SUMMARISED FINANCIAL STATEMENTS

2013

owner-manager culture

innovation

entrepreneurship

franchise value

FIRSTRAND

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FIRSTRAND

1966/010753/06
Certain entities within the FirstRand Group are Authorised Financial Services and Credit Providers
This analysis is available on the Group's website: www.firstrand.co.za
Email questions to investor.relations@firstrand.co.za

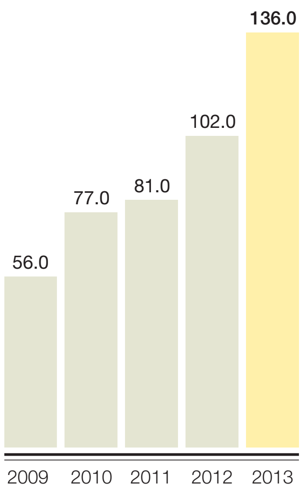
FINANCIAL HIGHLIGHTS

33% *Ordinary dividend per share*

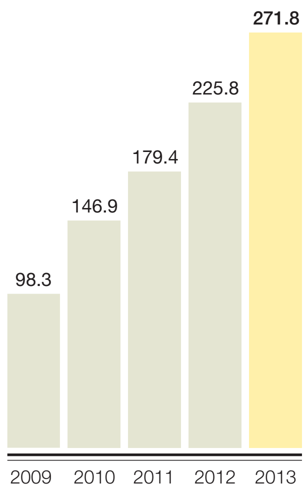
20% *Diluted normalised earnings per share*

14% *Normalised net asset value per share*

Ordinary dividend per share (cents)



Diluted normalised earnings per share (cents)



FirstRand's objective is to build long-term franchise value and the diversified portfolio of the Group has delivered strong growth in earnings, assets and dividends.

This track record has been achieved through a combination of organic growth, acquisitions, and creating extra sources of revenue through the start up and development of completely new businesses.

The Group has a portfolio branding strategy and there are a number of leading brands within the Group.

FNB First National Bank RMB WesBank ASHBURTON INVESTMENTS

This report covers the audited summarised financial results of FirstRand Limited (FirstRand or the Group) based on International Financial Reporting Standards (IFRS) for the year ended 30 June 2013. In terms of the South African Companies Act and JSE requirements, the Group is permitted to provide shareholders with summarised financial information. The full annual integrated report is available online at www.firstrand.co.za or a hard copy may be obtained from the company secretary on request. Alan Hedding, CA(SA), supervised the preparation of the summarised financial statements. The primary results and accompanying commentary on pages 1 to 44 are presented on a normalised basis as the Group believes this most accurately reflects economic performance. The normalised results have been derived from the audited IFRS financial results. A detailed description of the difference between normalised and IFRS results is provided on pages 47 and 48.

FIRSTRAND'S SUSTAINABILITY FRAMEWORK

FirstRand has carefully considered the principles and objectives of integrated reporting. The Group's objective is to apply best practice, in so far that it supports the Group's interpretation of the sustainability of its strategy and operations. It does not seek to tick all the boxes but rather provide stakeholders with enough relevant information to take an informed view on the quality of leadership's strategic thinking, execution of strategy and utilisation of operating platforms, financial resources and risk capacity. The approach is fundamentally designed to present substance over form.

Depicted below is FirstRand's sustainability framework which represents the five key pillars of the Group's approach to delivering superior and sustainable returns to its stakeholders. It indicates some key sections or pages in the integrated report where the reader can find narrative and data that substantiates the statement of intent.

Core purpose	To be the African financial services group of choice through the creation of long-term franchise value	• Chairman's statement • CEO's report • FNB, RMB and WesBank operational reviews
Portfolio management	Build and actively manage a portfolio of businesses to deliver on this strategic focus; a dynamic process that is constantly measured with appropriate frameworks that balances risk, growth and returns	• COO & CFO's report • Risk and capital management report
Sustainability	Deliver sustainable returns with acceptable levels of earnings volatility; managing the business on a through the cycle basis and utilising strategic and operational levers – capital, balance sheet and operating platforms – to minimise volatility	• Highlights and key performance indicators • COO & CFO's report
Values and culture	Build on the track record of generating organic growth, driven by entrepreneurial culture and dedication to innovation. This has created significant franchise value and is an underpin to sustainable growth going forward	• Chairman's statement • CEO's report • FNB, RMB and WesBank operational reviews
Stakeholders	Create value for the providers of capital and for the benefit of all stakeholders – customers, regulators, staff and the communities the Group serves	• COO & CFO's report • FNB, RMB and WesBank operational reviews

CORE PURPOSE

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

The Group seeks to achieve this through two parallel growth strategies:

- become a predominant player in all of the financial services profit pools in South Africa, growing in existing markets and those where it is under-represented; and
- grow its franchise in the broader African continent, targeting those countries expected to show above average domestic growth and which are well positioned to benefit from the trade and investment flows between Africa, China and India.

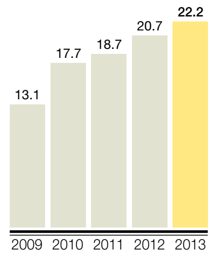
These strategies are executed through its portfolio of operating franchises, within a framework set by the Group. An overview of progress on these strategic objectives and the financial and operational performance of each franchise can be found on pages 35 to 44 of this report.

MEASURING PERFORMANCE

The Group measures its performance against strategy in many ways, below are a few examples.

Core purpose

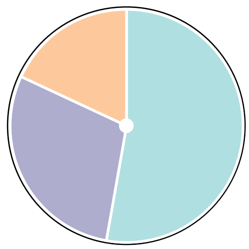
The Group believes that the true measure of value creation is return on equity (ROE). As can be seen from this chart the Group is currently at the top of its ROE target range for normal economic cycles of 18% to 22% and believes that this range is sustainable going forward.



