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unaudited interim results and cash dividend declaration

for the six months ended 31 December 2011

FIRSTRAND

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FIRSTRAND

1966/010753/06 Share code: FSR ISIN: ZAE000066304 ("FSR")

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 2011, as well as the normalised results of the Group, and deals with the financial and operating performance of its main business units. The Group consists of a portfolio of leading financial services franchises; these are First National Bank (FNB), the retail and commercial bank, Rand Merchant Bank (RMB), the investment bank, and WesBank, the instalment finance business.

The primary results and accompanying commentary are presented on a continuing normalised basis as the Group believes this most accurately reflects its economic performance. The continuing normalised operations specifically exclude the profit on unbundling of Momentum, the earnings contribution of Momentum, the profit on disposal of OUTsurance, as well as the earnings contribution of OUTsurance for the comparative periods. A detailed description of the normalised results is provided on pages 12 and 13.

Financial highlights

	Six months ended 31 December			Year ended 30 June
Normalised earnings	**2011**	2010	% change	2011
– Normalised (R million)	**5 771**	4 572	+26	10 117
– Diluted normalised earnings per share (cents)	**102.4**	81.1	+26	179.4
Net asset value per share (cents)	**2011**	2010	% change	2011
– Normalised per share	**1 053.0**	924.4	+14	1 044.0
Dividend per ordinary share (cents)	**2011**	2010	% change	2011
– Continuing operations	**44.0**	35.0	+26	81.0
Return on equity %	**2011**	2010		2011
– Normalised	**19.5**	18.0		18.7

Key financial results, ratios and statistics

R million	Six months ended 31 December 2011	Six months ended 31 December 2010	% change	Year ended 30 June 2011
From continuing and discontinued operations				
Attributable earnings to ordinary equityholders	**6 067**	12 070	(50)	20 065
Headline earnings	**5 639**	5 043	12	9 856
Normalised earnings	**5 771**	5 260	10	10 805
Normalised net asset value	**59 369**	52 115	14	58 858
Normalised net asset value per share (cents)	**1 053.0**	924.4	14	1 044.0
Average normalised net asset value	**59 114**	54 812	8	58 183
Normalised earnings per share (cents)				
– Basic	**102.4**	93.3	10	191.6
– Diluted	**102.4**	93.3	10	191.6
Normalised return on equity (%)	**19.5**	19.2		18.6
Ordinary dividend per share (cents)	**44.0**	35.0	26	81.0
Dividend cover based on normalised earnings	**2.3**	2.7		2.4
Special dividend per share (cents)	**–**	–	n/a	70.0
Non-cumulative non-redeemable (NCNR) preference dividend per share– declared (cents)				
– B Class (68% of FNB prime lending rate)	**305.2**	355.0	(14)	668.5
Continuing normalised				
Attributable earnings to ordinary equityholders	**5 597**	4 604	22	9 889
Headline earnings	**5 639**	4 445	27	9 258
Normalised earnings	**5 771**	4 572	26	10 117
Normalised net asset value	**59 369**	52 115	14	58 858
Normalised net asset value per share (cents)	**1 053.0**	924.4	14	1 044.0
Average normalised net asset value	**59 114**	50 749	16	54 120
Normalised earnings per share (cents)				
– Basic	**102.4**	81.1	26	179.4
– Diluted	**102.4**	81.1	26	179.4
Normalised return on equity (%)	**19.5**	18.0		18.7
Ordinary dividend per share (cents)	**44.0**	35.0	26	81.0
Dividend cover	**2.3**	2.3		2.2
Special dividend per share (cents)	**–**	–	n/a	70.0
Capital adequacy				
FirstRand				
– Capital adequacy ratio	**15.4**	15.3		16.5
– Tier 1 ratio	**14.0**	13.6		15.0
Market performance				
Market capitalisation	**116 931**	109 996	6	111 913
Price earnings ratio based on normalised earnings (times)	**10.1**	12.0		11.1
Price-to-book ratio (times)	**2.0**	2.1		1.9

Statement of headline earnings from continuing and discontinued operations – IFRS

R million	Six months ended 31 December 2011	Six months ended 31 December 2010	% change	Year ended 30 June 2011
Continuing operations				
Profit from continuing operations (refer page 14)	**6 590**	5 308	24	14 244
Non-controlling interest	**(386)**	(364)	6	(1 164)
NCNR preference shares	**(137)**	(160)	(14)	(301)
Attributable earnings to ordinary equityholders	**6 067**	4 784	27	12 779
Adjusted for:	**(428)**	(159)	>100	(3 341)
Loss/(gain) on disposal of investment securities and other investments	**2**	–		(12)
Gain on disposal of available-for-sale assets	**(36)**	(179)		(341)
Gain on disposal of associates	**(463)**	–		(2 792)
Gain on disposal of subsidiaries	**(17)**	(3)		(571)
Loss/(gain) on the disposal of property and equipment	**24**	2		(9)
Impairment of goodwill	**18**	24		96
Impairment of assets in terms of IAS 36	**15**	7		37
Gain from a bargain purchase	**–**	–		(9)
Other	**(1)**	2		–
Tax effects of adjustments	**23**	(12)		16
Non-controlling interest adjustments	**7**	–		244
Headline earnings from continuing operations	**5 639**	4 625	22	9 438
Discontinued operations				
Profit from discontinued operations	**–**	7 283	(100)	7 283
Non-controlling interests	**–**	3	(100)	3
Attributable earnings to ordinary shareholders	**–**	7 286	(100)	7 286
Adjusted for:	**–**	(6 868)	(100)	(6 868)
Profit on dividend in specie	**–**	(6 868)		(6 868)
Headline earnings from discontinued operations	**–**	418	(100)	418
Headline earnings from continuing and discontinued operations	**5 639**	5 043	12	9 856

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

R million	Six months ended 31 December 2011	Six months ended 31 December 2010*	% change	Year ended 30 June 2011*
Headline earnings from continuing operations	5 639	4 625	22	9 438
Adjusted for:	132	127	4	859
IFRS 2 Share-based payment expense	29	(45)	(>100)	(20)
Treasury shares	103	172	(40)	418
– Consolidation of share trusts	94	141		210
– FirstRand shares held by policyholders	9	31		208
Private equity subsidiary realisations	–	–	–	461
Normalised earnings from continuing operations	5 771	4 752	21	10 297
Headline earnings from discontinued operations	–	418	(100)	418
Adjusted for:	–	90	(100)	90
– FirstRand shares held by policyholders	–	90		90
Normalised earnings from continuing and discontinued operations	5 771	5 260	10	10 805

* *December 2010 and June 2011 figures includes six months of OUTsurance income amounting to R180 million in earnings from continuing operations, which is excluded from normalised earnings – refer below for reconciliation.*

Reconciliation of IFRS continuing operations to normalised continuing operations

R million	Six months ended 31 December 2011	Six months ended 31 December 2010	% change	Year ended 30 June 2011
Earnings attributable to ordinary equityholders (refer page 3)	6 067	4 784	27	12 779
OUTsurance equity-accounted income	–	(180)	(100)	(180)
Profit on sale of OUTsurance	–	–	n/a	(2 710)
Profit on disposal of WesBank investments	(470)	–	n/a	–
Attributable earnings from continuing normalised operations	5 597	4 604	22	9 889
Headline earnings from IFRS continuing operations (per above)	5 639	4 625	22	9 438
OUTsurance equity-accounted income	–	(180)	(100)	(180)
Headline earnings from continuing normalised operations	5 639	4 445	27	9 258
Normalised earnings from IFRS continuing operations (per above)	5 771	4 752	21	10 297
OUTsurance equity-accounted income	–	(180)	(100)	(180)
Normalised earnings from continuing normalised operations	5 771	4 572	26	10 117

Overview of results

Introduction

The fragile global economic recovery that began in 2009 has been impacted by a number of headwinds and risks in the six months to December 2011. The global business cycle was negatively affected by a few unprecedented events, such as the downgrade of the USA's credit rating and the crisis in the Eurozone. Business and consumer sentiment and risk appetite were further depressed by increased concern that China would experience a significant slowdown in growth.

