: 391).

RISK ANALYSES

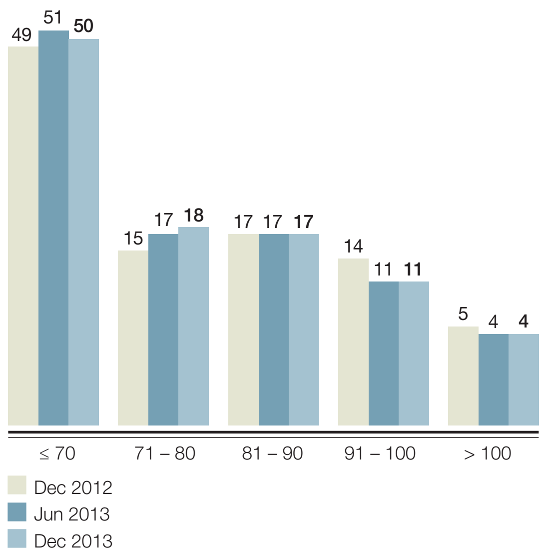
This section provides further information on selected risk analyses of the credit portfolios.

The focus on loan-to-value ratios for new business forms part of a broader strategy which places more emphasis on counterparty creditworthiness as opposed to only on the underlying security. The stability of the distribution based on original value reflects the conservative lending strategy that has been in place over the last five years. Pressures on property market values have negatively impacted the balance-to-market value distribution. Approximately 85% of the loan book has a loan-to-value (market value) below 90%.

Residential mortgages balance-to-original value (%)

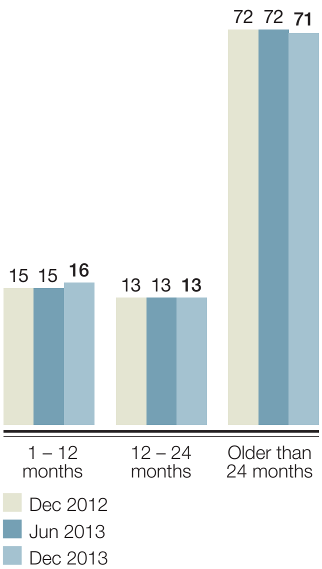


Residential mortgages balance-to-market value (%)



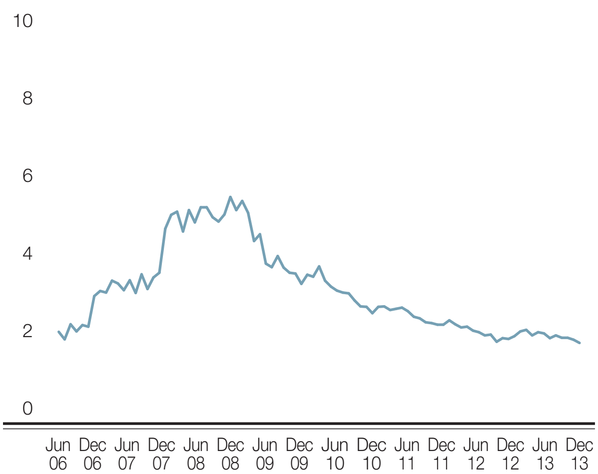
The increase in the twelve-month age category reflects the 5% advances growth.

Residential mortgages age distribution (%)



The graph below shows the arrears in the FNB HomeLoans portfolio. It includes arrears where more than one full payment is in arrears expressed as a percentage of total advances.

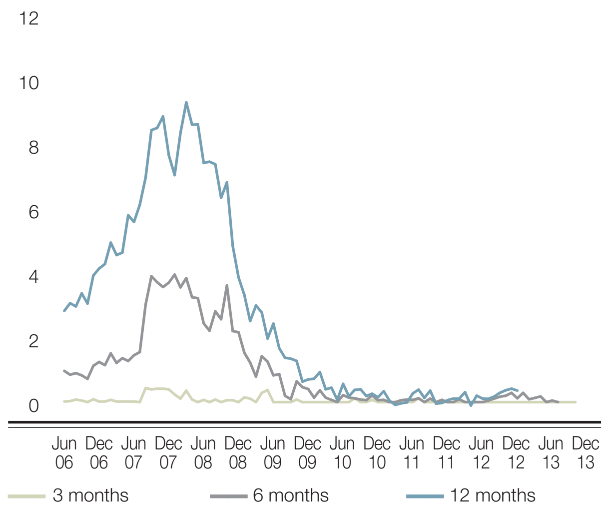
FNB HomeLoans arrears (%)



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

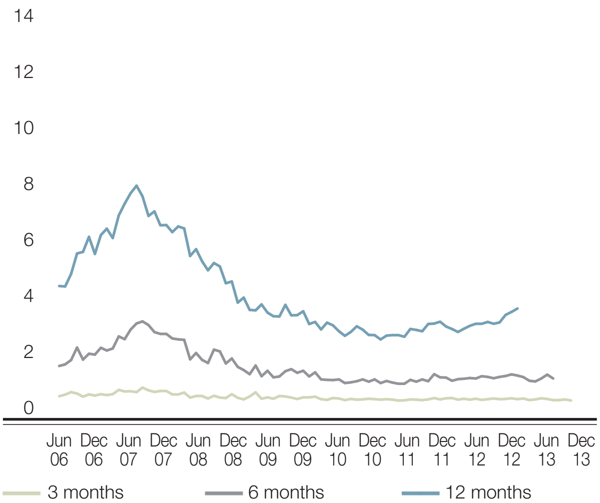
For FNB HomeLoans, the three, six and twelve month cumulative vintage analyses illustrate a marked improvement in the quality of business written since mid-2008 despite challenging macro conditions in the succeeding periods. The default experience for all vintages is positive and impairments remain at very low levels.

FNB HomeLoans vintage analysis (%)



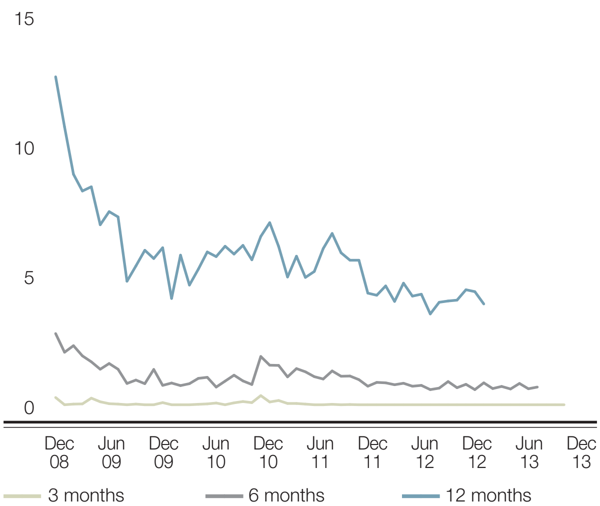
Retail VAF vintages reflect a positive response to credit loss mitigation actions taken from May 2008. The bulk of defaults usually occur between 18 to 24 months after origination, hence the higher level of default in the twelve month vintage. Further credit loss mitigation actions were implemented in 2013.

WesBank retail VAF vintage analysis (%)



Despite 13% growth year-on-year, FNB Card new business continues to perform well with low levels of defaults. Credit loss mitigation actions were implemented in 2011/12.

FNB Card vintage analysis (%)

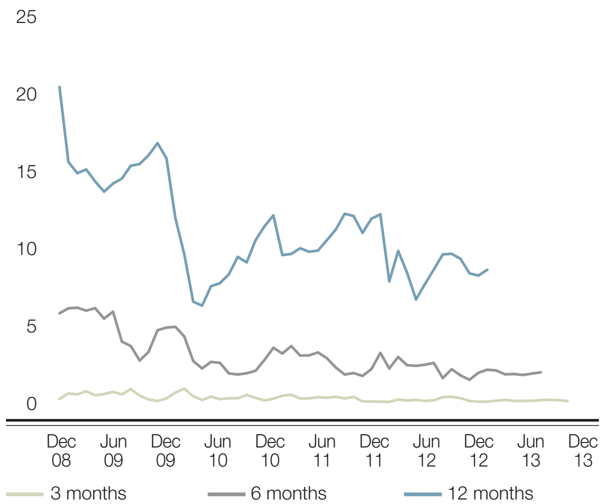


The default experience of the FNB and WesBank personal loan portfolios is within risk appetite.

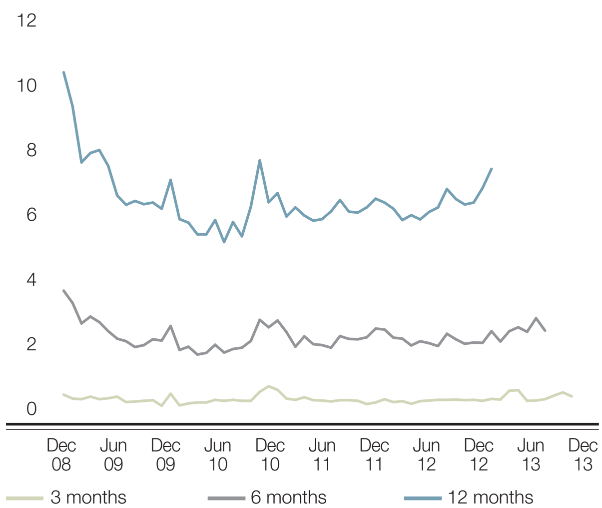
The trend in the twelve month vintage analyses shown below has moderated compared to past experience. This is due to the implementation of a more conservative credit origination strategy during the current period, however, new business strain is still being seen. The three and six month vintages reflect a positive response to the credit tightening actions taken in the portfolios.

Ongoing actions are undertaken to ensure these portfolios remain within risk appetite.