Normalised ROE (%)

Portfolio management

The Group seeks optimal diversification from its portfolio, from a franchise, segment, geographical and product perspective. This chart demonstrates the current franchise diversification which the Group believes is an appropriate mix of activities.

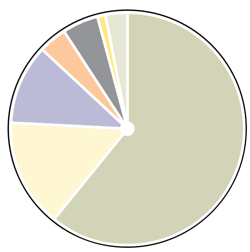


Franchise diversification (profit before tax)
2013

53% FNB
29% RMB
18% WesBank

Sustainability

The Group believes its client franchise is key to sustainability and therefore analyses the proportion of revenues generated from client activities as this represents the highest quality of earnings. This chart shows that 90% of NIR emanates from client activities, if NII is included 95% of gross revenue is generated from the client franchise.



NIR breakdown
2013

61% Transactional income
15% Investment banking transactional income
11% Insurance
4% Other client

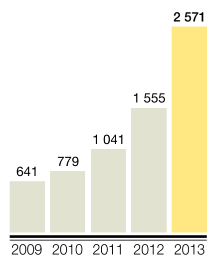
Client activity 91%

5% Investing
1% Fair value trading income
3% Other income

Risk income & investing 9%

Values and culture

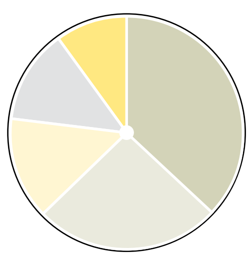
One of the key drivers of the Group's growth has been its ability to leverage a culture of innovation across its business. This chart indicates the growth in number of innovations implemented since 2009.



Innovations implemented

Stakeholders

The Group manages its business for a broad range of stakeholders, this chart indicates the economic value distribution to the different stakeholders of the Group.



Economic impact
2013

37% Providers of funding
26% Employees
14% Suppliers
13% Expansion
10% Government

INTEGRATED HIGHLIGHTS

R million	2013	2012	% change
Financial highlights			
Attributable earnings to ordinary equityholders	**14 539**	13 196	10
Headline earnings	**15 114**	12 642	20
Normalised earnings	**15 323**	12 730	20
Diluted headline earnings per share (cents)	**273.3**	226.9	20
Diluted normalised earnings per share (cents)	**271.8**	225.8	20
Ordinary dividend per share (cents)	**136.0**	102.0	33
Normalised return on equity (%)	**22.2**	20.7	
Average normalised net asset value per share (cents)	**1 303.1**	1 142.4	14
Non-financial highlights			
Economic value added to society	**68 704**	64 774	6
Total workforce (number)	**37 231**	36 398	2
South African workforce (number)	**32 363**	32 175	1
% ACI employees (SA operations %)	**71**	70	
Skills development investment	**405**	340	19
Retail customers (millions)	**10**	9	11
BEE procurement spend (%)	**84**	78	
Carbon emissions (tonnes)	**271 258**	285 562	(5)

CHAIRMAN'S STATEMENT

A renewed focus on the basics of banking is what I believe the Group has achieved since 2010 when we restructured our business model in response to the global crisis.

Regular readers of my chairman's statement (I believe one or two such people do exist) will know that I have covered the topic of bank bashing a number of times over the years. In this financial year alone, I don't think many days have gone by when I haven't read some negative commentary or editorial on banks – sometimes this commentary is considered and insightful, sometimes it verges on hysterical ranting. Banks are deeply unpopular and yet all over the world they continue to survive and (in some instances) thrive. This seems paradoxical and not particularly logical and it led me to ask myself the question why, if they are so maligned and so damaging, do banks exist at all?

They have certainly been around for a very long time – in fact since ancient times. In 1800 BC in Egypt and Mesopotamia, gold was compressed into a convenient form and deposited in certain temples for safekeeping, and around the same time the first loan ever recorded was granted in Babylon. Much later, in the 4th century BC, Greeks and Romans introduced services such as deposit taking, making loans, testing coins for weight and purity and also changing money from one currency to another. Moreover, book transactions were made such that a payment was accepted in one city and a credit was arranged in another, thereby avoiding the transportation of gold. To assist me further in answering the question I then hit Google and typed in "why do banks exist?" Google answered:

"Banks exist first and foremost as a secure place to store wealth held in the form of readily available money.

Banks make money by granting loans from a portion of the deposits and charging interest on those loans. Banks compete for deposits through interest rates offered on deposits. Banks also charge fees for various services, all of which involve moving money from one account to another or making payments. Plus there are fees for processing these activities.

As a result of these various activities banks are considered vital to economic development through their prudent investment of portions of the wealth stored in them. Banks are also considered integral to various other functions related to the management of the nation's money supply and systems of credit."

On this basis banking would seem a vital and constructive force in the economy. It doesn't, therefore, explain the fact that banks are currently not perceived that way, in fact the other day I read an article with the headline *Doctors are rapidly becoming as unpopular as bankers.* So what has gone so badly wrong in the world of banks?

The answer is both simple and complex. The first thing that went wrong was that in the late 1990s many of the world's large banks stopped focusing on their core business and became overly enamoured with something called the "leveraged return". The timing was perfect – low borrowing costs and a willingness by the banks to lend lots of money – both of these conditions came together perfectly in the years leading up to the global credit crisis.

The second thing that happened was an expectation from equity markets that earnings in any year must be greater than in the prior year. In pursuit of growth, assets rocketed to historical highs and leverage at major financial institutions increased from around 20 to 35 times capital. Management teams felt immense pressure to keep profits growing. More leverage was piled upon leverage to keep the house of cards intact; eventually it all came crashing down. The rest, as they say, is history.

So what is the point of this? Well one of the lessons learned was that when banks focus on their core business of making money by granting loans from a portion of deposits and charging interest on those loans and charging fees for various services, which involve moving money from one account to another or making payments, they are an incredibly useful instrument – the oil that lubricates the wheels of the economy. That is why banks exist.