The global economy continued to register positive, if slower, growth rates over the period, however, the outlook remains uncertain. Developed markets continue to experience muted growth and have limited policy space to support further expansion. Although lower inflation and the easing of monetary policy should support growth in emerging economies, some of these countries continue to face structural risks associated with their growth models.

Against this backdrop, growth rates in South Africa also moderated. Local factors further amplified the effect of the global slowdown as significant industrial action in the third quarter of 2011 depressed manufacturing and mining output. Households continued to drive the expansion supported by real income growth, while capital investment and overall corporate activity remained subdued, albeit with pockets of moderate growth. Credit extension recorded single digit growth, which was below increases in nominal GDP. The risks to growth and stable core inflation over the period resulted in the SARB maintaining a monetary policy stance designed to stimulate economic activity.

Africa's economic recovery is continuing and, excluding South Africa, GDP in sub-Saharan Africa is expected to grow between 5% and 6% for the current financial year, making it one of the developing regions with the highest growth prospects.

Overview of results

Despite this challenging background, FirstRand produced excellent results for the six months to 31 December 2011, achieving normalised earnings of R5.8 billion, an increase of 26% on the comparative period, and producing a normalised return on equity (ROE) of 19.5% (2010: 18.0%).

With regards to the Group's overall performance, the unwind of bad debts continued to impact positively on the results of the retail franchises of FNB and WesBank. However, on a rolling six-month basis, the impairment charge benefit was flat. The increase in earnings was delivered through very strong operational performances from FNB and WesBank, driven by loan and customer deposit growth, new customer acquisition, expanding lending margins and robust transactional volumes.

RMB (including Global Transactional Services (GTS), previously FNB's Corporate Transactional Banking activities), experienced a 14% decline in profit before tax which the Group considers a very creditable performance given the tough trading environment and the high base created in recent years.

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	**2011**	**% composition**	2010	% composition	% change	2011	% composition
Total FNB	**3 364**	**58**	2 658	58	27	5 327	53
FNB South Africa	**3 072**	**53**	2 342	51	31	4 787	47
FNB Africa	**292**	**5**	316	7	(8)	540	6
RMB and GTS	**1 457**	**25**	1 679	37	(13)	3 839	38
WesBank	**1 193**	**21**	750	16	59	1 862	18
Corporate Centre and consolidation adjustments	**(351)**	**(6)**	(365)	(8)	(4)	(708)	(7)
FirstRand Limited (company)	**245**	**4**	10	–	>100	98	1
NCNR preference dividend	**(137)**	**(2)**	(160)	(3)	(14)	(301)	(3)
Normalised earnings from continuing normalised operations	**5 771**	**100**	4 572	100	26	10 117	100

The Group's income statement benefited from an excellent increase of 22% in net interest income (NII). This was driven by good growth in advances at FNB, WesBank and RMB. In addition, the Group's asset margins expanded due to the change in mix with a larger contribution from vehicle and asset finance (VAF) and unsecured lending. Margins also continued to be positively impacted by ongoing re-pricing strategies in the large retail lending books such as vehicle and asset finance and residential mortgages.

NII growth included the benefit from the non-recurrence of a mark-to-market loss on funding instruments incurred in the comparative period. Excluding this impact, NII increased 17% year-on-year.

Total non-interest revenue (NIR) was marginally down on the comparative period as a result of RMB's subdued performance. However, fee and commission income at FNB and WesBank was stronger than expected, increasing 17% on the comparative period and driven by ongoing new customer acquisition and strong transactional volumes (particularly through the electronic channels) at FNB and fees generated on higher new business volumes at WesBank.

As a result of the continued focus on cost containment, total Group operating expenses increased only 9%, which is in line with targets. Core operational costs increased only 6%. The cost-to-income ratio improved marginally to 54.7% (2010: 54.8%).

The Group's balance sheet continued to show reasonable overall growth in advances reflecting robust new business volumes. The following portfolios showed particularly good growth as a result of the Group's strategy to grow its lending books in certain targeted segments.

R billion	New business
Unsecured lending in FNB's Mass and Consumer segments (excluding Card)	6.1
Unsecured lending at WesBank	2.0
VAF at WesBank	24.1
RMB's structured lending book	23.7

Despite the growth in unsecured lending, this is still coming off a very low base and total unsecured loans (excluding Card) across all of the retail portfolios represent a small portion (3%) of total advances.

Overview of operating franchises

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

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

These strategies are executed through the Group's operating franchises, within a strategic framework set by the Group. During the year these franchises continued to make good progress against this strategic intent and below is a brief overview of each.

FNB

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

FNB South Africa	Six months ended 31 December		%	Year ended 30 June
R million	2011	2010*	change	2011*
Normalised earnings	3 072	2 342	31	4 787
Profit before tax	4 137	3 178	30	6 529
Total assets	228 124	209 333	9	220 525
Total liabilities	223 600	205 828	9	213 833
Credit impairment charge (%)	1.01	1.28		1.21
ROE (%)	37.7	34.0		34.9

* *Prior year restated to exclude GTS.*

FNB South Africa produced a strong performance for the year, growing pre-tax profits 30% and producing a normalised ROE of 38%.

The strong growth in NIR of 14% reflects FNB's strategy to grow customers (+5%) and transactional volumes (+10%), which has been achieved through FNB's relentless introduction of innovative products and channels to market. The growth in transactional volumes also reflects the ongoing migration by customers to less expensive electronic channels as a direct result of FNB's strategy to encourage customers (particularly through pricing) to use these cheaper channels. NIR also benefited from good market share gains and growth in revenue from alternative sources, such as prepaid commissions and insurance.

NII increased robustly as a result of strong deposit balance growth slightly offset by reduced endowment margins, some advances growth with particularly good growth in unsecured lending, which resulted in margin expansion and lower suspended interest on NPLs. Advances growth was muted in HomeLoans (flat) and Card (6%).

FNB's costs for the period grew at only 10% despite ongoing investment in the business, such as the rollout of the EasyPlan infrastructure, innovative mobile platforms and customer acquisition strategies. There remains a firm focus on cost reduction in those business units that are experiencing pressure on revenues, however, investment will continue in areas of the business where growth opportunities exist.

Impairments continued to improve, which is largely attributable to the ongoing recovery in HomeLoans, and the decrease in NPLs and arrears and ongoing post write-off recoveries in Card Issuing.

FNB continued to execute on certain growth strategies and other operational initiatives during the period under review. For example, the Mass segment sustained its rollout of EasyPlan, which represents an appropriate low-cost banking offering to this segment. In both the Mass and Consumer segments, FNB has focused on unsecured lending products where it is coming off a historically low base. Innovative products and reward programmes have driven good growth in customers and transactional volumes in the Consumer segment.