FNB personal loans vintage analysis (%)



WesBank personal loans vintage analysis (%)



SUPPLEMENTARY INFORMATION

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

Segmental advances NPLs and impairment analysis

	Six months ended 31 December 2013				
R million/%	Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as % of average advances
FNB	282 728	10 025	3.55	1 322	0.95
FNB Retail	201 352	7 794	3.87	1 111	1.12
Residential mortgages	166 846	6 089	3.65	83	0.10
Card	13 458	347	2.58	10	0.15
Personal loans	12 280	919	7.48	604	9.60
Retail other	8 768	439	5.01	414	10.56
FNB Commercial	44 902	1 523	3.39	111	0.51
FNB Africa	36 474	708	1.94	100	0.58
WesBank	154 225	4 112	2.67	924	1.25
WesBank asset-backed finance	146 004	3 592	2.46	679	0.97
– WesBank Retail	93 822	2 839	3.03	519	1.15
– WesBank Corporate	35 133	682	1.94	100	0.58
– WesBank International	17 049	71	0.42	60	0.79
WesBank loans	8 221	520	6.33	245	6.31
RMB	208 324	2 427	1.17	299	0.30
RMB Investment Banking	201 899	2 419	1.20	291	0.30
RMB Corporate Banking	6 425	8	0.12	8	0.28
Corporate Centre	2 977	–	–	(100)	(0.03)
Subtotal	648 254	16 564	2.56	2 445	0.77
Special impairment*	–	–	–	–	–
Total	648 254	16 564	2.56	2 445	0.77

* *Special impairment relates to FNB (R215 million) and RMB Corporate Banking (R15 million) in June 2013.*

Six months ended 31 December 2012					Year ended 30 June 2013				
Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as % of average advances	Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as % of average advances
257 087	11 430	4.45	1 495	1.19	271 395	10 721	3.95	2 838	1.10
188 993	9 280	4.91	1 291	1.38	195 841	8 615	4.40	2 330	1.22
159 324	7 786	4.89	309	0.39	163 046	6 911	4.24	507	0.32
11 877	267	2.25	(2)	(0.03)	13 001	302	2.32	23	0.19
12 587	914	7.26	742	12.21	12 885	943	7.32	1 402	11.39
5 205	313	6.01	242	10.82	6 909	459	6.64	398	7.47
39 300	1 684	4.28	114	0.61	42 834	1 429	3.34	318	0.81
28 794	466	1.62	90	0.66	32 720	677	2.07	190	0.65
130 068	4 090	3.14	700	1.12	142 158	3 930	2.76	1 649	1.26
123 516	3 718	3.01	541	0.91	134 858	3 486	2.58	1 219	0.98
80 366	2 480	3.09	376	0.99	87 309	2 461	2.82	945	1.18
32 279	1 196	3.71	119	0.74	34 293	975	2.84	177	0.53
10 871	42	0.39	46	0.91	13 256	50	0.38	97	0.86
6 552	372	5.68	159	5.08	7 300	444	6.08	430	6.48
185 455	2 523	1.36	314	0.36	194 665	2 580	1.33	983	0.54
181 943	2 515	1.38	309	0.36	189 564	2 571	1.36	954	0.54
3 512	8	0.23	5	0.32	5 101	9	0.18	29	0.75
4 702	–	–	–	–	5 530	–	–	–	–
577 312	18 043	3.13	2 509	0.90	613 748	17 231	2.81	5 470	0.95
–	–	–	–	–	–	–	–	230	0.04
577 312	18 043	3.13	2 509	0.90	613 748	17 231	2.81	5 700	0.99

Supplementary information

FAIR VALUE MEASUREMENTS

VALUATION METHODOLOGY

In terms of IFRS, the Group is required to or elects to measure certain assets and liabilities at fair value. The Group has established control frameworks and processes at a franchise level to independently validate its valuation techniques and inputs used to determine its fair value measurements. At a franchise level, technical teams are responsible for the selection, implementation and any changes to the valuation techniques used to determine fair value measurements. Valuation committees comprising representatives from key management have been established in each franchise and at an overall Group level, and are responsible for overseeing the valuation control process and considering the appropriateness of the valuation techniques applied in fair value measurement. The valuation models and methodologies are subject to independent review and approval at a franchise level by the required technical teams, valuation committees, relevant risk committees and external auditors annually or more frequently if considered appropriate.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date i.e. an exit price. Fair value is therefore a market-based measurement and when measuring fair value the Group uses the assumptions that market participants would use when pricing an asset or liability under current market conditions, including assumptions about risk. When determining fair value it is presumed that the entity is a going concern and the fair value is therefore not an amount that represents a forced transaction, involuntary liquidation or a distressed sale.

Financial instruments

When determining the fair value of a financial instrument, where the financial instrument has a bid or ask price (for example in a dealer market), the Group uses the price within the bid-ask spread that is most representative of fair value in the circumstances. Although not a requirement, the Group uses the bid price for financial assets or the ask/offer price for financial liabilities where this best represents fair value.

When determining the fair value of a financial liability or the Group's own equity instruments the quoted price for the transfer of an identical or similar liability or own equity instrument is used. Where this is not available and an identical item is held by another party as an asset, the fair value of the liability or own equity instrument is measured using the quoted price in an active market of the identical item if that price is available, or using observable inputs (such as the quoted price in an inactive market for the identical item) or using another valuation technique.

Where the Group has any financial liability with a demand feature, such as demand deposits, the fair value is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid where the time value of money is significant.

FAIR VALUE HIERARCHY AND MEASUREMENTS

The Group classifies assets and liabilities measured at fair value using a fair value hierarchy that reflects whether observable or unobservable inputs are used in determining the fair value of the item. The valuation techniques employed by the Group include, inter alia, quoted prices for similar assets or liabilities in an active market, quoted prices for the same asset or liability in an inactive market, adjusted prices from recent arm's length transactions, option-pricing models and discounted cash flow techniques.

Where a valuation model is applied and the Group cannot mark-to-market, it applies a mark-to-model approach, subject to prudent valuation adjustments. Mark-to-model is defined as any valuation which has to be benchmarked, extrapolated or otherwise calculated from a market input. When applying mark-to-model, an extra degree of conservatism is applied. The Group will consider the following in assessing whether a mark-to-model valuation is appropriate:

- as far as possible, market inputs are sourced in line with market prices;
- generally accepted valuation methodologies are consistently used for particular products unless deemed inappropriate by the relevant governance forums;
- where a model has been developed in-house, it is based on appropriate assumptions, which have been assessed and challenged by suitably qualified parties independent of the development process;
- formal change control procedures are in place;
- awareness of the weaknesses of the models used and appropriate reflection thereof in the valuation output;
- the model is subject to periodic review to determine the accuracy of its performance; and
- valuation adjustments are only made when appropriate, for example, to cover the uncertainty of the model valuation.

Level 1

Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities where this is readily available and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. This category includes listed bonds and equity, exchange-traded derivatives, exchange-traded commodities and short trading positions.

Level 2

Fair value is determined using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly such as quoted prices for similar items in an active market or for an identical item in an inactive market, or valuation models using observable inputs or inputs derived from observable market data. This category includes loans and advances to customers, equities listed in an inactive market, certain debt instruments, private equity investments, non-recourse investments and deposits, over the counter derivatives, deposits, other liabilities and Tier 2 liabilities.

Level 3

Fair value is determined using a valuation technique and significant inputs that are not based on observable market data (i.e. unobservable inputs) such as an entity's own assumptions about what market participants would assume in pricing assets and liabilities. This category includes certain loans and advances to customers, certain over the counter derivatives such as equity options, investments in certain debt instruments, private equity investments and certain deposits such as credit linked notes.

FAIR VALUE HIERARCHY AND MEASUREMENTS

The table below sets out the valuation techniques applied by the Group for fair value measurements of financial assets and liabilities categorised as level 2 and level 3 in the fair value hierarchy:

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Derivative financial instruments					
Option contracts	Level 2 and level 3	Option pricing model	The Black Scholes model is used.	Strike price of the option, market related discount rate, forward rate, and cap and floor volatility	Volatilities
Futures contracts	Level 2	Discounted cash flows	The future cash flows are discounted using a market-related interest rate. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market projected forward value.	Market interest rates and curves	Not applicable
Swaps	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. The reset date of each swaplet is determined in terms of legal documents pertaining to the swap.	Market interest rates and curves	Not applicable
Forward rate agreements	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market related discount curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates and curves	Not applicable
Forward contracts	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market projected forward value.	Market interest rates and curves	Not applicable
Credit derivatives	Level 2 and level 3	Discounted cash flows	The future cash flows are discounted using a market-related interest rate. Where prices are obtainable from the market, individual credit spreads are used.	Market interest rates and curves	Credit inputs
Commodity derivatives	Level 2	Discounted cash flows	Commodity linked instruments are measured by taking into account the price, the location differential, grade differential, silo differential and the discount factor of the most liquidly traded futures linked to the commodity.	Futures prices	Not applicable

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Derivative financial instruments					
Equity derivatives	Level 2 and level 3	Industry standard models	The models calculate fair value based on input parameters such as stock prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and applying extrapolation techniques to match the appropriate risk profile.	Market interest rates and curves	Volatilities
Loans and advances to customers					
Investment banking book*	Level 3	Discounted cash flows	The future cash flows are discounted using a market related interest rate. To calculate the fair value of credit the Group uses a valuation methodology based on the credit spread matrix, which considers loss given default, tenor and the internal credit committee rating criteria. The fair value measurement includes the original credit spread and is repriced when there is a change in rating of the counterparty. A decline in credit rating would result in an increase in the spread above the base rate for discounting purposes and consequently a reduction of the fair value of the advance.	Market interest rates and curves	Credit inputs
Other loans and advances	Level 2 and level 3	Discounted cash flows	The future cash flows are discounted using a market related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates and curves	Credit inputs
Investment securities and other investments					
Equities/bonds listed in an inactive market	Level 2	Discounted cash flows	For listed equities and bonds, the listed price is used where the market is active (i.e. level 1). However if the market is not active and the listed price is not representative of fair value, these are classified as level 2 and a valuation technique is used, for example the discounted cash flow is used for listed bonds. This will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. The future cash flows are discounted using a market-related interest rate.	Market interest rates and curves	Not applicable
Unlisted bonds	Level 2 and level 3	Discounted cash flows	Unlisted bonds are valued similarly to advances measured at fair value. The future cash flows are discounted using a market related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates and curves	Credit inputs