A renewed focus on the basics of banking is what I believe the Group has achieved since 2010 when we restructured our business model in response to the global crisis. Whilst excessive leverage was not a characteristic of the South African banking system, over heated asset prices and cheap money was – and it proved to be unsustainable. When I consider the Group's performance for the year to June 2013 I am struck by the degree to which going back to basics; such as winning new customers, providing them with channels to transact on that are cheap, user friendly, convenient and rewarding; lending good customers money at the right price; and building a deposit franchise – has benefitted FNB. This approach, combined with a deeply embedded culture of innovation, has allowed them to take significant but profitable market share. I am also struck by the high quality of the earnings RMB now generates, particularly when compared to 2009 when 39% was from client activities and 32% from proprietary trading activities. Today 84% of RMB's income is generated from client activities, resulting from some definitive management actions to deliver less volatile and more sustainable returns to shareholders.

Today 84% of RMB's income is generated from client activities, resulting from some definitive management actions to deliver less volatile and more sustainable returns to shareholders.

On the back of these strategies the Group has again produced a very strong financial and operational performance, achieving normalised earnings of R15 323 million, an increase of 20% on the previous period and a normalised ROE of 22.2% (2012: 20.7%).

Despite the fact that the operating environment continues to be challenging, and it gets tougher every year to grow, somehow the business gathers momentum and delivers superior profits and returns to shareholders. This year, the level of profitability has also allowed us to create meaningful impairment overlays, which I believe will stand us in good stead in the next few years as, when assessing the operating environment going forward, there is no doubt that some of the tail winds the economy has benefited from are rapidly disappearing. More detail on these overlays can be found in the *COO & CFO's report*.

Our economy continues to be negatively impacted by shifts in both global and domestic risk dynamics. Previous high levels of capital inflows, a strong rand, low bond yields, elevated commodity prices and robust growth in household incomes created good opportunities for growth. However, the US economy has recently started to improve and its central bank may start to unwind current monetary policy stimulus. Just the suggestion of such a development immediately impacted emerging market flows, which had previously benefited from low US rates, and for South Africa this has already resulted in some currency weakness. If this trend continues and the currency weakens further, the country may be forced to raise interest rates, which, in turn, would negatively impact internal growth generation. There are some significant vulnerabilities in our macro environment which we need to take cognisance of. Domestic GDP continues to slow as a result of lower levels of activity in both the household and business sectors of the economy. Slowing consumer and investment spend is resulting in lower credit extension and a muted housing market.

Given these issues many South African corporates with large shares of the domestic market are seeking growth in the rest of Africa. FirstRand is no exception, although I believe our approach to growth on the rest of the continent is differentiated from our peers.

In the 2011 annual integrated report both myself and the FirstRand CEO, Sizwe Nxasana, commented in some detail on how we would approach growing the Group's franchise outside of South Africa. I actually relooked at my Chairman's statement that year and our position has remained very consistent.

My statement in 2011 reads "what really matters to us is that as we grow in Africa, we create long-term value and returns for our shareholders. We are, therefore, committed to a highly disciplined approach, which I believe we demonstrated when we did not proceed with the Sterling Bank transaction in Nigeria".

FirstRand has been recently criticised in some quarters for "failing to complete transactions in Nigeria, Zambia and Ghana". We do not see it that way at all, particularly as our strategic preference has always been to grow organically. However, we always consider acquisitions if they make commercial sense – and in both instances Sterling and MBG did not. This is not "failing" this is success! This is what management teams must do; deploy capital into assets and activities that will generate a proper return.

The other "conventional wisdom" we are often offered is that a large physical footprint is the golden key to growing in Africa. Given what is happening throughout the world – banking on electronic and mobile devices is growing exponentially and every bank in the world is shrinking branch networks – the traditional infrastructure may turn out to be very, very expensive and ultimately redundant. Africa is no different to other markets. In fact the geographical challenges in some African countries make mobile banking very attractive. Large distances between communities can be effectively addressed through mobile technology, particularly given the high penetration of cellphones in all of the countries we are targeting for growth.

In his *CEO report* this year, Sizwe provides a more comprehensive overview of what our franchises are achieving in the rest of Africa. As a board we are very comfortable with the approach; an incremental growth strategy in the main, a mix of organic, bolt-on acquisition and the utilisation of skills and balance sheet. Growing quality earnings anywhere is tough, growing quality earnings in new territories requires patience and discipline – we will continue to exercise both on behalf of our shareholders.

During the year patience and discipline finally played out in our long-standing legal dispute with a former service provider linked to the "International Tax Institute". This litigation has been ongoing for over 10 years and resulted from the termination of a contract for non-performance. The litigant spent many of those years using the media to embarrass and malign FirstRand, accusing the Group of a number of very serious offences such as money laundering and tax evasion.

Our strategy was always to fight our case in the Law Courts rather than in the media. This approach was eventually vindicated and for the record, below is an extract from the recent judgement exonerating FirstRand from any wrongdoing relating to allegations against the company, its clients and its officials.

"…there is absolutely no evidence of whatever nature that supports the repeated attacks upon the defendant or the FirstRand Group by the plaintiffs, accusing the former of being involved in Exchange Control violations, money laundering, dealing in embezzled funds, fraud, and unlawful destruction of statutory records or maintaining bogus accounts. The gratuitous accusations levelled at the defendants' clients and the defendant itself, intended to tarnish captains of industry and defendant's employees and directors with the brush of dishonesty, were and remain baseless and unsubstantiated."

I mention this issue because as a direct result of the actions of this one litigant, much has been written in the media about the Group which was designed to question our credibility and cast aspersions on our honesty. We are very pleased to lay this long-standing issue to rest.

This year I am not planning to cover executive remuneration again, we continue to work on increased disclosure in the report of the remuneration committee (see page 61) and our philosophy remains intact – management reward must be directly aligned to shareholder returns.

What I would like to cover, however, are the various management changes we recently announced.