FNB Africa	Six months ended 31 December		%	Year ended 30 June
R million	**2011**	2010	change	2011
Normalised earnings	**292**	316	(8)	540
Profit before tax	**763**	740	3	1 350
Total assets	**39 930**	33 705	18	35 439
Total liabilities	**35 317**	29 448	20	31 493
Credit impairment charge (%)	**0.30**	0.18		0.30
ROE (%)*	**21.7**	24.6		21.4

* *ROE based on statutory view.*

Overall, the African subsidiaries performed well despite significant investment activity across the portfolio. Both NII and NIR showed good growth, however, operating expenses increased 23%, resulting in an overall increase in pre-tax profits for the portfolio of 3%. The normalised ROE of 22% remains above the Group's target despite the investment in new territories.

RMB

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

RMB and GTS	Six months ended 31 December		%	Year ended 30 June
R million	**2011**	2010	change	2011
Normalised earnings	**1 457**	1 679	(13)	3 839
Profit before tax	**1 980**	2 297	(14)	5 367
Total assets	**307 708**	291 960	5	267 127
Total liabilities	**301 512**	288 214	5	260 810
ROE (%)	**18.1**	25.1		28.5

For the first time, RMB's results include a contribution from GTS. GTS has now been fully aligned with RMB's existing activities (though it remains FNB branded) as part of FirstRand's strategy to create a full suite of integrated Corporate and Investment Banking (CIB) products and services for large corporates.

RMB's pre-tax profits reduced 15% to R1 782 million for the six months to December 2011, a very creditable performance given the significant base created in previous periods and the current tough macro environment for investment banks. The decline is largely attributable to disappointing performances in the Resources and Equities businesses, where downward pressures on key sectors impacted profitability.

Investment Banking continued to grow despite an already high base, and Fixed Income, Currency and Commodities (FICC) produced a robust performance showing particularly good growth in structured trading activities. The Private Equity portfolio generated sustained earnings from the underlying investments, and profits benefited from lower impairments. New investments contributed to overall portfolio growth. Equities experienced significant pressure in trading activities and positions have been reduced during the period. The RMB Resources portfolios were negatively impacted by the softening in commodity and resource equity markets resulting in losses.

GTS produced net income of R198 million, 5% higher than the comparative period and achieved in an environment characterised by margin compression, which drove financing revenue lower. The contribution from client fee revenue grew strongly during the period on the back of higher volumes, although pricing remains extremely competitive in this segment. Investment in the operating platform continued during the period, placing pressure on costs.

RMB made good progress at growing its African franchise with a focus on building investment banking and trading activities in jurisdictions where FNB currently operates, as well as capturing trade and investment flows into Africa from key Asian markets, such as India and China. A number of transactions in key sectors such as resources, commodities, energy and property were concluded in Africa. FICC's Africa business produced excellent results with good growth achieved across the Africa portfolio and a particularly strong performance from Botswana.

WesBank

WesBank continues to focus on its core strategy of partnering with key industry players through representation at the point of sale and is targeting domestic segments where it remains under-represented, such as fleet management and full maintenance rentals (FMR), as well as with larger corporate asset finance customers and the public sector.

WesBank	Six months ended 31 December			Year ended 30 June
R million	**2011**	2010	% change	2011
Normalised earnings	**1 193**	750	59	1 862
Profit before tax*	**1 688**	1 069	58	2 548
Total assets	**112 396**	99 265	13	104 117
Total liabilities	**109 682**	97 461	13	101 171
Credit impairment charge (%)	**1.07**	1.63		1.33
ROE (%)	**29.8**	21.5		26.3

* *Excluding profits on disposal of investments.*

WesBank's pre-tax profits increased 58% over the prior year, and 14% over the six months ended June 2011, to R1 688 million. This strong performance resulted from the continuation of the retail and corporate credit unwind; strong new business origination across all portfolios; improved interest margins resulting from repricing and growth in the unsecured lending portfolio (Personal Loans).

Bad debts in the local lending business decreased 27% and NPLs decreased from 5.1% to 3.7% (June 2011 4.3%).

Advances grew R15.4 billion (16%) as a consequence of the excellent new business volumes driven by the buoyant vehicle market, improved consumer affordability, the natural replacement cycle and improved consumer and business confidence. Origination growth has not been at the expense of price or change in risk appetite.

NIR increased 19%, benefiting from the higher new business volumes, growing advance volumes and growth in the FMR income.

Cost management remains an important contributor to WesBank's results. Whilst total cost growth for the period was 22%, this is largely related to increased new business volumes. Core operating costs in the local lending operations increased only 8% over the prior year.

MotoNovo (previously branded Carlyle Finance), the UK operation, contributed a 44% increase in profits and the business continues to produce excellent origination volumes, margins, risk profile and cost management in a very tough cycle in the UK market. 20% of the growth in profit is a direct result of the devaluation of the Rand against the Pound.

Specific growth strategies continue to be pursued in the large corporate sector and in FMR. The large corporate sector reflected year-on-year growth in new business of 29%, while the FMR business grew number of units under management 58% off a moderate base.

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

	Six months ended 31 December					Year ended 30 June	
R million	2011	% contribution	2010	% contribution	% change	2011	% contribution
Retail banking							
FNB Retail	2 043		1 515			3 141	
FNB Africa	292		316			540	
WesBank	958		640			1 590	
	3 293	57	2 471	54	33	5 271	52
Corporate banking							
GTS	146		120			272	
FNB Commercial	1 029		827			1 646	
WesBank	235		110			272	
	1 410	24	1 057	23	33	2 190	22
Investment banking							
RMB	1 311	23	1 559	34	(16)	3 567	35
Other							
FirstRand and dividends paid on NCNR preference shares	108		(150)			(203)	
Corporate Centre and consolidation adjustments	(351)		(365)			(708)	
	(243)	(4)	(515)	(11)	(53)	(911)	(9)
Normalised earnings from continuing operations	5 771	100	4 572	100	26	10 117	100

Strategic issues

PROGRESS ON DOMESTIC AND AFRICAN EXPANSION STRATEGIES

Given the Group's size in its domestic market significant focus remains on growing its franchises across all the available profit pools in financial services within South Africa.

Many of these strategies are gaining traction. For example, FNB's EasyPlan strategy in the Mass segment is on track in that it is both protecting and growing its well-established franchise in that segment. Through positioning its low-cost network in the appropriate work and transport nodes, delivering a strong transactional banking platform that includes cellphone banking, eWallet and ATMs/ADTs, FNB has been successful in retaining existing customers and capturing new customers from its competition. FNB is also actively growing its lending books both in the unsecured space and in affordable housing in the Mass segment. Unsecured advances total R5 billion and the affordable housing book totals R9.5 billion.

As part of the Group's overall strategy to grow CIB revenues, following a change in its business model to service the large corporate segment, closer alignment of GTS with RMB has now been completed. This structural adjustment follows the creation of a Client Coverage team, and is already resulting in growth in share of the corporate market. A strong transactional banking platform is critical to servicing these customers particularly across the FICC and GTS service offerings. Investment is continuing in both systems and skills and the Group believes that leveraging off the strength of the RMB franchise will create a strong CIB presence in the short to medium term.

At WesBank, specific growth strategies in the large corporate sector, are delivering new business growth and long-term prospects remain good. WesBank believes there are additional incremental growth opportunities in the medium corporate environment and specific strategies are being put in place in that sector.