* *The Group has elected to designate the investment banking book of advances at fair value through profit or loss. Credit risk is not observable and has a significant impact on the fair value measurement of these advances and as such, these advances are classified as level 3 on the fair value hierarchy.*

FAIR VALUE HIERARCHY AND MEASUREMENTS continued

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Investment securities and other investments					
Unlisted equities	Level 2 and level 3	Price earnings (P/E) model	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place.	Market transactions	Growth rates and P/E ratios
Negotiable certificates of deposit	Level 2	Discounted cash flows	Future cash flows are discounted using a market-related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and curves	Not applicable
Treasury bills	Level 2	BESA bond pricing model	The BESA bond pricing model uses the BESA mark-to-market bond yield.	Market interest rates and curves	Not applicable
Non-recourse investments	Level 2	Discounted cash flows	Future cash flows are discounted using a discount rate which is determined as a base rate plus a spread. The base rate is determined by the legal agreements as either a bond or swap curve. The spread approximates the level of risk attached to the cash flows. When there is a change in the base rate in the market, the valuation is adjusted accordingly. The valuation model is calibrated to reflect transaction price at initial recognition.	Market interest rates and curves	Not applicable
Deposits					
Call and non-term deposits	Level 2	None – the undiscounted amount is used	The undiscounted amount of the deposit is the fair value due to the short term nature of the instruments. These deposits are financial liabilities with a demand feature and the fair value is not less than the amount payable on demand i.e. the undiscounted amount of the deposit.	None – the undiscounted amount approximates fair value and no valuation is performed	Not applicable
Non-recourse deposits	Level 2	Discounted cash flows	Fair value for interest rate and foreign exchange risk with no valuation adjustment for own credit risk. Valuation adjustments are affected for changes in the applicable credit ratings of the assets.	Market interest rates and foreign exchange rates, and credit inputs	Not applicable

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Deposits					
Deposits that represent collateral on credit linked notes	Level 3	Discounted cash flows	These deposits represent the collateral leg of credit linked notes. The forward curve adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs on related advance
Other deposits	Level 2 and level 3	Discounted cash flows	The forward curve adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs
Other liabilities and Tier 2 liabilities	Level 2	Discounted cash flows	Future cash flows are discounted using a market-related interest rate.	Market interest rates and curves	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Level 2 and level 3	Discounted cash flows	Future cash flows are discounted using a market-related interest rate and curves adjusted for credit inputs.	Market interest rates and curves	Credit inputs

During the current reporting period there were no changes in the valuation techniques used by the Group.

FAIR VALUE HIERARCHY AND MEASUREMENTS continued

The following table presents the fair value measurements and fair value hierarchy of financial assets and liabilities of the Group recognised at fair value:

	As at 31 December 2013			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Derivative financial instruments	8	44 079	134	44 221
Advances*	–	34 649	129 686	164 335
Investment securities and other investments	60 162	41 555	5 020	106 737
Non-recourse investments	–	19 696	–	19 696
Total financial assets measured at fair value	60 170	139 979	134 840	334 989
Liabilities				
Short trading positions	5 532	–	–	5 532
Derivative financial instruments	24	48 801	11	48 836
Deposits	6	85 342	1 017	86 365
Non-recourse deposits	–	19 696	–	19 696
Other liabilities	–	171	–	171
Tier 2 liabilities	–	1 041	–	1 041
Total financial liabilities measured at fair value	5 562	155 051	1 028	161 641

* *Although the fair value of credit is not significant year-on-year it may become significant in future. For this reason, together with the fact that the majority of South African counterparties do not have actively traded or observable credit spreads, the Group has classified loans and advances to customers in level 3 of the fair value hierarchy. In the event that credit spreads are observable for a counterparty, loans and advances to customers are classified as level 2 of the fair value hierarchy.*

There were no transfers of financial instruments between level 1 and level 2 during the current reporting period.

ADDITIONAL DISCLOSURES FOR LEVEL 3 FINANCIAL INSTRUMENTS

Changes in level 3 financial instruments

The following tables show a reconciliation of the opening and closing balances for financial assets and liabilities classified as level 3 in terms of the fair value hierarchy.

	As at 31 December 2013								
R million	Fair value on 30 June 2013	Gains/ losses recog-nised in profit or loss	Gains/ losses recog-nised in other compre-hensive income	Pur-chases, sales, issues and settle-ments	Acqui-sitions/ disposals of sub-sidiaries	Transfers into level 3	Transfer out of level 3	Exchange rate differ-ences	Fair value on 31 Dec 2013
Assets									
Derivative financial instruments	**110**	**20**	**–**	**(4)**	**–**	**8**	**–**	**–**	**134**
Advances	**116 749**	**1 818**	**–**	**10 708**	**–**	**–**	**–**	**411**	**129 686**
Investment securities and other investments	**5 330**	**70**	**54**	**(433)**	**3**	**–**	**(14)**	**10**	**5 020**
Total financial assets measured at fair value in level 3	**122 189**	**1 908**	**54**	**10 271**	**3**	**8**	**(14)**	**421**	**134 840**
Liabilities									
Derivative financial instruments	**–**	**1**	**–**	**–**	**–**	**10**	**–**	**–**	**11**
Deposits	**1 517**	**196**	**–**	**(727)**	**–**	**19**	**–**	**12**	**1 017**
Total financial liabilities measured at fair value in level 3	**1 517**	**197**	**–**	**(727)**	**–**	**29**	**–**	**12**	**1 028**

Note: *Decreases in the value of level 3 assets and liabilities are indicated with brackets. Decreases in the value of assets may be as a result of losses, sales and settlements or the disposal of subsidiaries. Decreases in the value of liabilities may be as a result of gains, settlements or the disposal of subsidiaries.*

During the current reporting period derivative financial instruments and deposits to the value of R37 million were transferred out of level 2 into level 3. This transfer was as a result of certain unobservable inputs becoming significant to the calculation of fair value in current reporting periods. Investment securities to the value of R14 million were transferred out of level 3 and into level 1. The transfer into level 1 was as a result of these investment securities becoming listed on an exchange in an active market during the current period.

ADDITIONAL DISCLOSURES FOR LEVEL 3 FINANCIAL INSTRUMENTS (continued)

Unrealised gains or losses on level 3 financial instruments

The Group classifies financial assets or liabilities in level 3 of the fair value hierarchy when the significant inputs into the valuation model are not observable. In addition the valuation model for level 3 financial assets or liabilities typically also relies on a number of inputs that are readily observable either directly or indirectly. Thus, the gains and losses presented below include changes in the fair value related to both observable and unobservable inputs.

The table below presents the total gains/losses relating to fair value remeasurement of financial assets and liabilities classified in level 3 that are still held at reporting date. With the exception of interest on funding instruments and available-for-sale financial assets, all of the gains or losses are recognised in non-interest income.

	As at 31 December 2013		
R million	Gains/losses recognised in the income statement	Gains/losses recognised in other compre-hensive income	Total gains/losses
Assets			
Derivative financial instruments	**25**	**–**	**25**
Advances*	**1 320**	**–**	**1 320**
Investment securities and other investments	**131**	**16**	**147**
Total	**1 476**	**16**	**1 492**
Liabilities			
Derivative financial instruments	**10**	**–**	**10**
Deposits	**157**	**–**	**157**
Total	**167**	**–**	**167**

* *Amount mainly comprises of accrued interest on the fair value loans and advances and movements in interest rates that have been hedged.*

Note: Decreases in the value of level 3 assets and liabilities are indicated with brackets. Decreases in the value of assets may be as a result of losses recognised in profit or loss and other comprehensive income. Decreases in the value of liabilities may be as a result of gains recognised in profit or loss.

Effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives

As described, the fair value of financial assets and liabilities that are classified in level 3 of the fair value hierarchy is determined using valuation techniques that make use of significant inputs that are not based on observable market data. These fair values could be sensitive to changes in the assumptions used to derive the inputs. The table below illustrates the sensitivity of the significant inputs when they are changed to reasonably possible alternative inputs:

	As at 31 December 2013				
				Reasonably possible alternative fair value	
R million	Significant unobservable inputs	Reasonably possible changes to significant unobservable inputs	Fair value	Using more positive assumptions	Using more negative assumptions
Assets					
Derivative financial instruments	**Volatilities**	**Volatilities are increased and decreased by 10%**	**134**	**190**	**113**
Advances	**Credit**	**Credit migration matrix***	**129 686**	**131 127**	**127 820**
Investment securities and other investments	**Growth rates and P/E ratios of unlisted investments**	**Unobservable inputs are increased and decreased by 10%**	**5 020**	**5 572**	**4 394**
Total financial assets measured at fair value in level 3			**134 840**	**136 889**	**132 327**
Liabilities					
Derivative financial instruments	**Volatilities**	**Volatilities are increased and decreased by 10%**	**11**	**11**	**11**
Deposits	**Credit risk of the cash collateral leg of credit linked notes**	**Credit migration matrix****	**1 017**	**916**	**1 117**
Total financial liabilities measured at fair value in level 3			**1 028**	**927**	**1 128**

* *The credit migration matrix is used as part of the Group's credit risk management process for advances measured at fair value through profit or loss. The matrix is a simulation model that contains a matrix of probabilities for downgrading or upgrading to another rating bucket. The migration matrix is based on actual observed rating migrations from S&P over the long term and is based on the fair value in the 75th percentile.*

** *The deposits included in level 3 of the hierarchy represent the collateral leg of credit linked notes. The most significant unobservable input in determining fair value of the credit linked notes is the credit risk component. The sensitivity to credit risk has been assessed in the same way as for advances using the credit migration matrix with the deposit representing the cash collateral component thereof.*

Other fair value measurements

The following represents the fair values of financial instruments not carried at fair value on the statement of financial position, for which fair value is required to be disclosed:

	As at 31 December 2013	
R million	Carrying amount	Fair value
Assets		
Advances	**471 108**	**467 257**
Investment securities and other investments	**848**	**848**
Total financial assets at amortised cost	**471 956**	**468 105**
Liabilities		
Deposits	**620 970**	**622 027**
Other liabilities	**4 412**	**4 260**
Tier 2 liabilities	**7 086**	**7 162**
Total financial liabilities at amortised cost	**632 468**	**633 449**

For all other financial instruments the carrying value is equal to or a reasonable approximation of the fair value.