In May we informed shareholders that after ten years in the role, Michael Jordaan is stepping down as CEO of FNB at the end of this calendar year to spend more time with his family.

Michael's tenure at FNB has been incredibly successful. Much of which can be attributed to his passion for innovation which, backed up by his knowledge of the intersection of banking, technology and social media, has delivered strong growth and excellent returns for the Group and its shareholders.

Jacques Celliers, who replaces him as CEO, is a member of the FNB executive committee and we expect this to be a very smooth succession. Jacques joined FNB 12 years ago and has managed a number of initiatives particularly focusing on innovative entry strategies in new markets. During his career at FNB Jacques has demonstrated a unique ability to bring leadership and innovative thinking to many aspects of FNB's operations. He is one of FNB's most seasoned and "highly decorated" innovators. I am confident that the FNB management team, under his leadership, will continue on its successful growth path.

In September we announced that Johan Burger, currently FirstRand Group Financial Director and Group COO is appointed Group Deputy CEO from 1 October 2013, although he will retain the Group Financial Director role until 31 December 2013. Following his appointment as Group CFO and COO in 2009, Johan's role and responsibilities expanded significantly. We believe this new role (which also incorporates the COO role) frees him up to spend more time on managing the financial resources of the Group, namely capital, funding and risk, and driving strategic cross-franchise initiatives.

At the same time Harry Kellan was appointed FirstRand Bank CFO and will take over the role of Group Financial Director from Johan effective 1 January 2014. Harry joins the Group from our largest franchise FNB, where he was CFO since 2007.

Brian Riley retires as CEO of WesBank on 31 December 2013 and Chris de Kock, who is currently General Manager: Sales and Marketing at WesBank, replaces him as CEO from 1 January 2014.

This probably seems like a great deal of change over a relatively short period, but the board is very comfortable with these appointments. Given our owner manager culture and the level of empowerment that our management teams enjoy, moving people into senior roles is quite straightforward and seamless. We have overseen many changes in our management teams – at both a Group and franchise level – over the past ten years, and, thanks to the depth and quality of our people, these transitions have been smooth and have ensured continuity and momentum in our operations.

Looking forward, we see some headwinds emerging in our operating environment; however, we expect to continue to produce good organic growth. I believe that our businesses are extremely well positioned to weather a difficult cycle; our balance sheet is strong in that we are well capitalised and well provided. Our operating franchises are in great shape and our growth strategies are playing out as expected. This does not mean that we can be in any way complacent. We have very fierce competition in all of our markets and we must never underestimate them.

In closing I would like to thank Tim Store, who having reached retirement age, retired from the board on 31 May 2013. He has been a stalwart of the board and other Group committees for many years.

During this tenure he was chairman of the audit, risk, capital management and compliance, the social and ethics large exposure and model risk valuation committees. He also played a leading role in developing the mandates of some of these committees. His wisdom and experience will be missed and we wish him a happy retirement.

I also wish Brian Riley, the very best in his retirement, he has overseen an incredibly successful period of growth at WesBank.

I would like to thank Michael Jordaan for the ten years he has spent at FNB, building the business into one of the most powerful financial services franchises in South Africa. We fully understand Michael's desire to spend more time with his young family, and recognise that his five years of commuting weekly from Cape Town has been a significant sacrifice. We wish him luck in his new ventures, which no doubt will be successful and highly innovative in nature.

Finally, thank you to all of the employees of FirstRand, for your hard work and commitment. It is reflected in the Group's performance – let's keep it up!

LLDippenaar

Laurie Dippenaar
Chairman

Sizwe Nxasana / CEO

CEO'S REPORT

Our operating franchises FNB, RMB and WesBank outperformed the market on most financial and operational metrics.

A STRONG PERFORMANCE

FirstRand's diversified financial services portfolio produced another strong performance for the year to June 2013, demonstrating once again the quality and resilience of our operating franchises, FNB, RMB and WesBank; all of which outperformed the market on most financial and operational metrics. A detailed explanation of our financial performance can be found in Johan Burger's COO & CFO's report on page 14.

CONSISTENT EXECUTION ON OUR STRATEGY

This year's performance was again underpinned by the consistent execution on a number of growth strategies as we strive to meet the Group's overall objective; to create long-term franchise value and deliver superior and sustainable returns to our shareholders.

The growth strategies are executed at a franchise level and more detail on progress can be found in the operational reviews on pages 35 to 44.

The strategies exist within a strategic Group framework to:

- become a predominant player in all of the financial services profit pools in South Africa, growing in existing markets and those where we are under-represented; and
- grow our franchise in the broader African continent, targeting those countries expected to show above average domestic growth and which are well positioned to benefit from the trade and investment flows between Africa, China and India.

When considering the first objective; growing in all of the profit pools in South Africa, the first consideration is just how competitive the landscape is, both in terms of traditional and new entrants. When markets are this competitive, it is critical to differentiate.

Over the past few years FNB has successfully grown profitable shares in many of its target markets through developing a highly differentiated customer offering. This has been possible due to its ability to innovate and take new ways of banking to market in a compelling but cost-effective way. For example, FNB's recent growth has been driven by a focus on growing and retaining core transactional accounts by offering customers a uniquely structured banking proposition, supported by exciting rewards programmes and platform innovations such as the banking app, cellphone banking and eWallet. Positive outcomes from this strategy have been the strong increase in transactional volumes, which this year contributed significantly to FNB's overall growth in non-interest revenue, and growth in retail deposits.

Shareholders often ask about the sustainability of FNB's market leadership, and we cite the business's ability to innovate as a key component of ensuring market leadership, particularly when the operating environment becomes even more difficult. We understand that to determine the future performance of a large and complex business on a concept as seemingly "woolly" as innovation may appear simplistic. Therefore, this year we have tried to provide some concrete linkages between FNB's innovation programme and profitability. These examples are described in the *FNB review of operations* on page 36 of this report.