The Group also seeks to generate incremental growth outside of its domestic market. It executes "on the ground" through its operating franchises, and enters each market depending on the opportunities presented.

FNB continues to invest in the new territories of Mozambique, Zambia and Tanzania to ultimately build strong retail and commercial banking franchises over the medium term. To this end, it seeks to leverage its South African developed products and solutions into the continent. FNB continues to assess opportunities in identified priority countries such as Nigeria and Ghana. FNB is also exploring some niche growth opportunities in India, leveraging off the existing Group platform.

RMB recently established a Kenyan representative office, created RMB Namibia and started operations in Tanzania, leveraging off the FNB platform. The India branch continues to benefit from an increased focus on the Africa/India corridor and the broader Asian corridor strategy continues to develop. Deals such as the Gold One transaction, which represents the largest investment by Chinese investors in the African gold sector, is testament to RMB's ability to deliver investment banking solutions to clients in the China/Africa corridor.

WesBank is focusing on growing asset-based finance operations within the existing African footprint of the Group, through the global product services model. Several opportunities for growth exist in these operations, which are expected to gain traction over the medium term.

CAPITAL

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

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

%	FirstRand Actual	FirstRand Target	Regulatory minimum
Capital adequacy ratio	15.4	12.0 – 13.5	9.5#
Tier 1 ratio	14.0	11.0	7.0
Core Tier 1 ratio	12.9	9.5 – 11.0	5.25

%	FirstRand Bank (FRB)* Actual	FirstRand Bank (FRB)* Target	Regulatory minimum
Capital adequacy ratio	14.7	11.5 – 13.0	9.5#
Tier 1 ratio	13.0	10.5	7.0
Core Tier 1 ratio	12.0	9.0 – 10.5	5.25

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

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

The Group does not seek to hold excess capital for acquisitions, however, it has previously indicated to shareholders that it is holding a "buffer" for investments in certain growth opportunities already identified in its domestic market and in certain African jurisdictions.

However, given the current economic conditions in South Africa and the subdued credit appetite amongst consumers and corporates, the Group's operating franchises continue to generate good returns at a time when there is limited opportunity to grow risk-weighted assets. The Group therefore continues to review the appropriate level of payout to shareholders on a sustainable basis.

With regards to the impact of Basel 2.5 and 3, the Group's level of Core Tier 1 capital is sufficient as it has held buffers in anticipation of these changes. These buffers will now be allocated to the operating franchises as part of the capital allocation and performance management processes. This will result in some adjustment to the franchise return profiles, however, the Group return profile should not change.

Each franchise is undertaking detailed assessments of actions that will be taken to optimise returns given their new allocations.

Prospects

The Group expects the domestic economic conditions to remain subdued for the remainder of the current financial year.

Growth in retail advances is likely to remain at current levels with mortgage lending expected to lag nominal GDP growth as levels of consumer indebtedness remain high, and house prices are expected to reflect negative real growth in the short term. In mitigation, the stabilisation of the economy at modest growth rates and an ongoing low interest environment will result in reasonable growth in unsecured, short-term advances.

Given that excess capacity remains in the corporate sector, with limited expansionary opportunities, combined with very strong balance sheets across the segment, corporate lending is also expected to remain slow.

FirstRand expects its domestic franchises to continue to produce good organic growth driven by specific strategies in those markets and/or segments that are showing above average growth, where the Group is under-represented or the ROE is very attractive. However, achieving revenue growth is likely to remain a challenge and, therefore, achieving a sustainable ROE and cost-to-income ratio continues to be a balancing act between investment and cost management.

GDP growth in sub-Saharan Africa is expected to further strengthen in 2012 and all of the Group's franchises will continue to capitalise on growth opportunities in those countries identified as priorities for expansion. FNB will expand the African and Indian operating footprint supported by its South African platform and RMB will mine the trade and investment flows between Asia and Africa, leveraging off the existing FNB platforms and its own operation in India.

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

Board changes

Mrs Mary Sina Bomela was appointed to the Board as a non-executive director with effect from 24 September 2011. Mrs Bomela joined the Board as a shareholder representative of Mineworkers Investment Company, replacing Mr Paul Nkuna who resigned from the Board on 31 July 2011, following his decision to retire in 2012.

Dividend strategy

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

Basis of presentation

FirstRand prepares its consolidated interim financial results in accordance with:

- IFRS including IAS 34 Interim Financial Reporting;
- the AC 500 standards issued by the Accounting Practices Board;
- JSE Listing requirements; and
- the information as required by the Companies Act of South Africa.

The accounting policies applied are consistent with those applied in preparation of previous financial statements.

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

The Group believes normalised earnings more accurately reflect operational performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies. Details of the nature of these adjustments and reasons therefore can be found on pages 12 and 13.

Cash dividend declarations

ORDINARY SHARES

The following ordinary cash dividend was declared in respect of the six month period ended 31 December 2011.

	Six months ended 31 December	
Cents per share	**2011**	2010
Interim (declared 28 February 2012)	**44.00**	35.00

* *The last day to trade in FirstRand shares on a cum-dividend basis in respect of the interim dividend will be Thursday, 15 March 2012, and the first day to trade ex-dividend will be Friday, 16 March 2012. The record date will be Friday, 23 March 2012, and the payment date Monday, 26 March 2012. No dematerialisation or rematerialisation of shares may be done during the period Friday, 16 March 2012, to Friday, 23 March 2012, both days inclusive.*

PREFERENCE SHARES

Dividends on the "B" preference shares are calculated at a rate of 68% of the prime lending rate of FirstRand Bank.

The following dividends have been declared and paid.

	"B" preference shares	
Cents per share	**2011**	2010
Period		
30 August 2011 – 27 February 2012	**305.2**	
31 August 2010 – 28 February 2011		313.6

BW Unser
Company secretary

28 February 2012

Description of difference between normalised and IFRS results – continuing operations

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

Tracker and Ronald Sewell's

The Group previously owned 36.11% of Tracker (Pty) Limited (Tracker). Effective 3 October 2011, the Group disposed of an effective 15.76% of its shareholding to a consortium of investors. The Group equity accounted for Tracker at its original shareholding up to the effective transaction date, and equity accounted its portion of the earnings of Tracker at the remaining shareholding of 20.35% with effect from 1 October 2011 to 31 December 2011.

In addition, WesBank disposed of its subsidiary, Ronald Sewell's, effective August 2011.

For the continuing results the profit on sale of the 15.76% shareholding in Tracker and the profit on disposal of Ronald Sewell's have been excluded from normalised earnings and from the headline earnings adjustment in terms of Circular 03/2009.