Day 1 profit or loss

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the entry or exit price) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. Day 1 profit or loss arises on the initial recognition of a financial instrument when the fair value of the instrument is determined using a valuation technique that makes use of inputs that are not observable in an active market. In terms of IAS 39 if the fair value determined in accordance with such a valuation technique differs from the transaction price the initial recognition should take place at the transaction price. The day 1 profits or losses arising as a result of the difference between the two values should only be recognised over the life of the instrument as a result of changes that would also be considered by market participants.

The following table represents the aggregate difference between transaction price and fair value based on a valuation technique yet to be recognised in profit or loss:

R million	**2013**
Balance at 1 July	**28**
Day 1 profits or losses not recognised on financial instruments initially recognised in the current reporting period	**–**
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(4)**
Balance at 31 December	**24**

FINANCIAL INSTRUMENTS SUBJECT TO OFFSETTING, MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

In accordance with IAS 32, the Group offsets financial assets and financial liabilities and presents the net amount in the statement of financial position only if there is both a legally enforceable right to offset and there is an intention to settle the amounts on a net basis or to realise the asset and settle the liability simultaneously. Financial assets and financial liabilities subject to master netting arrangements (MNA) or similar agreements are not offset if the right to offset under these agreements is only enforceable in the event of default, insolvency or bankruptcy.

The tables below include information about financial assets and financial liabilities that are:

- offset and the net amount presented in the Group's statement of financial position in accordance with the requirements of IAS 32; and
- subject to enforceable MNA or similar agreements where the amounts have not been offset because one or both of the requirements of IAS 32 are not met or the amounts relate to financial collateral (cash or non-cash) that mitigates credit risk.

	As at 31 December 2013		
	Financial instruments subject to offsetting agreements, master netting agreement and similar agreements		
		Amounts where offsetting is applied	
R million	Gross amount	Amounts set off	Net amount reported in the statement of financial position*
Assets			
Derivatives	46 943	6 819	40 124
Reverse repurchase, securities borrowing and similar arrangements	31 606	7 627	23 979
Other advances	3 045	3 045	–
Total	81 594	17 491	64 103
Liabilities			
Derivatives	51 005	6 819	44 186
Repurchase, securities lending and similar arrangements	35 731	7 627	28 103
Other deposits	3 423	3 045	379
Total	90 159	17 491	72 668

* *The net amount reported on the statement of financial position represents the net amount of financial assets and financial liabilities where offsetting has been applied in terms of IAS 32 and financial instruments that are subject to MNA and similar agreements but no offsetting has been applied.*

** *The financial collateral is limited to the net statement of financial position exposure in line with the requirements of IFRS 7 and excludes the effect of any over-collateralisation. The amount of collateral included in the table for IFRS 7 disclosure purposes has been determined at a business unit level. If these limits were determined on a Group-wide level, the amount of collateral included in this table could increase.*

\# *The total amount reported on the statement of financial position is the sum of the net amount and the amount of financial instruments not subject to set off or MNA.*

	As at 31 December 2013				
	Financial instruments subject to offsetting agreements, master netting agreement and similar agreements				
	Amounts where offsetting is not applied				
	Financial instruments subject to MNA and similar agreements	Financial collateral**	Net amount	Financial instruments not subject to set off or MNA	Total statement of financial position#
	33 522	2 398	4 204	4 097	44 221
	1 351	22 628	–	12 620	36 599
	–	–	–	598 844	598 844
	34 873	25 026	4 204	615 561	679 644
	33 522	934	9 730	4 650	48 836
	1 351	26 752	–	10 446	38 549
	–	–	379	688 104	688 483
	34 873	27 686	10 109	703 200	775 868

	As at 31 December 2012		
	Financial instruments subject to offsetting agreements, master netting agreement and similar agreements		
		Amounts where offsetting is applied	
R million	Gross amount	Amounts set off	Net amount reported in the statement of financial position*
Assets			
Derivatives	62 756	11 040	51 716
Reverse repurchase, securities borrowing and similar arrangements	46 121	12 335	33 786
Other advances	3 427	3 427	–
Total	112 304	26 802	85 502
Liabilities			
Derivatives	66 992	11 040	55 952
Repurchase, securities lending and similar arrangements	38 717	12 335	26 382
Other deposits	3 980	3 427	553
Total	109 689	26 802	82 887

* *The net amount reported on the statement of financial position represents the net amount of financial assets and financial liabilities where offsetting has been applied in terms of IAS 32 and financial instruments that are subject to MNA and similar agreements but no offsetting has been applied.*

** *The financial collateral is limited to the net statement of financial position exposure in line with the requirements of IFRS 7 and excludes the effect of any over-collateralisation. The amount of collateral included in the table for IFRS 7 disclosure purposes has been determined at a business unit level. If these limits were determined on a Group-wide level, the amount of collateral included in this table could increase.*

[#] *The total amount reported on the statement of financial position is the sum of the net amount and the amount of financial instruments not subject to set off or MNA.*

As at 31 December 2012				
Financial instruments subject to offsetting agreements, master netting agreement and similar agreements				
Amounts where offsetting is not applied				
Financial instruments subject to MNA and similar agreements	Financial collateral**	Net amount	Financial instruments not subject to set off or MNA	Total statement of financial position#
45 349	1 240	5 127	4 535	56 251
1 955	31 831	–	10 419	44 205
–	–	–	521 244	521 244
47 304	33 071	5 127	536 198	621 700
45 349	2 891	7 712	2 332	58 284
1 955	24 427	–	6 583	32 965
–	–	553	617 857	618 410
47 304	27 318	8 265	626 772	709 659

R million	As at 30 June 2013		
	Financial instruments subject to offsetting agreements, master netting agreement and similar agreements		
		Amounts where offsetting is applied	
	Gross amount	Amounts set off	Net amount reported in the statement of financial position*
Assets			
Derivatives	56 216	8 179	48 037
Reverse repurchase, securities borrowing and similar arrangements	46 379	10 098	36 281
Other advances	2 861	2 861	–
Total	105 456	21 138	84 318
Liabilities			
Derivatives	57 689	8 179	49 510
Repurchase, securities lending and similar arrangements	40 311	10 098	30 213
Other deposits	3 294	2 861	433
Total	101 294	21 138	80 156

* *The net amount reported on the statement of financial position represents the net amount of financial assets and financial liabilities where offsetting has been applied in terms of IAS 32 and financial instruments that are subject to MNA and similar agreements but no offsetting has been applied.*

** *The financial collateral included in the table above is limited to the net statement of financial position exposure in line with the requirements of IFRS 7 and excludes the effect of any over-collateralisation. The amount of collateral included in the table for IFRS 7 disclosure purposes has been determined at a business unit level. If these limits were determined on a Group-wide level, the amount of collateral included in this table could increase.*

\# *The total amount reported on the statement of financial position is the sum of the net amount and the amount of financial instruments not subject to set off or MNA.*

Details of the offsetting and collateral arrangements

Derivative assets and liabilities

The Group's derivative transactions that are not transacted on an exchange are entered into under International Derivatives Swaps and Dealers Association (ISDA) master netting agreements. Generally, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example, when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions (close-out netting).

The Group only offsets derivative financial assets and financial liabilities with a counterparty under ISDA agreements where the amounts are due on a single day and in the same currency. The Group's intention to settle these transactions on a net basis is evidenced by a past practice of settling similar transactions on a net basis. The remaining financial assets and financial liabilities (where amounts are not due on a single day and in the same currency) transacted under an ISDA agreement do not meet the IAS 32 requirements for offsetting. This is because a right of set off is created that is only enforceable in the event of default, insolvency or bankruptcy of the Group or the counterparties. These amounts are, however, included in the table above under the financial instruments subject to MNA and similar agreements column.

To mitigate credit risk financial collateral (mostly cash) is also obtained, often daily, for the net exposure between counterparties.

As at 30 June 2013				
Financial instruments subject to offsetting agreements, master netting agreement and similar agreements				
Amounts where offsetting is not applied				
Financial instruments subject to MNA and similar agreements	Financial collateral**	Net amount	Financial instruments not subject to set off or MNA	Total statement of financial position#
39 543	3 029	5 465	4 240	52 277
1 179	35 102	–	4 281	40 562
–	–	–	560 503	560 503
40 722	38 131	5 465	569 024	653 342
39 543	726	9 241	3 498	53 008
1 179	29 034	–	7 560	37 773
–	–	433	658 829	659 262
40 722	29 760	9 674	669 887	750 043

Repurchase, reverse repurchase and securities borrowing and lending transactions

The Group's repurchase, reverse repurchase and securities borrowing and lending transactions are covered by master agreements with netting terms similar to those of the ISDA master netting agreements. These financial assets and financial liabilities with the same counterparty are only set off in the statement of financial position if they are due on a single day, denominated in the same currency and the Group has the intention to settle these amounts on a net basis.

The Group receives and accepts collateral for these transactions in the form of cash and other investments and investment securities.

Other advances and deposits

The advances and deposits that are offset relate to transactions where the Group has a legally enforceable right to offset the amounts and the Group has the intention to settle the net amount.