FNB's challenge is to keep innovating and stay ahead of its customers' expectations and needs.

Testament to the success of the innovation programme, FNB was named the most innovative bank in the world during the year under review – a truly remarkable achievement.

Going forward there is no doubt that our competition will continue to "copy" our new products and channels, so FNB's challenge is to keep innovating and stay ahead of its customers' expectations and needs. Having said that however, we also believe it will be difficult for our peers to overtake us, particularly as FNB's innovation programme, which this year alone resulted in over 2 500 implemented innovations, has taken ten years to build. It now has considerable momentum and a deeply embedded business culture driving that momentum. This is not that easy to replicate.

Innovation is also an integral part of RMB's DNA and is a key differentiating factor from both a client facing and operational excellence perspective. RMB provides bespoke solutions and unique structures that are tailored to client needs, and in several instances, introduce new products to the South African market. RMB has implemented the NOVA initiative, which is a programme focused on harnessing innovative thinking throughout the organisation so as to improve operational and risk management processes and generate business growth through new products, marketing and customer services.

At WesBank there is a strong focus to innovate and introduce labour saving and customer enhancing propositions, in addition to value-added products. Examples include:

- iContract in motor was introduced about a year ago and allows for customers to contract online at the point of sale, improving turnaround times and, therefore, positively impacting new business volumes (iContract penetration in the past four months exceeds 70% of deals done).

- FleetVantage was recently launched; the only fuel management system that enables fleet management functionality regardless of card service provider and allows for integration into related interfaces. It is the first fully fledged aggregator of fleet management requirements in the market place and generates additional revenue as it is a "charged for" service.
- The first fleet EMV (credit card chip-based) card was launched late in the financial year in conjunction with FNB. It will result in a major reduction in fraud.
- An inbound corporate acquisition process in the commercial segment is expected to drive growth. It is an automated asset-based finance application and approval process for companies with turnover between R10 million and R40 million. The current turnaround on smaller finance requirements has, to a degree, constrained origination, however, this new electronic application and approval process takes less than 24 hours, is scorecard driven and has grown to around 1 500 applications per month.
- On the operations side, WesBank introduced Dealer on Line, a self-help online process, which has reduced call centre volumes by 20 000 calls per month.

Turning now to those markets or profit pools where we believe we are under-represented. During the year under review, we formally introduced to investors the Group's new generation investment management franchise, Ashburton Investments; FirstRand's fourth financial services franchise sitting alongside FNB, RMB and WesBank.

Since Momentum was unbundled from the Group in 2009, asset management was an identified gap in the Group's portfolio and we recognised that we had the appropriate platforms and skills to now enter the investment management space with innovative investment products. The Group has a track record in creating new businesses that challenge conventional thinking and bring new propositions to customers. To this end we use the track records, skills and operational platforms of our existing businesses as the building blocks for new and disruptive franchises such as Discovery and OUTsurance and now Ashburton Investments. By accessing the origination capabilities of our existing franchises – particularly RMB – we can bring new investment and asset classes to retail and institutional investors. This will be in the form of both alternative and traditional products, which will provide investors with a far wider investment choice than currently exists, offering more sources of return and making it easier for South Africans to save.

Ashburton Investments will differentiate itself by offering sources of return that are not available elsewhere to individual and institutional investors.

The strategic objective of Ashburton is to become the leading new generation investment manager in Africa offering South African, African, Asian and Chinese investment opportunities. In addition to providing traditional, long-term investments in single manager, multi manager and offshore funds, Ashburton Investments will differentiate itself by offering sources of return that are not available elsewhere to individual and institutional investors. For example, we will offer investors the chance to invest in debt financing, private equity and credit investments alongside Ashburton Investments, on the same terms. Product providers to Ashburton Investments will be RMB and Ashburton.

Ashburton Investments is managed completely separately from the banking businesses, namely FNB, RMB and WesBank, which will avoid potential conflicts of interest. Systems are ring-fenced to ensure client information confidentiality.

GROWING IN NEW MARKETS TAKES TIME BUT WE ARE MAKING PROGRESS

I would now like to focus on the progress we are making in our non-domestic growth strategies, the rest of Africa and India.

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

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

We believe this strategy is on track and making good progress and there are three pillars to its execution.

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

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

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

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

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

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

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

The India platform is incrementally gaining good traction in-country and adding value to the African expansion strategy as a whole. Since the year end, RMB facilitated the largest ever investment by an Indian company in South Africa, when it advised Mumbai-listed pharmaceutical group, Cipla India, in its acquisition of South Africa's Cipla Medpro for R5 billion. This was a very significant cross-border transaction in the India/Africa corridor and is indicative of the opportunities that exist.

LOOKING FORWARD, IT REMAINS TOUGH

The global economic situation will continue to place pressure on our earnings and growth potential in the 2013/14 financial year. Macros are a large driver of earnings growth and are becoming tougher. Despite increased domestic headwinds FirstRand expects to continue to produce good organic growth and our franchises have compelling strategies to grow their respective toplines.

In sub-Saharan Africa growth is expected to further strengthen and we will continue to build on our progress in our priority countries.

Sizwe Nxasana
Chief executive officer

Johan Burger | COO & CFO

COO & CFO'S REPORT

FirstRand believes that the increase in focus on integrated financial resource management will allow it to fully optimise the financial, strategic and operational levers required to maximise returns to shareholders.

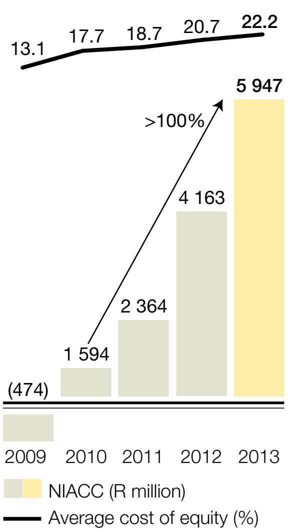
OVERVIEW OF RESULTS

FirstRand produced excellent results for the year ended 30 June 2013, achieving normalised earnings of R15 323 million, an increase of 20% on the previous period, and a normalised ROE of 22.2%, which is at the top end of the targeted range. Dividend per share increased 33% as the dividend cover was reduced to 2.0x (2012: 2.2x). ROA increased to 1.87% (2012: 1.73%), reflecting the Group's higher non-interest revenue (NIR) generating business model and discipline in using the balance sheet only where it can achieve appropriate returns.