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

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

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

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

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

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

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

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

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

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

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

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

Economic hedges

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

Fair value annuity income – lending

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

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

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

Consolidated private equity subsidiaries

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

Private equity subsidiaries realisations

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

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

Consolidated income statement – IFRS

R million	Six months ended 31 December 2011	2010	% change	Year ended 30 June 2011
Continuing operations				
Interest and similar income	**20 278**	19 133	6	38 187
Interest expense and similar charges	**(9 748)**	(10 754)	(9)	(20 818)
Net interest income before impairment of advances	**10 530**	8 379	26	17 369
Impairment of advances	**(1 824)**	(2 084)	(12)	(3 778)
Net interest income after impairment of advances	**8 706**	6 295	38	13 591
Non-interest income	**13 431**	13 250	1	29 565
Income from operations	**22 137**	19 545	13	43 156
Operating expenses	**(13 371)**	(12 278)	9	(24 584)
Net income from operations	**8 766**	7 267	21	18 572
Share of profit from associates and joint ventures	**401**	506	(21)	868
Income before tax	**9 167**	7 773	18	19 440
Indirect tax	**(385)**	(385)	–	(614)
Profit before direct tax	**8 782**	7 388	19	18 826
Direct tax	**(2 192)**	(2 080)	5	(4 582)
Profit from continuing operations	**6 590**	5 308	24	14 244
Discontinued operations				
Profit attributable to discontinued operations	**–**	415	(100)	415
Profit after tax on disposal/unbundling of discontinued operations	**–**	6 868	(100)	6 868
Profit for the period	**6 590**	12 591	(48)	21 527
Attributable to:				
NCNR preference shareholders	**137**	160	(14)	301
Ordinary equityholders	**6 067**	12 070	(50)	20 065
Equityholders of the Group	**6 204**	12 230	(49)	20 366
Non-controlling interests	**386**	361	7	1 161
Profit for the period	**6 590**	12 591	(48)	21 527
Earnings per share (cents)				
– Basic	**111.1**	227.0	(51)	372.7
– Diluted	**109.2**	223.2	(51)	365.3
Headline earnings per share (cents)				
– Basic	**103.3**	94.8	9	183.1
– Diluted	**101.5**	93.3	9	179.4
Earnings per share (cents) – IFRS continuing				
– Basic	**111.1**	89.4	24	236.6
– Diluted	**109.2**	87.9	24	231.9
Headline earnings per share (cents) – IFRS continuing				
– Basic	**103.3**	86.4	20	174.7
– Diluted	**101.5**	85.0	19	171.3
Earnings per share (cents) – discontinued				
– Basic	**–**	137.6	(100)	136.1
– Diluted	**–**	135.3	(100)	133.4
Headline earnings per share (cents) – discontinued				
– Basic	**–**	8.4	(100)	8.4
– Diluted	**–**	8.3	(100)	8.1

Consolidated statement of comprehensive income – IFRS

R million	Six months ended 31 December 2011	Six months ended 31 December 2010	% change	Year ended 30 June 2011
Profit for the period	**6 590**	12 591	(48)	21 527
Other comprehensive income				
Cash flow hedges	**(275)**	(132)	>100	21
Available-for-sale financial assets	**274**	387	(29)	(41)
Exchange differences on translating foreign operations	**634**	(419)	(>100)	(266)
Share of other comprehensive income of associates after tax and non-controlling interests	**(15)**	(5)	>100	35
Other comprehensive income for the period before tax	**618**	(169)	(>100)	(251)
Income tax relating to components of other comprehensive income	**(10)**	(43)	(77)	(44)
Other comprehensive income for the period	**608**	(212)	(>100)	(295)
Total comprehensive income for the period	**7 198**	12 379	(42)	21 232
Total comprehensive income attributable to:				
Ordinary equityholders	**6 648**	11 950	(44)	19 837
NCNR preference shares	**137**	160	(14)	301
Equityholders of the Group	**6 785**	12 110	(44)	20 138
Non-controlling interests	**413**	269	54	1 094
Total comprehensive income for the period	**7 198**	12 379	(42)	21 232

Consolidated statement of financial position – IFRS

	As at 31 December		As at 30 June
R million	**2011**	2010	2011
ASSETS			
Cash and cash equivalents	**38 545**	31 511	34 240
Derivative financial instruments	**57 721**	51 052	37 206
Advances	**498 258**	453 290	464 593
Investment securities and other investments	**126 237**	127 884	124 756
Commodities	**5 880**	4 164	4 388
Accounts receivable	**7 894**	5 598	7 289
Investments in associates and joint ventures	**6 663**	5 819	6 029
Property and equipment	**11 949**	10 409	10 542
Deferred tax asset	**470**	451	560
Post-retirement benefit asset	**3**	–	2
Intangible assets	**1 647**	1 510	1 691
Investment properties	**203**	161	203
Policy loans on insurance contracts	**–**	26	–
Reinsurance assets	**855**	527	484
Tax asset	**163**	798	139
Non-current assets held for sale	**5 173**	2 609	5 805
Total assets	**761 661**	695 809	697 927
EQUITY AND LIABILITIES			
Liabilities			
Deposits and current accounts	**595 200**	543 713	553 657
Short trading positions	**11 944**	15 801	12 413
Derivative financial instruments	**58 329**	50 027	36 361
Creditors and accruals	**12 152**	10 193	9 930
Provisions	**2 965**	3 254	3 621
Tax liability	**409**	319	288
Post-retirement liabilities	**2 346**	2 202	2 292
Deferred tax liability	**2 226**	2 474	2 223
Long-term liabilities	**5 048**	7 489	6 690
Policyholder liabilities under insurance contracts	**1 373**	2 007	1 047
Policyholder liabilities under investment contracts	**90**	163	94
Liabilities directly associated with non-current assets classified as held for sale	**4 480**	419	5 092
Total liabilities	**696 562**	638 061	633 708
Equity			
Ordinary shares	**55**	54	53
Share premium	**5 167**	5 194	4 945
Reserves	**52 284**	45 112	51 633
Capital and reserves attributable to ordinary equityholders	**57 506**	50 360	56 631
NCNR preference shares	**4 519**	4 519	4 519
Capital and reserves attributable to equityholders of the Group	**62 025**	54 879	61 150
Non-controlling interests	**3 074**	2 869	3 069
Total equity	**65 099**	57 748	64 219
Total equity and liabilities	**761 661**	695 809	697 927

Consolidated statement of cash flows – IFRS

R million	Six months ended 31 December 2011	Six months ended 31 December 2010	Year ended 30 June 2011
Net cash flows from operating activities continuing operations	**6 124**	6 217	16 923
Net cash generated/(utilised) from operations	**2 320**	(1 397)	(803)
Tax paid	**(2 307)**	(1 344)	(3 965)
Net cash inflow from operating activities continuing operations	**6 137**	3 476	12 155
Net cash (outflow)/inflow from investing activities from continuing operations	**(2 364)**	(341)	1 777
Net cash inflow/(outflow) from financing activities from continuing operations	**313**	1 390	(6 725)
Net increase in cash and cash equivalents from continuing and discontinued operations	**4 086**	4 525	7 207
Cash and cash equivalents at the beginning of the period	**34 240**	27 067	27 067
Cash and cash equivalents at the end of the period	**38 326**	31 592	34 274
Cash and cash equivalents acquired*	**–**	–	200
Cash and cash equivalents disposed of*	**–**	–	(83)
Effect of exchange rate changes on cash and cash equivalents	**219**	(81)	(151)
Cash and cash equivalents at the end of the period	**38 545**	31 511	34 240
Mandatory reserve balances included above**	**13 443**	10 981	12 173

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

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

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**	General risk reserve	Cash flow hedge reserve	Share-based payment reserve
Balance as at 1 July 2010	52	1 491	**1 543**	12	(466)	2 487
Movement in other reserves	–	–	**–**	–	–	352
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer (to)/from reserves	–	–	**–**	–	–	(47)
Changes in ownership interest in subsidiaries	–	–	**–**	–	–	–
Consolidation of treasury shares	2	3 703	**3 705**	–	–	–
Total comprehensive income for the period	–	–	**–**	–	(95)	–
Dividend in specie: unbundling of Momentum	–	–	**–**	–	–	(89)
Balance as at 31 December 2010	54	5 194	**5 248**	12	(561)	2 703
Balance as at 1 July 2011	53	4 945	**4 998**	13	(451)	2 739
Movement in other reserves	–	–	**–**	–	–	315
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer (to)/from reserves	–	–	**–**	14	–	–
Changes in ownership interest in subsidiaries	–	–	**–**	–	–	–
Consolidation of treasury shares	2	222	**224**	–	–	–
Total comprehensive income for the period	–	–	**–**	–	(198)	–
Balance as at 31 December 2011	55	5 167	**5 222**	27	(649)	3 054