HEADLINE EARNINGS ADDITIONAL DISCLOSURE

Set out below is additional information pertaining to *Section 1 of Circular 02/2013 – Sector-Specific Rules for Headline Earnings.*

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

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012	% change	2013
Aggregate cost of portfolio	**3 141**	2 635	19	2 431
Aggregate carrying value	**4 722**	3 971	19	4 000
Aggregate fair value*	**6 823**	5 469	25	5 762
Equity-accounted income**	**188**	150	25	522
Profit on realisation#	**(11)**	328	(>100)	402

* *Aggregate fair value is disclosed including non-controlling interests.*
** *Income from associates is disclosed post-tax.*
# *Profit on realisation is disclosed post-tax and non-controlling interests.*

Issue 2 – Capital appreciation on investment products

	Six months ended 31 December			Year ended 30 June
R million	**2013**	2012	% change	2013
Carrying value of investment properties	**458**	452	1	459
Fair value of investment properties	**458**	452	1	459
Capital appreciation after tax	**–**	–		7

RESTATEMENT OF PRIOR YEAR NUMBERS

DESCRIPTION OF RESTATEMENTS

IFRS 10, IFRS 11, IFRS 12, IAS 27R and IAS 28R

Under IFRS 10 there is one approach for determining consolidation of all entities based on concepts of power, variability of returns and linkage. The application of control will be applied irrespective of the nature of the investee. The Group has control over an investee when the Group is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 11 places more focus on the investors' rights and obligations than on the structure of the arrangement when determining whether a joint arrangement exists.

IFRS 12 is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including unconsolidated structured entities. The standard impacts disclosure only and has no impact on recognition and measurement.

The adoption of IFRS 10 and 11 resulted in the following:

- Reclassification of a number of entities between associates and joint ventures. As it has always been the Group's policy to account for joint ventures in accordance with the equity accounting method, reclassification did not result in a change in measurement.
- A number of structured entities no longer meet the control criteria in terms of IFRS 10 and consequently are no longer consolidated.
- An investment previously classified as an associate was considered to be controlled under IFRS 10.
- Insurance cell captives do not meet the definition of asset silos in terms of IFRS 10 and do not qualify for consolidation. The cell captives are now treated as profit share arrangements and the income arising from the arrangements is included in other non-interest revenue and the unsettled income in accounts receivable. Certain insurance contracts of the cells are now considered to be plan assets in terms of IAS 19.

IAS 19

Amendments to IAS 19 require that all actuarial gains and losses in respect of defined benefit post-employment plans are recognised in other comprehensive income. In addition, the standard no longer requires the expected return on plan assets to be recognised in profit or loss, rather a net interest income/expense be recognised on the net asset or liability. All other remeasurements relating to plan assets are also recognised in other comprehensive income.

Loans to associates

In accordance with IAS 28, the Group's net investment in associates and joint ventures includes loans for which settlement is neither planned nor likely in the foreseeable future. The Group historically included these loans as part of investment in associates and joint ventures and reflected these on the statement of financial position.

Given the underlying debt nature of these loans and developing industry practice, the Group has decided to present these as advances. The loans will continue to form part of the Group's net investment in associates or joint ventures for purposes of determining the share of losses of the investee attributable to the Group and for impairment.

The change in presentation had no impact on the net asset value of the Group, only on the classification of items on the statement of financial position.

RESTATED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2012 – IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclass-ification of loans to associates	Restated
Net interest income before impairment of advances	12 376	30	–	2	12 408
Impairment of advances	(2 259)	–	–	9	(2 250)
Net interest income after impairment of advances	10 117	30	–	11	10 158
Non-interest income	15 735	(498)	–	–	15 237
Income from operations	25 852	(468)	–	11	25 395
Operating expenses	(15 652)	303	7	(11)	(15 353)
Net income from operations	10 200	(165)	7	–	10 042
Share of profit of associates and joint ventures after tax	298	(5)	–	–	293
Income before tax	10 498	(170)	7	–	10 335
Indirect tax	(462)	–	–	–	(462)
Profit before tax	10 036	(170)	7	–	9 873
Income tax expense	(2 462)	207	–	–	(2 255)
Profit for the period	7 574	37	7	–	7 618
Attributable to:					
Ordinary equityholders	7 019	79	7	–	7 105
NCNR preference shareholders	150	–	–	–	150
Equityholders of the Group	7 169	79	7	–	7 255
Non-controlling interests	405	(42)	–	–	363
Profit for the period	7 574	37	7	–	7 618

RESTATED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2012 – IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclassification of loans to associates	Restated
Profit for the period	7 574	37	7	–	7 618
Items that may subsequently be reclassified to profit or loss					
Cash flow hedges	(89)	–	–	–	(89)
Losses arising during the period	(453)	–	–	–	(453)
Reclassification adjustments for amounts included in profit or loss	329	–	–	–	329
Deferred income tax	35	–	–	–	35
Available-for-sale financial assets	445	(14)	–	–	431
Gains arising during the period	579	(14)	–	–	565
Reclassification adjustments for amounts included in profit or loss	(1)	–	–	–	(1)
Deferred income tax	(133)	–	–		(133)
Exchange differences on translating foreign operations	323	(8)	–	–	315
Gains arising during the period	323	(8)	–	–	315
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	24	–	–	–	24
Items that may not be reclassified to profit or loss					
Actuarial losses on defined benefit pension plans	–	–	(22)	–	(22)
Losses arising during the period	–	–	(32)	–	(32)
Deferred income tax relating to items that will not be reclassified	–	–	10	–	10
Other comprehensive income for the period	703	(22)	(22)	–	659
Total comprehensive income for the period	8 277	15	(15)	–	8 277
Attributable to:					
Ordinary equityholders	7 703	60	(15)	–	7 748
NCNR preference shareholders	150	–	–	–	150
Equityholders of the Group	7 853	60	(15)	–	7 898
Non-controlling interests	424	(45)	–	–	379
Total comprehensive income for the period	8 277	15	(15)	–	8 277

RESTATED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012 – IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclassification of loans to associates	Restated
ASSETS					
Cash and cash equivalents	52 695	(1 125)	–	–	51 570
Derivative financial instruments	56 502	(251)	–	–	56 251
Commodities	8 003	–	–	–	8 003
Accounts receivable	6 400	385	–	(30)	6 755
Current tax asset	606	(4)	–	–	602
Advances	563 038	592	–	1 819	565 449
Investment securities and other investments	113 944	(3 071)	–	–	110 873
Investments in associates and joint ventures	7 040	1	–	(1 789)	5 252
Property and equipment	13 207	(687)	–	–	12 520
Intangible assets	1 557	–	–	–	1 557
Reinsurance assets	846	–	–	–	846
Post-employment benefit asset	8	–	(8)	–	–
Investment properties	452	–	–	–	452
Deferred income tax asset	524	(169)	–	–	355
Non-current assets and disposal groups held for sale	505	–	–	–	505
Total assets	825 327	(4 329)	(8)	–	820 990
EQUITY AND LIABILITIES					
Liabilities					
Short trading positions	9 219	–	–	–	9 219
Derivative financial instruments	58 284	–	–	–	58 284
Creditors and accruals	8 788	(55)	–	–	8 733
Current tax liability	289	(54)	–	–	235
Deposits	651 349	26	–	–	651 375
Provisions	584	–	–	–	584
Employee liabilities	6 671	(2 591)	557	–	4 637
Other liabilities	5 401	(579)	–	–	4 822
Policyholder liabilities under insurance contracts	1 543	(436)	–	–	1 107
Deferred income tax liability	1 498	(318)	–	–	1 180
Tier 2 liabilities	8 120	–	–	–	8 120
Liabilities directly associated with disposal groups held for sale	83	–	–	–	83
Total liabilities	751 829	(4 007)	557	–	748 379
Equity					
Ordinary shares	55	–	–	–	55
Share premium	5 387	214	–	–	5 601
Reserves	60 832	(427)	(565)	–	59 840
Capital and reserves attributable to ordinary equityholders	66 274	(213)	(565)	–	65 496
NCNR preference shareholders	4 519	–	–	–	4 519
Capital and reserves attributable to equityholders of the Group	70 793	(213)	(565)	–	70 015
Non-controlling interests	2 705	(109)	–	–	2 596
Total equity	73 498	(322)	(565)	–	72 611
Total equity and liabilities	825 327	(4 329)	(8)	–	820 990

RESTATED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013 – IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclass-ification of loans to associates	Restated
Net interest income before impairment of advances	24 715	54	–	–	24 769
Impairment of advances	(4 812)	20	–	(15)	(4 807)
Net interest income after impairment of advances	19 903	74	–	(15)	19 962
Non-interest income	31 614	(880)	–	–	30 734
Income from operations	51 517	(806)	–	(15)	50 696
Operating expenses	(31 486)	667	15	–	(30 804)
Net income from operations	20 031	(139)	15	(15)	19 892
Share of profit of associates and joint ventures after tax	824	(15)	–	15	824
Income before tax	20 855	(154)	15	–	20 716
Indirect tax	(645)	–	–	–	(645)
Profit before tax	20 210	(154)	15	–	20 071
Income tax expense	(4 532)	415	–	–	(4 117)
Profit for the year	15 678	261	15	–	15 954
Attributable to:					
Ordinary equityholders	14 539	231	15	–	14 785
NCNR preference shareholders	297	–	–	–	297
Equityholders of the Group	14 836	231	15	–	15 082
Non-controlling interests	842	30	–	–	872
Profit for the year	15 678	261	15	–	15 954

RESTATED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013 – IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclass-ification of loans to associates	Restated
Profit for the year	15 678	261	15	–	15 954
Items that may subsequently be reclassified to profit or loss					
Cash flow hedges	853	–	–	–	853
Gains arising during the year	417	–	–	–	417
Reclassification adjustments for amounts included in profit or loss	768	–	–	–	768
Deferred income tax	(332)	–	–	–	(332)
Available-for-sale financial assets	(89)	(15)	–	–	(104)
Losses arising during the year	(102)	(15)	–	–	(117)
Reclassification adjustments for amounts included in profit or loss	(33)	–	–	–	(33)
Deferred income tax	46	–	–	–	46
Exchange differences on translating foreign operations	990	8	–	–	998
Gains arising during the year	990	8	–	–	998
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	129	–	–	–	129
Items that may not be reclassified to profit or loss					
Actuarial gains on defined benefit pension plans	–	–	22		22
Gains arising during the year	–	–	30		30
Deferred income tax relating to items that will not be reclassified	–	–	(8)		(8)
Other comprehensive income for the year	1 883	(7)	22	–	1 898
Total comprehensive income for the year	17 561	254	37	–	17 852
Attributable to:					
Ordinary equityholders	16 358	230	37	–	16 625
NCNR preference shareholders	297	–	–	–	297
Equityholders of the Group	16 655	230	37	–	16 922
Non-controlling interests	906	24	–	–	930
Total comprehensive income for the year	17 561	254	37	–	17 852