Note: all information in this report is presented on a normalised basis.

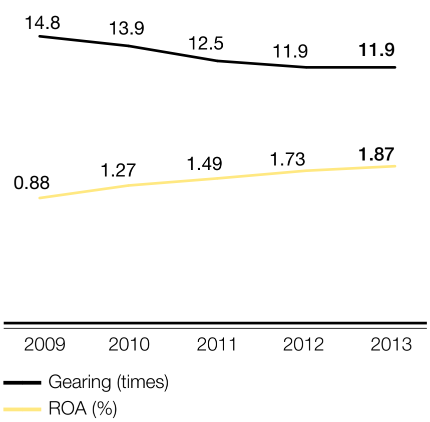
The Group believes the appropriate measure of value creation for shareholders is the return above cost of equity. As shown in the chart below, since 2010 the Group has improved ROE from 17.7% to 22.2%, and economic profits or net income after capital charge (NIACC) increased >100% from R1 594 million to R5 947 million. This is particularly pleasing as it was generated from an improved ROA and not gearing.

NIACC



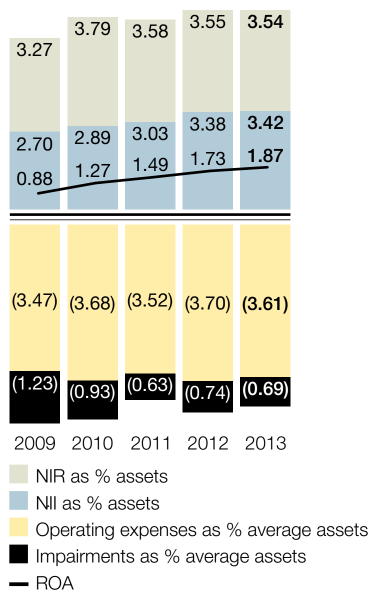
The following chart illustrates that gearing actually decreased from approximately 15x in 2009 to around 12x in the current year, whilst ROA increased from 0.88% to 1.87% over the same period.

ROA



ROA quality has also improved, however, it is now at a cyclical high.

ROA quality has also improved over this period with the client franchise contributing 95% of revenues. It is important to note that the Group's current ROA is cyclically high given that bad debts are still below the bottom end of the long-run average range.

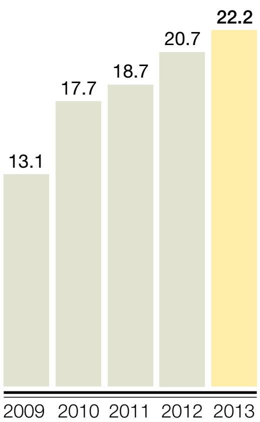


Each item is shown before taxation and non-controlling interests as a percentage of average assets. The ROA reflects normalised earnings after tax and non-controlling interests as a percentage of average assets.

FirstRand uses the key financial performance indicators below to measure the Group's performance against its core purpose to create long-term franchise value.

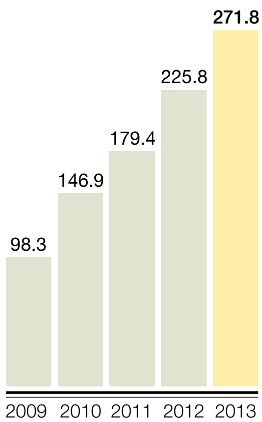
Key performance indicators

ROE (%)



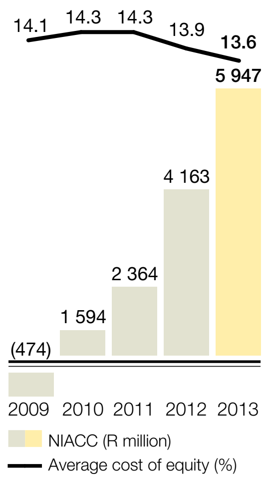
When the Group analyses ROE, it also takes into account the relationship between ROA and gearing levels. The Group's long-term ROE target range is 18% to 22% for normal economic cycles.

EPS (cents)



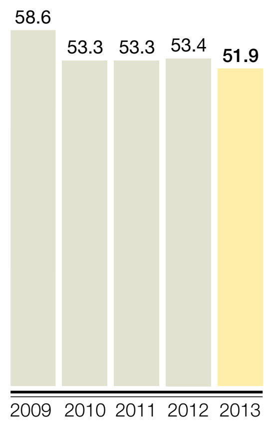
The Group targets earnings growth of 3% to 5% in excess of nominal GDP growth over the long term, as this will vary from year-to-year dependent on economic cycles.

NIACC



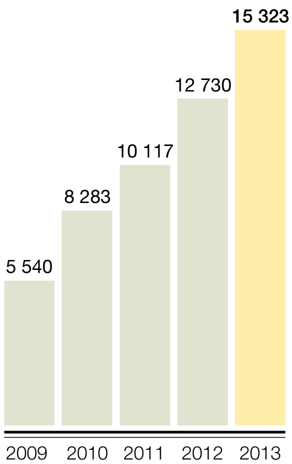
Growth in NIACC is the Group's internal benchmark for assessing performance.

Cost-to-income ratio (%)



The Group monitors efficiency through the cost-to-income measure. Whilst the Group views the cost-to-income ratio as an outcome rather than a target, it recognises that balancing revenue growth and cost growth are key to value creation.

Normalised earnings
(R million)



Other key ratios are indicated in the table below.