Ordinary share capital and ordinary equityholders' funds							
Available-for-sale reserve	Currency translation reserve	Other reserves	Retained earnings	**Reserves attributable to ordinary equity holders**	**Non-cumulative non-redeemable preference shares**	**Non-controlling interests**	**Total equity**
969	698	(617)	46 806	**49 889**	**4 519**	**3 012**	**58 963**
–	–	(12)	79	**419**	**–**	**(101)**	**318**
–	–	–	(2 287)	**(2 287)**	**–**	**(339)**	**(2 626)**
–	–	–	–	**–**	**(160)**	**–**	**(160)**
–	–	–	47	**–**	**–**	**–**	**–**
–	–	7	(32)	**(25)**	**–**	**31**	**6**
–	–	–	513	**513**	**–**	**–**	**4 218**
307	(332)	–	12 070	**11 950**	**160**	**269**	**12 379**
(664)	(18)	583	(15 159)	**(15 347)**	**–**	**(3)**	**(15 350)**
612	348	(39)	42 037	**45 112**	**4 519**	**2 869**	**57 748**
225	474	13	48 620	**51 633**	**4 519**	**3 069**	**64 219**
–	–	(142)	166	**339**	**–**	**(31)**	**308**
–	–	–	(6 341)	**(6 341)**	**–**	**(369)**	**(6 710)**
–	–	–	–	**–**	**(137)**	**–**	**(137)**
–	–	–	(14)	**–**	**–**	**–**	**–**
–	–	–	(35)	**(35)**	**–**	**(8)**	**(43)**
–	–	–	40	**40**	**–**	**–**	**264**
187	606	(14)	6 067	**6 648**	**137**	**413**	**7 198**
412	1 080	(143)	48 503	**52 284**	**4 519**	**3 074**	**65 099**

Notes

Supplementary information

Key market indicators and share statistics

	Six months ended 31 December 2011	Six months ended 31 December 2010	% change	Year ended 30 June 2011
Market indicators				
USD/ZAR exchange rate				
– closing	8.11	6.64	22	6.76
– average	7.62	7.07	8	6.94
SA prime overdraft (%)	9.00	9.00		9.00
SA average prime overdraft (%)	9.00	9.58		9.25
SA average CPI (%)	5.75	3.48		3.85
JSE All Share Index	31 986	32 119	–	31 865
JSE Banks Index	41 178	40 985	–	40 254
Share statistics				
Share price				
High for the period (cents)	2 110	2 265	(7)	2 253
Low for the period (cents)	1 770	1 800	(2)	1 817
Closing (cents)	2 074	1 951	6	1 985
Shares traded				
Number of shares (millions)	1 581	1 733	(9)	10 320
Value of shares (R million)	31 186	34 836	(10)	204 908
Turnover in shares traded (%)	28.96	32.59		191.0

Share price performance

FirstRand average share price (cents)	1 973	2 026	(3)	2 001
JSE Bank Index (average)	39 640	39 376	1	39 727
JSE All Share Index (average)	31 217	29 397	6	30 646

Simplified group structure

FIRSTRAND

Listed holding company (FirstRand Limited, JSE: FSR)

FirstRand Bank Limited (100%)	FirstRand EMA Holdings Limited (100%)	FirstRand Investment Holdings (Pty) Limited (FRIHL) (100%)
Banking	Africa and Emerging markets	Other activities[4,5]

Banking

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

Africa and Emerging markets

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

Other activities[4,5]

96%	RMB Private Equity Holdings
93%	RMB Private Equity
100%	RMB Stockbroking Operations
40%	Eris Property Group
50%	RMB Morgan Stanley
100%	FNB International Wealth Management
100%	FNB Insurance Brokers
100%	Barnard Jacobs Mellet Holdings Limited
75%	Rentworks
66%	Direct Axis
100%	First Auto (Pty) Ltd
75%	FirstRand International – Guernsey

Structure shows effective consolidated shareholding.

1 Division
2 Branch
3 Representative office
4 For segmental analysis purposes entities included in FRIHL are reported as part of the results of the managing franchise.
5 The Group's securitisation vehicles and conduits are in FRIHL.

Credit ratings

FirstRand Bank Limited (FRB)

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

Credit ratings assigned by Standard & Poor's (S&P) at 28 February 2012

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

Summary of rating actions:

- On 1 December 2011, S&P affirmed its 'BBB+' long-term and 'A-2' short-term counterparty credit ratings on FRB. Its South African national scale ratings were affirmed at 'zaAA/zaA-1'.

Credit ratings assigned by Moody's Investors Service at 28 February 2012

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

* *Placed on review for possible downgrade.*

Summary of rating actions:

- On 9 November 2011, Moody's Investors Service (Moody's) changed the outlook on South Africa's A3 local and foreign currency government debt ratings from stable to negative. Consequently, FRB's A3 foreign currency deposit rating was assigned a negative outlook in line with the negative outlook on the corresponding sovereign ceiling.
- On 10 November 2011, Moody's placed on review for downgrade the ratings of five South African banks to assess the uplift their debt and deposit ratings receive from high systemic support assumptions. The review formed part of Moody's global assessment of the systemic support levels incorporated in banks deposit and debt ratings, which addresses the growing difficulties governments face in extending systemic support to their banking systems. In the case of South African banks, the review was also triggered by the recently assigned negative outlook on South Africa's A3 government bond rating, reflecting constrained public finances and signals that government financial flexibility may be weakening, indicating that authorities would likely face more challenging policy choices if multiple institutions were to need its financial support at the same time. The rating action was not driven by a deterioration in the stand-alone financial strength of banks in question.

Credit ratings assigned by Fitch Ratings at 28 February 2012

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

Summary of rating actions:

- On 17 January 2012, Fitch Ratings revised the outlook on South African banks to negative from stable, following the revision of the outlook on the South African sovereign 'BBB+' long-term foreign currency issuer default rating. The rating action therefore is not a reflection of any fundamental change in the local banks' credit quality.

FirstRand Limited

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

Credit ratings assigned by Standard & Poor's at 28 February 2012

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

Summary of rating actions:

- On 1 December 2011, S&P affirmed its 'BBB/A-2' counterparty credit ratings and 'zaAA-/zaA-1' national scale credit ratings on FirstRand Limited.