RESTATED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013 – IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclassification of loans to associates	Restated
ASSETS					
Cash and cash equivalents	49 620	(1 055)	–	–	48 565
Derivative financial instruments	52 316	(39)	–	–	52 277
Commodities	6 016	–	–	–	6 016
Accounts receivable	7 471	333	–	–	7 804
Current tax asset	275	(9)	–	–	266
Advances	598 975	488	–	1 602	601 065
Investment securities and other investments	131 293	(2 905)	–	–	128 388
Investments in associates and joint ventures	6 992	6	–	(1 602)	5 396
Property and equipment	14 058	(605)	–	–	13 453
Intangible assets	1 169	–	–	–	1 169
Reinsurance assets	394	–	–	–	394
Post-employment benefit asset	13	–	(13)	–	–
Investment properties	459	–	–	–	459
Deferred income tax asset	598	(138)	–	–	460
Non-current assets and disposal groups held for sale	20	–	–	–	20
Total assets	869 669	(3 924)	(13)	–	865 732
EQUITY AND LIABILITIES					
Liabilities					
Short trading positions	2 991	–	–	–	2 991
Derivative financial instruments	53 013	(5)	–	–	53 008
Creditors and accruals	11 155	(76)	–	–	11 079
Current tax liability	553	(40)	–	–	513
Deposits	697 005	30	–	–	697 035
Provisions	600	–	–	–	600
Employee liabilities	8 092	(2 546)	311	–	5 857
Other liabilities	6 669	(568)	–	–	6 101
Policyholder liabilities under insurance contracts	1 112	(466)	–	–	646
Deferred income tax liability	735	18	–	–	753
Tier 2 liabilities	8 116	–	–	–	8 116
Total liabilities	790 041	(3 653)	311	–	786 699
Equity					
Ordinary shares	55	–	–	–	55
Share premium	5 397	212	–	–	5 609
Reserves	66 733	(455)	(324)	–	65 954
Capital and reserves attributable to ordinary equityholders	72 185	(243)	(324)	–	71 618
NCNR preference shareholders	4 519	–	–	–	4 519
Capital and reserves attributable to equityholders of the Group	76 704	(243)	(324)	–	76 137
Non-controlling interests	2 924	(28)	–	–	2 896
Total equity	79 628	(271)	(324)	–	79 033
Total equity and liabilities	869 669	(3 924)	(13)	–	865 732

RESTATED RECONCILIATION OF IFRS CONDENSED CONSOLIDATED INCOME STATEMENT TO NORMALISED FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

			Normalised adjustments					
R million	As reported	IFRS adjust-ments	Treasury shares	IAS 19 adjust-ments	Impair-ment	Private equity subsidiary reali-sations	HEPS adjust-ments	As restated
Net interest income before impairment of advances	13 606	32	(9)	–	–	–	–	13 629
Impairment of advances	(2 518)	9	–	–	–	–	–	(2 509)
Net interest income after impairment of advances	11 088	41	(9)	–	–	–	–	11 120
Non-interest income	14 237	(498)	4	–	–	7	(13)	13 737
Income from operations	25 325	(457)	(5)	–	–	7	(13)	24 857
Operating expenses	(15 120)	299	–	(78)	248	–	8	(14 643)
Net income from operations	10 205	(158)	(5)	(78)	248	7	(5)	10 214
Share of profit of associates and joint ventures after tax	289	(5)	–	–	–	–	–	284
Income before tax	10 494	(163)	(5)	(78)	248	7	(5)	10 498
Indirect tax	(462)	–	–	–	–	–	–	(462)
Profit before tax	10 032	(163)	(5)	(78)	248	7	(5)	10 036
Income tax expense	(2 442)	207	–	22	(69)	–	–	(2 282)
Profit for the period	7 590	44	(5)	(56)	179	7	(5)	7 754
Attributable to:								
Non-controlling interests	(405)	42	–	–	–	–	2	(361)
NCNR preference shareholders	(150)	–	–	–	–	–	–	(150)
Ordinary equityholders of the Group	7 035	86	(5)	(56)	179	7	(3)	7 243
Headline and normalised earnings adjustments	183	–	–	–	(179)	(7)	3	–
Normalised earnings	7 218	86	(5)	(56)	–	–	–	7 243

RESTATED RECONCILIATION OF IFRS CONDENSED CONSOLIDATED INCOME STATEMENT TO NORMALISED FOR THE YEAR ENDED 30 JUNE 2013

R million	As reported	IFRS adjust-ments	Normalised adjustments: Treasury shares	Normalised adjustments: IAS 19 adjust-ments	Normalised adjustments: Private equity subsidiary reali-sations	Normalised adjustments: HEPS adjust-ments	As restated
Net interest income before impairment of advances	28 064	54	(18)	–	–	–	28 100
Impairment of advances	(5 705)	5	–	–	–	–	(5 700)
Net interest income after impairment of advances	22 359	59	(18)	–	–	–	22 400
Non-interest income	28 244	(880)	12	–	42	(153)	27 265
Income from operations	50 603	(821)	(6)	–	42	(153)	49 665
Operating expenses	(29 645)	682	–	(153)	–	52	(29 064)
Net income from operations	20 958	(139)	(6)	(153)	42	(101)	20 601
Share of profit of associates and joint ventures after tax	817	–	–	–	–	(14)	803
Income before tax	21 775	(139)	(6)	(153)	42	(115)	21 404
Indirect tax	(645)	–	–	–	–	–	(645)
Profit before tax	21 130	(139)	(6)	(153)	42	(115)	20 759
Income tax expense	(4 682)	415	–	43	–	34	(4 190)
Profit for the year	16 448	276	(6)	(110)	42	(81)	16 569
Attributable to:							
Non-controlling interests	(842)	(30)	–	–	–	20	(852)
NCNR preference shareholders	(297)	–	–	–	–	–	(297)
Ordinary equityholders of the Group	15 309	246	(6)	(110)	42	(61)	15 420
Headline and normalised earnings adjustment	14	(33)	–	–	(42)	61	–
Normalised earnings	15 323	213	(6)	(110)	–	–	15 420

CONTINGENCIES AND COMMITMENTS

R million	As at 31 December 2013	As at 31 December 2012	% change	As at 30 June 2013
Contingencies				
Guarantees	**33 463**	22 363	50	30 137
Acceptances	**278**	285	(2)	270
Letters of credit	**7 703**	8 688	(11)	8 925
Total contingencies	**41 444**	31 336	32	39 332
Capital commitments				
Contracted capital commitments	**1 653**	1 496	10	1 585
Capital expenditure authorised not yet contracted	**988**	1 390	(29)	1 902
Total capital commitments	**2 641**	2 886	(8)	3 487
Other commitments				
Irrevocable commitments	**81 411**	73 059	11	78 783
Operating lease and other commitments	**3 099**	3 225	(4)	3 113
Total other commitments	**84 510**	76 284	11	81 896
Total contingencies and commitments	**128 595**	110 506	16	124 715

NUMBER OF ORDINARY SHARES IN ISSUE

	Six months ended 31 December		Year ended 30 June
	2013	2012	2013
Shares in issue			
Opening balance as at 1 July	**5 637 941 689**	5 637 941 689	5 637 941 689
Less: treasury shares	**(151 111 993)**	(152 173 643)	(151 111 993)
– BEE staff trusts	**(151 401 072)**	(151 401 072)	(151 401 072)
– Shares held by policyholders	**289 079**	(772 571)	289 079
Number of shares in issue (after treasury shares)	**5 486 829 696**	5 485 768 046	5 486 829 696
Weighted average number of shares			
Weighted average number of shares before treasury shares	**5 637 941 689**	5 637 941 689	5 637 941 689
Less: treasury shares	**(151 111 993)**	(155 357 566)	(155 454 963)
– Staff schemes	**–**	(446 141)	(446 141)
– BEE staff trusts	**(151 401 072)**	(151 401 072)	(151 401 072)
– Policyholder and mutual funds deemed treasury shares	**289 079**	(3 510 353)	(3 607 750)
Weighted average number of shares in issue	**5 486 829 696**	5 482 584 123	5 482 486 726
Dilution impact:			
Staff schemes	**111 716**	27 239 533	25 846 994
BEE staff trusts	**49 650 335**	38 779 450	41 690 956
Diluted weighted average number of shares in issue	**5 536 591 747**	5 548 603 106	5 550 024 676
Number of shares for normalised earnings per share calculation			
Actual weighted average and diluted weighted average number of shares for calculation of normalised earnings and diluted earnings per share	**5 637 941 689**	5 637 941 689	5 637 941 689

KEY MARKET INDICATORS AND SHARE STATISTICS

	Six months ended 31 December			Year ended 30 June
	2013	2012	% change	2013
Market indicators				
USD/ZAR exchange rate				
– Closing	**10.51**	8.51	24	10.01
– Average	**10.07**	8.48	19	8.84
SA prime overdraft (%)	**8.50**	8.50		8.50
SA average prime overdraft (%)	**8.50**	8.55		8.52
SA average CPI (%)	**5.82**	5.37		5.53
JSE All Share Index	**46 256**	39 250	18	39 578
JSE Banks Index	**57 745**	53 362	8	49 961
Share statistics				
Share price				
– High for the period (cents)	**3 649**	3 133	16	3 359
– Low for the period (cents)	**2 765**	2 515	10	2 515
– Closing (cents)	**3 589**	3 100	16	2 893
Shares traded				
– Number of shares (millions)	**1 259**	1 542	(18)	3 398
– Value of shares (R million)	**40 840**	43 323	(6)	99 406
– Turnover in shares traded (%)	**23.05**	27.00		62.22