Group key ratios – normalised

	Year ended 30 June	
	2013	2012
Earnings (R million)	**15 323**	12 730
ROE (%)	**22.2**	20.7
Diluted earnings per share (cents)	**271.8**	225.8
Return on average assets (%)	**1.87**	1.73
Credit loss ratio (%)	**0.99**	1.08
Credit loss ratio (%) excluding the impact of the merchant acquiring event	**0.95**	0.94
Net asset value per share (cents)	**1 303.1**	1 142.4
Dividend per share (cents)	**136.0**	102.0
Normalised cost-to-income ratio (%)	**51.9**	53.4
Tier 1 ratio (%)	**14.8**	13.2
CET1 ratio (%)	**13.8**	12.3
Net interest margin (%)	**4.97**	4.92
Gross advances (R billion)	**612**	536

A breakdown of earnings from each operating franchise is shown below.

Sources of normalised earnings

for the year ended 30 June

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

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

CONSISTENT STRATEGIES DRIVING FINANCIAL PERFORMANCE

The Group's strong financial performance was driven by the on-going execution of certain strategies which have the objective to provide shareholders with:

- earnings resilience, growth and sustainability;
- balance sheet strength; and
- quality returns.

These strategies are summarised in the table below. Further analysis on these strategies and their impact on financial performance follows-on.

		Strategies
Earnings resilience and growth (income statement)		- diversification; - client franchise businesses; - appropriate risk appetite; and - positive operating jaws.
Balance sheet strength	Assets	- appropriate action in new business origination; - managing NPLs and coverage ratios;
	Liabilities and equity	- grow the deposit franchise and improve liquidity profile; and - maintain strong capital position.
Quality of returns (performance management)		- maintain ROE within target range with focus on ROA not gearing; and - discipline in deployment of capital.

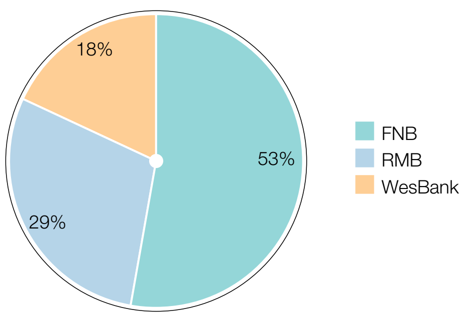
DIVERSIFICATION

FirstRand's portfolio of franchises provides good diversification and represents the appropriate mix of business activities, at both a franchise and segment level. The Group believes, however, that it remains under-represented in certain segments, markets and products and has clear strategies to address these gaps. For instance, the Group launched its new investment management franchise, Ashburton Investments, and more details of this strategy can be found in the *CEO's report*.

Franchise diversification

Normalised earnings (R million)	2013	2012	% change
FNB	**8 162**	6 666	22
RMB	**4 426**	3 654	21
WesBank	**2 852**	2 599	10
Other*	**(117)**	(189)	(38)
Total normalised earnings	**15 323**	12 730	20

* *Comprises FirstRand and dividends paid on NCNR preference shares, Corporate Centre and consolidation adjustments.*

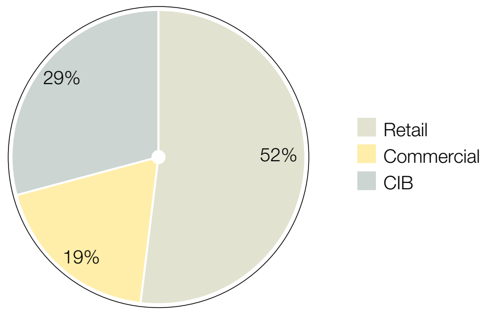


Segment diversification

Normalised earnings (R million)	2013	2012	% change
Retail	**8 027**	6 442	25
Commercial*	**2 987**	2 823	6
Corporate and investment banking	**4 426**	3 654	21
Other	**(117)**	(189)	(38)
Total normalised earnings	**15 323**	12 730	20

* *Includes FNB Commercial and WesBank Corporate.*

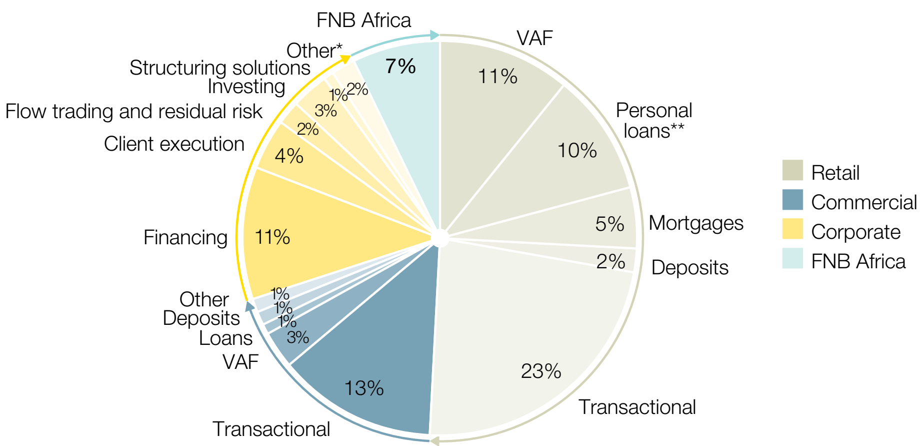
Normalised earnings mix**



** *Excludes FirstRand Limited (company) and dividends paid on NCNR preference shares, Corporate Centre and consolidation adjustments.*