Number of shares from continuing and discontinued operations

	Six months ended 31 December		Year ended 30 June
	2011	2010	2011
Shares in issue			
Opening balance as at 1 July	**5 637 941 689**	5 637 941 689	5 637 941 689
Less: treasury shares	**(175 301 401)**	(192 141 961)	(189 017 706)
Staff schemes	**(2 590 187)**	(19 375 518)	(16 251 263)
BEE staff trusts	**(171 401 072)**	(171 401 072)	(171 401 072)
Shares held by policyholders*	**(1 310 142)**	(1 365 371)	(1 365 371)
Number of shares in issue (after treasury shares)	**5 462 640 288**	5 445 799 728	5 448 923 983
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	**(179 548 083)**	(320 480 222)	(253 883 214)
Staff schemes	**(7 143 879)**	(112 369 788)	(63 457 590)
BEE staff trusts	**(171 401 072)**	(171 401 072)	(171 401 072)
Policyholder and mutual funds "deemed treasury shares"	**(1 003 132)**	(36 709 362)	(19 024 552)
Weighted average number of shares in issue	**5 458 393 606**	5 317 461 467	5 384 058 475
Dilution impact:			
Staff schemes	**76 714 211**	64 125 907	84 813 466
BEE staff trusts	**21 461 470**	26 301 376	23 976 201
Diluted weighted average number of shares in issue	**5 556 569 287**	5 407 888 750	5 492 848 142
Number shares for normalised earnings per share calculation			
Actual weighted average and diluted weighted average number of shares for calculation of normalised earnings and diluted earnings per share	**5 637 941 689**	5 637 941 689	5 637 941 689

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

Number of shares from continuing operations

	Six months ended 31 December		Year ended 30 June
	2011	2010	2011
Weighted average number of shares in issue	**5 458 393 606**	5 317 461 467	5 384 058 475
Add shares held by Momentum policyholders	**–**	35 346 588	17 673 294
Weighted average number of shares in issue	**5 458 393 606**	5 352 808 055	5 401 731 769
Dilution impact	**98 175 681**	90 427 283	108 789 667
Diluted weighted average number of shares in issue	**5 556 569 287**	5 443 235 338	5 510 521 436
Number of shares in issue used for normalised per share calculation from continuing operations	**5 637 941 689**	5 637 941 689	5 637 941 689

Fee and commission expenses reclassified

Categories of fee and commission expenses per franchise

	Six months ended 31 December 2011					
R million	FNB	FNB Africa	WesBank	RMB	GTS	Total
Commissions paid	93	18	4	1	–	116
Loyalty programmes	208	–	1	–	–	209
Other – card and cheque book related	35	1	–	–	–	36
ATM commissions	11	–	–	–	–	11
Transaction processing fees	236	3	15	–	96	350
Cash sorting, handling and transporting charges	272	8	–	–	12	292
Other	133	–	–	115	3	251
Total fee and commission expenses*	**988**	**30**	**20**	**116**	**111**	**1 265**

	Six months ended 31 December 2010					
R million	FNB	FNB Africa	WesBank	RMB	GTS	Total
Commissions paid	117	–	20	–	–	137
Loyalty programmes	137	–	3	–	–	140
Other – card and cheque book related	37	4	–	–	–	41
ATM commissions	13	–	–	–	–	13
Transaction processing fees	224	8	13	–	69	314
Cash sorting, handling and transporting charges	310	6	–	–	7	323
Other	64	5	3	106	–	178
Total fee and commission expenses*	902	23	39	106	76	1 146

	Year ended 30 June 2011					
R million	FNB	FNB Africa	WesBank	RMB	GTS	Total
Commissions paid	197	–	54	–	–	251
Loyalty programmes	286	–	6	–	–	292
Other – card and cheque book related	96	10	–	–	–	106
ATM commissions	25	–	–	–	–	25
Transaction processing fees	442	16	25	–	145	628
Cash sorting, handling and transporting charges	591	14	–	–	13	618
Other	141	12	7	235	2	397
Total fee and commission expenses*	1 778	52	92	235	160	2 317

* *The amounts disclosed represent the total amount of fee and commission expenses reclassified from operating expenses to NII. The total consists of expenses previously reported as fee and commission expenses and expenses that were previously reported in various other operating expense lines.*

Contingencies and commitments

	Continuing and discontinued operations			
	As at 31 December			As at 30 June
R million	2011	2010	% change	2011
Guarantees	**21 747**	21 168	3	24 727
Acceptances	**267**	291	(8)	289
Letters of credit	**7 020**	5 352	31	6 331
Total contingencies	**29 034**	26 811	8	31 347
Capital commitments				
Contracted capital commitments	**1 914**	2 013	(5)	614
Capital expenditure authorised not yet contracted	**1 105**	887	25	3 123
Total capital commitments	**3 019**	2 900	4	3 737
Other commitments				
Irrevocable commitments	**65 180**	55 313	18	63 298
Operating lease and other commitments	**14 277**	10 512	36	13 685
Total capital commitments	**79 457**	65 825	21	76 983
Total contingencies and commitments	**111 510**	95 536	17	112 067

Definitions

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 page 12 and 13 for a detailed description of normalised earnings.
Normalised net asset value (R million)	Normalised equity attributable to ordinary equityholders.
Normalised net asset value per share	Normalised equity attributable to ordinary equityholders divided by number of issued ordinary shares.
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares including treasury shares.
Capital adequacy ratio (CAR)	Capital divided by risk weighted assets.
Risk weighted assets (R million)	Prescribed risk weightings relative to the credit risk of counterparty, operational risk, market risk, equity investment risk and other risk multiplied by on and off balance sheet assets.
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders' equity.
Price-to-book (times)	Closing share price on 31 December divided by normalised net asset value per share.
Price earnings ratio (times)	Closing price on 31 December divided by basic normalised earnings per share.
Dividend cover	Normalised earnings per share divided by dividend per share.
Loan-to-deposit ratio	Average advance divided by average deposits.
Non-interest revenue to total income (diversity ratio)	Non-interest revenue expressed as a percentage of total income including share of profit from associates and joint ventures.
NPLs as percentage of average advances	NPLs expressed as a percentage of average advances.
Impairment charge as % of average advances (credit loss ratio)	Total impairment charge per the income statement divided by the average advances (average between the opening and closing balance for the period).
Cost-to-income ratio (%)	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profit from associates and joint ventures.
Effective tax rate	Tax per the income statement divided by the income before direct tax per the income statement.
Net income after capital charge (NIACC)	Normalised earnings less the cost of equity times the average ordinary shareholders' equity and reserves.
Shares in issue (number)	Number of ordinary shares listed on the JSE.
Weighted average number of ordinary shares (number)	The weighted average number of ordinary shares in issue during the year as listed on the JSE.
Exposure at default (EAD)	Exposure at default is defined as the gross exposure of a facility upon default of a counterparty.
Loss given default (LGD)	The loss given default is defined as the economic loss that will be suffered on an exposure following default of the counterparty, expressed as a percentage of the amount outstanding at the time of default.
Probability of default (PD)	The probability of default is the probability that a counterparty will default within the next year and considers the ability and willingness of the counterparty to repay.

Headline earnings additional disclosure

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

Issue 1 – Re-measurement relating to private equity activities (associates and joint ventures, 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	2011	2010	% change	2011
Aggregate cost of portfolio	**4 335**	2 999	45	3 215
Aggregate carrying value	**5 566**	4 085	36	4 285
Aggregate fair value*	**6 618**	5 096	30	5 601
Equity-accounted income**	**208**	25	>100	133
Profit on realisation#	**3**	24	(88)	27
Aggregate other income earned†	**83**	68	22	166

** Aggregate fair value is disclosed including minorities.*
*** Income from associates is disclosed pre-tax.*
 # Profit on realisation is disclosed post-tax and minorities.
† Aggregate other income earned is disclosed pre-tax.