SHARE PRICE PERFORMANCE

	Six months ended 31 December			Year ended 30 June
	2013	2012	% change	2013
FirstRand average share price (cents)	**3 233**	2 830	14	2 957
JSE Bank Index (average)	**53 624**	49 106	9	50 655
JSE All Share Index (average)	**43 380**	36 336	19	38 194

COMPANY INFORMATION

DIRECTORS

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

SECRETARY AND REGISTERED OFFICE

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PO Box 650149, Benmore 2010
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Fax: +27 11 282 8088
Website: www.firstrand.co.za

JSE SPONSOR

Rand Merchant Bank (a division of FirstRand Bank Limited)
Corporate Finance
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Tel: +27 11 282 8000
Fax: +27 11 282 4184

JSE INDEPENDENT SPONSOR

PricewaterhouseCoopers Corporate Finance (Pty) Ltd
2 Eglin Road
Sunninghill
Sandton 2196

NAMIBIAN SPONSOR

Simonis Storm Securities (Pty) Ltd
4 Koch Street
Klein Windhoek
Namibia

TRANSFER SECRETARIES – SOUTH AFRICA

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001
PO Box 61051, Marshalltown 2107
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Fax: +27 11 688 5248

TRANSFER SECRETARIES – NAMIBIA

Transfer Secretaries (Pty) Ltd
4 Robert Mugabe Avenue, Windhoek
PO Box 2401, Windhoek, Namibia
Tel: +264 612 27647
Fax: +264 612 48531

LISTED FINANCIAL INSTRUMENTS OF THE GROUP AND ITS SUBSIDIARIES

LISTED EQUITY INSTRUMENTS

JSE Limited (JSE)

Ordinary shares

Issuer	Share code	ISIN code
FirstRand Limited	FSR	ZAE000066304

Non-cumulative non-redeemable B preference shares

Issuer	Share code	ISIN code
FirstRand Limited	FSRP	ZAE000060141

Namibian Stock Exchange (NSX)

Ordinary shares

Issuer	Share code	ISIN code
FirstRand Limited	FST	ZAE000066304
FNB Namibia Holdings Limited	FNB	NA0003475176

Botswana Stock Exchange (BSE)

Ordinary shares

Issuer	Share code	ISIN code
First National Bank of Botswana Limited	FNBB	BW0000000066

LISTED DEBT INSTRUMENTS

JSE

	Issuer	Bond code	ISIN code
Subordinated debt	FirstRand Bank Limited	FRB03	ZAG000026774
	FirstRand Bank Limited	FRB05	ZAG000031337
	FirstRand Bank Limited	FRB08	ZAG000047796
	FirstRand Bank Limited	FRB09	ZAG000047804
	FirstRand Bank Limited	FRB10	ZAG000092487
	FirstRand Bank Limited	FRB11	ZAG000102054
Upper Tier 2	FirstRand Bank Limited	FRBC21	ZAG000052283
	FirstRand Bank Limited	FRBC22	ZAG000052390
Senior unsecured	FirstRand Bank Limited	FRBN04	ZAG000041005
	FirstRand Bank Limited	FRBN05	ZAG000042169
	FirstRand Bank Limited	FRBZ01	ZAG000049255
	FirstRand Bank Limited	FRBZ02	ZAG000072711
	FirstRand Bank Limited	FRBZ03	ZAG000080029
	FirstRand Bank Limited	FRJ14	ZAG000069683
	FirstRand Bank Limited	FRJ15	ZAG000094368
	FirstRand Bank Limited	FRJ16	ZAG000073826
	FirstRand Bank Limited	FRJ17	ZAG000094343

	Issuer	Bond code	ISIN code
Senior unsecured	FirstRand Bank Limited	FRJ18	ZAG000084187
	FirstRand Bank Limited	FRJ19	ZAG000104563
	FirstRand Bank Limited	FRJ20	ZAG000109596
	FirstRand Bank Limited	FRS36	ZAG000077397
	FirstRand Bank Limited	FRS37	ZAG000077793
	FirstRand Bank Limited	FRS43	ZAG000078643
	FirstRand Bank Limited	FRS46	ZAG000079807
	FirstRand Bank Limited	FRS49	ZAG000081787
	FirstRand Bank Limited	FRS51	ZAG000086117
	FirstRand Bank Limited	FRS56	ZAG000087271
	FirstRand Bank Limited	FRS59	ZAG000089855
	FirstRand Bank Limited	FRS62	ZAG000090614
	FirstRand Bank Limited	FRS64	ZAG000092529
	FirstRand Bank Limited	FRS75	ZAG000096363
	FirstRand Bank Limited	FRS78	ZAG000097916
	FirstRand Bank Limited	FRS80	ZAG000100801
	FirstRand Bank Limited	FRS81	ZAG000100892
	FirstRand Bank Limited	FRS83	ZAG000102112
	FirstRand Bank Limited	FRS84	ZAG000104514
	FirstRand Bank Limited	FRS85	ZAG000104985
	FirstRand Bank Limited	FRS86	ZAG000105008
	FirstRand Bank Limited	FRS87	ZAG000105420
	FirstRand Bank Limited	FRS88	ZAG000106154
	FirstRand Bank Limited	FRS90	ZAG000106410
	FirstRand Bank Limited	FRS92	ZAG000106709
	FirstRand Bank Limited	FRS93	ZAG000107863
	FirstRand Bank Limited	FRS94	ZAG000107871
	FirstRand Bank Limited	FRS95	ZAG000107889
	FirstRand Bank Limited	FRS96	ZAG000108390
	FirstRand Bank Limited	FRS97	ZAG000108440
	FirstRand Bank Limited	FRS98	ZAG000108556
	FirstRand Bank Limited	FRS99	ZAG000109802
	FirstRand Bank Limited	FRX14	ZAG000079815
	FirstRand Bank Limited	FRX15	ZAG000051103
	FirstRand Bank Limited	FRX16	ZAG000084203
	FirstRand Bank Limited	FRX17	ZAG000094376
	FirstRand Bank Limited	FRX18	ZAG000076472
	FirstRand Bank Limited	FRX19	ZAG000073685
	FirstRand Bank Limited	FRX20	ZAG000109604
	FirstRand Bank Limited	FRX23	ZAG000104969
	FirstRand Bank Limited	FRX24	ZAG000073693
	FirstRand Bank Limited	FRX31	ZAG000084195
	FirstRand Bank Limited	FRX45	ZAG000076480

LISTED DEBT INSTRUMENTS

JSE *continued*

	Issuer	Bond code	ISIN code
Inflation-linked bonds	FirstRand Bank Limited	FRBI22	ZAG000079666
	FirstRand Bank Limited	FRBI23	ZAG000076498
	FirstRand Bank Limited	FRBI25	ZAG000109588
	FirstRand Bank Limited	FRBI28	ZAG000079237
	FirstRand Bank Limited	FRBI33	ZAG000079245
	FirstRand Bank Limited	FRI15	ZAG000051137
Credit-linked notes	FirstRand Bank Limited	FRC29	ZAG000069857
	FirstRand Bank Limited	FRC37	ZAG000076712
	FirstRand Bank Limited	FRC40	ZAG000081027
	FirstRand Bank Limited	FRC41	ZAG000081670
	FirstRand Bank Limited	FRC46	ZAG000082959
	FirstRand Bank Limited	FRC57	ZAG000086414
	FirstRand Bank Limited	FRC61	ZAG000087347
	FirstRand Bank Limited	FRC66	ZAG000088485
	FirstRand Bank Limited	FRC67	ZAG000088741
	FirstRand Bank Limited	FRC68	ZAG000088758
	FirstRand Bank Limited	FRC69	ZAG000088766
	FirstRand Bank Limited	FRC70	ZAG000088840
	FirstRand Bank Limited	FRC71	ZAG000088923
	FirstRand Bank Limited	FRC72	ZAG000088956
	FirstRand Bank Limited	FRC74	ZAG000089178
	FirstRand Bank Limited	FRC76	ZAG000089574
	FirstRand Bank Limited	FRC78	ZAG000089806
	FirstRand Bank Limited	FRC79	ZAG000089947
	FirstRand Bank Limited	FRC82	ZAG000090796
	FirstRand Bank Limited	FRC83	ZAG000090952
	FirstRand Bank Limited	FRC84	ZAG000090986
	FirstRand Bank Limited	FRC85	ZAG000091109
	FirstRand Bank Limited	FRC86	ZAG000091182
	FirstRand Bank Limited	FRC87	ZAG000091570
	FirstRand Bank Limited	FRC94A	ZAG000106725
	FirstRand Bank Limited	FRC95	ZAG000092792
	FirstRand Bank Limited	FRC96A	ZAG000106733
	FirstRand Bank Limited	FRC97	ZAG000093212
	FirstRand Bank Limited	FRC98	ZAG000093220
	FirstRand Bank Limited	FRC99	ZAG000093501
	FirstRand Bank Limited	FRC101	ZAG000093576
	FirstRand Bank Limited	FRC103	ZAG000093840
	FirstRand Bank Limited	FRC104	ZAG000093857
	FirstRand Bank Limited	FRC105	ZAG000093998
	FirstRand Bank Limited	FRC106	ZAG000093956
	FirstRand Bank Limited	FRC107	ZAG000094574
	FirstRand Bank Limited	FRC108	ZAG000094871
	FirstRand Bank Limited	FRC109	ZAG000094889
	FirstRand Bank Limited	FRC110	ZAG000094954
	FirstRand Bank Limited	FRC112	ZAG000095621

	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC113	ZAG000095761
	FirstRand Bank Limited	FRC114	ZAG000095837
	FirstRand Bank Limited	FRC115	ZAG000095852
	FirstRand Bank Limited	FRC116	ZAG000095860
	FirstRand Bank Limited	FRC117	ZAG000095928
	FirstRand Bank Limited	FRC118	ZAG000096280
	FirstRand Bank Limited	FRC121	ZAG000096314
	FirstRand Bank Limited	FRC122	ZAG000096322
	FirstRand Bank Limited	FRC124	ZAG000096579
	FirstRand Bank Limited	FRC125	ZAG000096678
	FirstRand Bank Limited	FRC128	ZAG000096959
	FirstRand Bank Limited	FRC135	ZAG000097122
	FirstRand Bank Limited	FRC144	ZAG000097569
	FirstRand Bank Limited	FRC145	ZAG000097627
	FirstRand Bank Limited	FRC146	ZAG000099425
	FirstRand Bank Limited	FRC147	ZAG000099433
	FirstRand Bank Limited	FRC148	ZAG000099466
	FirstRand Bank Limited	FRC149	ZAG000099607
	FirstRand Bank Limited	FRC150	ZAG000099821
	FirstRand Bank Limited	FRC151	ZAG000099904
	FirstRand Bank Limited	FRC152	ZAG000100330
	FirstRand Bank Limited	FRC153	ZAG000100348
	FirstRand Bank Limited	FRC154	ZAG000100694
	FirstRand Bank Limited	FRC155	ZAG000101643
	FirstRand Bank Limited	FRC158	ZAG000101981
	FirstRand Bank Limited	FRC159	ZAG000101999
	FirstRand Bank Limited	FRC160	ZAG000102013
	FirstRand Bank Limited	FRC161	ZAG000102260
	FirstRand Bank Limited	FRC162	ZAG000102286
	FirstRand Bank Limited	FRC163	ZAG000102898
	FirstRand Bank Limited	FRC164	ZAG000103110
	FirstRand Bank Limited	FRC165	ZAG000103128
	FirstRand Bank Limited	FRC166	ZAG000103573
	FirstRand Bank Limited	FRC167	ZAG000104019
	FirstRand Bank Limited	FRC168	ZAG000104753
	FirstRand Bank Limited	FRC169	ZAG000104852
	FirstRand Bank Limited	FRC170	ZAG000105586
	FirstRand Bank Limited	FRC171	ZAG000105719
	FirstRand Bank Limited	FRC172	ZAG000105818
	FirstRand Bank Limited	FRC173	ZAG000105826
	FirstRand Bank Limited	FRC174	ZAG000105891
	FirstRand Bank Limited	FRC175	ZAG000106527
	FirstRand Bank Limited	FRC177	ZAG000107632
	FirstRand Bank Limited	FRC178	ZAG000107897
	FirstRand Bank Limited	FRC179	ZAG000108168
	FirstRand Bank Limited	FRC180	ZAG000108234
	FirstRand Bank Limited	FRC181	ZAG000108549

	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC182	ZAG000108713
	FirstRand Bank Limited	FRC183	ZAG000109356
	FirstRand Bank Limited	FRC184	ZAG000109992
	FirstRand Bank Limited	FRC185	ZAG000111451
	FirstRand Bank Limited	FRC186	ZAG000111576
	FirstRand Bank Limited	FRC187	ZAG000111584
Investment security index contracts	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 notes	FirstRand Bank Limited	COLRMB	ZAE000155222

NSX

	Issuer	Bond code	ISIN code
Subordinated debt	First National Bank of Namibia Limited	FNBJ22	NA000A1G3AF2
	First National Bank of Namibia Limited	FNBX22	NA000A1G3AG0

London Stock Exchange (LSE)
European medium term note (EMTN) programme

	Issuer	ISIN code
Senior unsecured	FirstRand Bank Limited	XS0610341967
	FirstRand Bank Limited	XS0595260141
	FirstRand Bank Limited	XS0635404477

SIMPLIFIED GROUP STRUCTURE

FIRSTRAND

Listed holding company (FirstRand Limited, JSE: FSR)

100%	100%	100%	100%
FIRSTRAND BANK LIMITED	FIRSTRAND EMA HOLDINGS LIMITED	FIRSTRAND INVESTMENT HOLDINGS (PTY) LTD (FRIHL)	ASHBURTON INVESTMENTS HOLDINGS LIMITED
Banking	**Africa and emerging markets**	**Other activities****	**Investment management**
100% First National Bank[1]	**59%** FNB Namibia	**96%** RMB Private Equity Holdings	**100%** Ashburton Fund Managers (Pty) Ltd
100% Rand Merchant Bank[1]	**69%** FNB Botswana	**93%** RMB Private Equity	**100%** Ashburton Investor Services (Pty) Ltd
100% WesBank[1]	**100%** FNB Swaziland	**100%** RMB Securities	**100%** Ashburton Management Company (Pty) Ltd
100% FirstRand Bank India[2]	**90%** FNB Mozambique	**50%** RMB Morgan Stanley	**100%** Ashburton Private Equity GP1 (Pty) Ltd
100% FirstRand Bank London[2,#]	**100%** FNB Zambia	**100%** RentWorks	**100%** FNB International Wealth Management Holdings Ltd
100% FirstRand Bank Kenya[3]	**100%** FNB Lesotho	**66%** Direct Axis	**100%** RMB CIS Management Company (Pty) Ltd
100% FirstRand Bank Angola[3]	**100%** FNB Tanzania	**100%** FirstRand International – Guernsey (includes RMB Australia Holdings)	
100% FirstRand Bank Dubai[3]	**100%** RMB Nigeria		
100% FirstRand Bank Shanghai[3]	**100%** FirstRand International – Mauritius		

Structure shows effective consolidated shareholding.

1. Division
2. Branch
3. Representative office

\# MotoNovo Finance is a business segment of FirstRand Bank Limited (London Branch).

** For segmental analysis purposes, entities included in FRIHL are reported as part of results of the managing franchise. The Group's securitisations and conduits are in FRIHL.

CREDIT RATINGS

FIRSTRAND BANK LIMITED

The credit ratings reflect FRB's strong market position as one of the Big Four banks in South Africa as well as its focused strategy, good core profitability, financial flexibility, robust risk management and sound capitalisation.

Credit ratings assigned by Standard & Poor's Ratings Services (S&P) as at 3 March 2014

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

On 14 February 2014, S&P affirmed FRB's ratings.

Credit ratings assigned by Moody's Investors Service (Moody's) as at 3 March 2014

	FirstRand Bank Limited	Sovereign rating South Africa
FRB foreign currency deposit ratings and sovereign foreign currency bond ratings		
Long-term	**Baa1**	Baa1
Outlook	**Negative**	Negative
Short-term	**P-2**	
FRB local currency deposit ratings and sovereign local currency bond ratings		
Long-term	**A3**	Baa1
Outlook	**Negative**	Negative
Short-term	**P-2**	
National scale		
Long-term	**Aa2.za**	
Short-term	**P-1.za**	
Bank financial strength rating	**C-**	
Outlook	**Stable**	

On 30 October 2013, Moody's affirmed FRB's ratings.

Credit ratings assigned by Fitch Ratings (Fitch) as at 3 March 2014

	FirstRand Bank Limited	Sovereign rating South Africa
Foreign currency issuer default ratings (IDR)		
Long-term	**BBB**	BBB
Outlook	**Stable**	Stable
Short-term	**F3**	F3
Local currency IDR		
Long-term	**BBB**	BBB+
Outlook	**Stable**	Stable
National ratings		
Long-term	**AA(zaf)**	
Outlook	**Stable**	
Short-term	**F1+(zaf)**	
Viability rating	**bbb**	
Support rating	**3**	
Support rating floor	**BB+**	

On 1 August 2013, Fitch affirmed FRB's ratings.

FIRSTRAND LIMITED

FirstRand Limited's ratings reflect its status as the 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 S&P as at 3 March 2014

	FirstRand Limited
Foreign currency counterparty credit ratings	
Long-term	**BBB-**
Outlook	**Negative**
Short-term	**A-3**
Local currency counterparty credit ratings	
Long-term	**BBB-**
Outlook	**Negative**
Short-term	**A-3**
National scale	
Long-term	**zaAA-**
Short-term	**zaA-1**

On 14 February 2014, S&P affirmed the Group's ratings.

DEFINITIONS

Additional Tier 1 (AT1) capital	NCNR preference share capital plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specified regulatory deductions.
CAGR	Compound annual growth rate.
Capital adequacy ratio (CAR)	Total qualifying capital and reserves divided by RWA.
Common Equity Tier 1 (CET1) capital	Share capital and premium plus accumulated comprehensive income and reserves plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specified regulatory deductions.
Cost-to-income ratio	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates and joint ventures.
Credit loss ratio	Total impairment charge per income statement expressed as a percentage of average advances (average between the opening and closing balance for the period).
Diversity ratio	Non-interest revenue expressed as a percentage of total income including share of profits from associates and joint ventures.
Dividend cover	Normalised earnings per share divided by dividend per share.
Effective tax rate	Tax per income statement divided by income before direct tax per income statement.
Loan-to-deposit ratio	Average advances expressed as a percentage of average deposits.
Net income after capital charge (NIACC)	Normalised earnings less cost of equity multiplied by average ordinary shareholders' equity and reserves.
Normalised earnings	The Group believes normalised earnings more accurately reflect its 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 the difference between normalised and IFRS results.
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by weighted average number of shares including treasury shares.
Normalised net asset value	Normalised equity attributable to ordinary equityholders.
Normalised net asset value per share	Normalised equity attributable to ordinary equityholders divided by the number of issued ordinary shares.
Price earnings ratio (times)	Closing price on 31 December divided by basic normalised earnings per share.
Price-to-book (times)	Closing share price on 31 December divided by normalised net asset value per share.

Return on assets (ROA)	Normalised earnings divided by average assets.
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders' equity.
Risk weighted assets (RWA)	Prescribed risk weightings relative to credit risk of counterparties, operational risk, market risk, equity investment risk and other risks multiplied by on- and off-balance sheet assets.
Shares in issue	Number of ordinary shares listed on the JSE.
Tier 1 ratio	Tier 1 capital divided by RWA.
Tier 1 capital	CET1 capital plus AT1 capital.
Tier 2 capital	Qualifying subordinate debt instruments plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties plus general provisions for entities on the standardised approach less specified regulatory deductions.
Total qualifying capital and reserves	Tier 1 plus Tier 2 capital.
Weighted average number of ordinary shares	Weighted average number of ordinary shares in issue during the year as listed on the JSE.

STUDIO ⑤

www.firstrand.co.za

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