Issue 2 – Capital appreciation on investment products

	Six months ended 31 December			Year ended 30 June
R million	2011	2010	% change	2011
Carrying value of investment properties	**203**	161	26	203
Fair value of investment properties	**203**	161	26	203
Capital appreciation after tax	**–**	–	n/a	44

Reclassifications of prior year numbers

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

30 June 2011 Income statement R million	Amount as previously reported	Amount as restated	Difference	Explanation
Non-interest income	31 882	29 565	2 317	Fee and commission expenses that are incremental or directly attributable to the generation of fee and commission income have been reclassified out of various operating expense lines into the fee and commission expense line. In addition, the presentation of fee and commission expenses has been updated by presenting it as part of non-interest income and not as part of operating expenses.
Operating expenses	(26 901)	(24 584)	(2 317)	As per above.
Profit for the year	21 527	21 527	–	No effect on profit for the year.

31 December 2010 Income statement R million	Amount as previously reported	Amount as restated	Difference	Explanation
Non-interest income	14 396	13 250	1 146	Fee and commission expenses that are incremental or directly attributable to the generation of fee and commission income have been reclassified out of various operating expense lines into the fee and commission expense line. In addition, the presentation of fee and commission expenses has been updated by presenting it as part of non-interest income and not as part of operating expenses.
Operating expenses	(13 424)	(12 278)	(1 146)	As per above.
Profit for the year	12 591	12 591	–	No effect on profit for the year.

Company information

Directors

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

Secretary and registered office

BW Unser
4 Merchant Place
Corner Fredman Drive and Rivonia Road, Sandton, 2196
PO Box 650149, Benmore, 2010 Telephone: +27 11 282 1808
Telefax: +27 11 282 8088
Web address: www.firstrand.co.za

Sponsor

(In terms of JSE requirements)
Rand Merchant Bank (a division of FirstRand Bank Limited)
Corporate Finance
1 Merchant Place
Corner Fredman Drive and Rivonia Road, Sandton, 2196
Telephone: +27 11 282 1079
Telefax: +27 11 282 8215

Transfer secretaries – South Africa

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

Transfer secretaries – Namibia

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

Stock exchanges

JSE LIMITED (JSE)

Ordinary shares	**Share code**	**ISIN code**
FirstRand Limited	FSR	ZAE000066304

Non-cumulative non-redeemable preference shares	**Share code**	**ISIN code**
"B"	FSRP	ZAE000060141

NAMIBIAN SECURITIES EXCHANGE (NSE)

Ordinary shares	**Share code**	**ISIN code**
FirstRand Limited	FST	ZAE000066304
FNB Namibia Holdings Limited	FNB	NA0003475176
Subordinated debt		
FNB of Namibia Limited	FNB17	NA000ANQ603

BOTSWANA SECURITIES EXCHANGE (BSE)

Ordinary Shares	**Share code**	**ISIN code**
FNB Botswana Holdings Limited	FNBB	BW0000000066

JSE

Subordinated debt

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

Upper Tier II

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

Senior unsecured

Issuer	**Bond code**	**ISIN code**
FirstRand Bank Limited	FRBN04	ZAG000041005
FirstRand Bank Limited	FRBN05	ZAG000042169
FirstRand Bank Limited	FRBN06	ZAG000073214
FirstRand Bank Limited	FRBN07	ZAG000073206
FirstRand Bank Limited	FRBZ01	ZAG000049255
FirstRand Bank Limited	FRBZ02	ZAG000072711
FirstRand Bank Limited	FRBZ03	ZAG000080029
FirstRand Bank Limited	FRJ13	ZAG000079823
FirstRand Bank Limited	FRJ14	ZAG000069683
FirstRand Bank Limited	FRJ16	ZAG000073826
FirstRand Bank Limited	FRJ18	ZAG000084187
FirstRand Bank Limited	FRS35	ZAG000076852
FirstRand Bank Limited	FRS36	ZAG000077397
FirstRand Bank Limited	FRS37	ZAG000077793
FirstRand Bank Limited	FRS43	ZAG000078643
FirstRand Bank Limited	FRS46	ZAG000079807
FirstRand Bank Limited	FRS49	ZAG000081787

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRS50	ZAG000085663
FirstRand Bank Limited	FRS51	ZAG000086117
FirstRand Bank Limited	FRS52	ZAG000086497
FirstRand Bank Limited	FRS53	ZAG000086828
FirstRand Bank Limited	FRS54	ZAG000087032
FirstRand Bank Limited	FRS55	ZAG000087040
FirstRand Bank Limited	FRS56	ZAG000087271
FirstRand Bank Limited	FRS57	ZAG000087313
FirstRand Bank Limited	FRS59	ZAG000089855
FirstRand Bank Limited	FRS60	ZAG000090267
FirstRand Bank Limited	FRS61	ZAG000090523
FirstRand Bank Limited	FRS62	ZAG000090614
FirstRand Bank Limited	FRS63	ZAG000091513
FirstRand Bank Limited	FRX14	ZAG000079815
FirstRand Bank Limited	FRX15	ZAG000051103
FirstRand Bank Limited	FRX18	ZAG000076472
FirstRand Bank Limited	FRX24	ZAG000073693
FirstRand Bank Limited	FRX31	ZAG000084195
FirstRand Bank Limited	FRX45	ZAG000076480

Inflation-linked bonds

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRBI04	ZAG000044306
FirstRand Bank Limited	FRBI07	ZAG000055849
FirstRand Bank Limited	FRBI22	ZAG000079666
FirstRand Bank Limited	FRBI23	ZAG000076498
FirstRand Bank Limited	FRBI28	ZAG000079237
FirstRand Bank Limited	FRBI33	ZAG000079245
FirstRand Bank Limited	FRI15	ZAG000051137

Credit-linked notes

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRC01	ZAG000049800
FirstRand Bank Limited	FRC04	ZAG000057563
FirstRand Bank Limited	FRC08	ZAG000051749
FirstRand Bank Limited	FRC11	ZAG000054131
FirstRand Bank Limited	FRC17	ZAG000056011
FirstRand Bank Limited	FRC29	ZAG000069857
FirstRand Bank Limited	FRC37	ZAG000076712
FirstRand Bank Limited	FRC40	ZAG000081027
FirstRand Bank Limited	FRC41	ZAG000081670
FirstRand Bank Limited	FRC45	ZAG000082918
FirstRand Bank Limited	FRC46	ZAG000082959
FirstRand Bank Limited	FRC47	ZAG000084310
FirstRand Bank Limited	FRC55	ZAG000085507
FirstRand Bank Limited	FRC57	ZAG000086414
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	FRC73	ZAG000089046
FirstRand Bank Limited	FRC74	ZAG000089178
FirstRand Bank Limited	FRC75	ZAG000089566
FirstRand Bank Limited	FRC76	ZAG000089574
FirstRand Bank Limited	FRC77	ZAG000089608
FirstRand Bank Limited	FRC78	ZAG000089806
FirstRand Bank Limited	FRC79	ZAG000089947
FirstRand Bank Limited	FRC80	ZAG000090077
FirstRand Bank Limited	FRC81	ZAG000090325
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	FRC88	ZAG000091596
FirstRand Bank Limited	FRC89	ZAG000091604

Senior unsecured callable bonds

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

Investment security index contracts

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

Structured note

Issuer	Bond code	ISIN code
Rand Merchant Bank	OILRMB	ZAE000152732

LONDON STOCK EXCHANGE (LSE)

European medium term note (EMTN) programme

Issuer	ISIN code
FirstRand Bank Limited	XS0306783621
FirstRand Bank Limited	XS0635404477

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