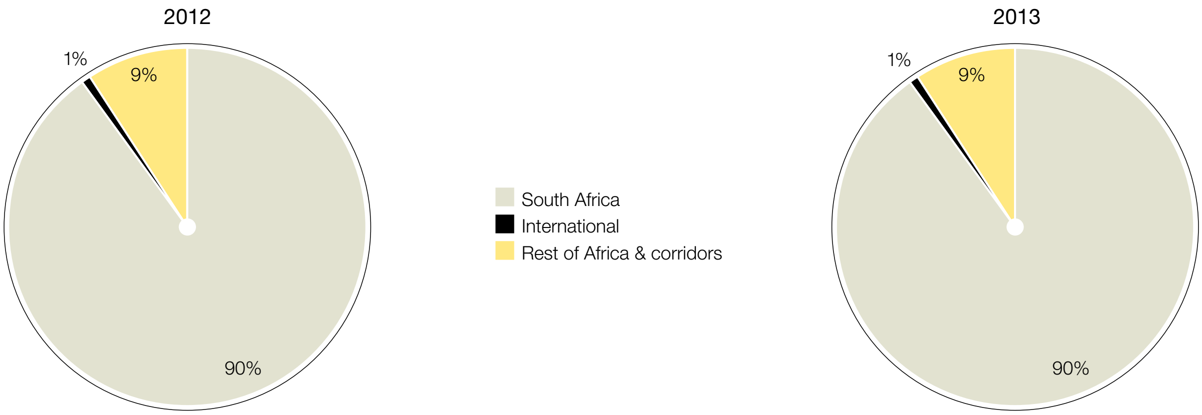
The segment diversification in the year under review reflects the relative positioning of the Group's franchises, with strong contributions from the retail and corporate and investment banking segments. Excluding certain investments in growth initiatives (refer to page 36 of the *FNB review of operations*), the commercial segment produced double digit growth. The overall contribution from retail increased to 52% (2012: 50%) of gross revenue, with corporate and investment banking and commercial contributing 29% and 19%, respectively.

Product diversification



The Group has deep product diversification across its various segments which further underpins its objective to mitigate earnings volatility through an over reliance on specific revenue streams.

Geographic diversification

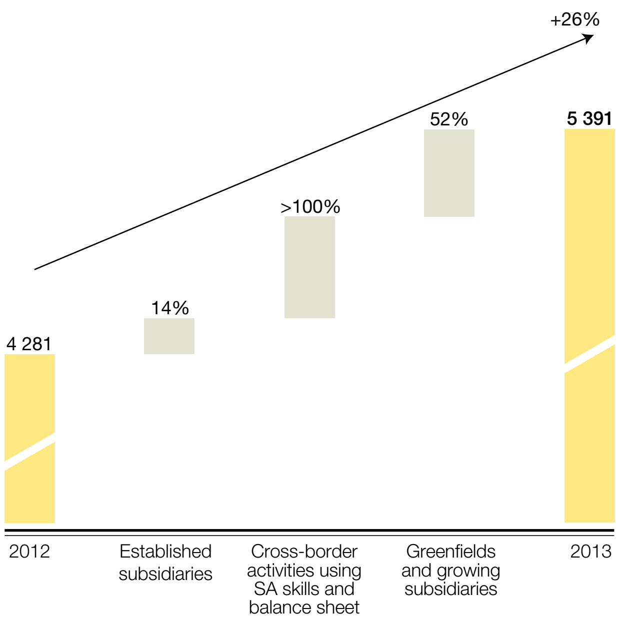


Based on gross revenue, excluding Corporate Centre and consolidation adjustments.

As illustrated above the Group remains concentrated in its domestic market with 90% of revenues generated in South Africa. The ratio has not shifted year-on-year but this is due to the strong rate of growth in the domestic businesses and because the rest of Africa is achieving growth rates similar to the South African business.

FirstRand is making good progress on the execution of its growth strategy in the rest of Africa. This strategy has three pillars, and is outlined in detail in the *CEO's report*. The chart below shows a breakdown of rest of Africa revenue growth (+26%) across the three pillars.

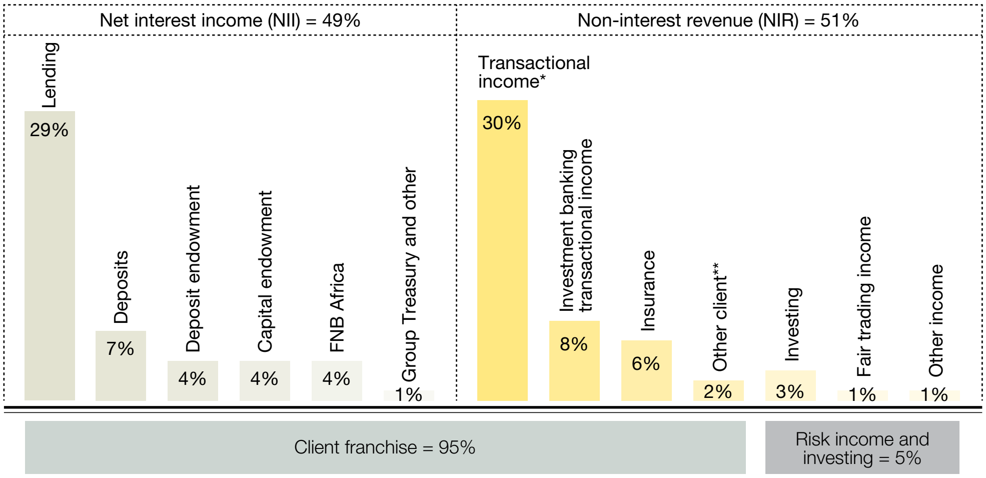
Gross revenue



The established rest of Africa subsidiaries produced a 30% ROE, with returns from the growing subsidiaries still negative at (1.3%). It will take time for these operations to start meeting hurdle rates, however, the Group has remained disciplined in limiting the dilution of the return profile in line with the strategic framework.

GROW CLIENT FRANCHISE BUSINESSES

The chart below illustrates the success of the Group's continued focus on building its client franchises, which now contribute 95% of revenues. Lending and transactional income is the largest contributor at 59% of gross income. The Group's success in building its non-interest revenue franchises is reflected in the 51% contribution to total revenue.



* *From retail, commercial and corporate banking.*
** *Includes WesBank associates.*

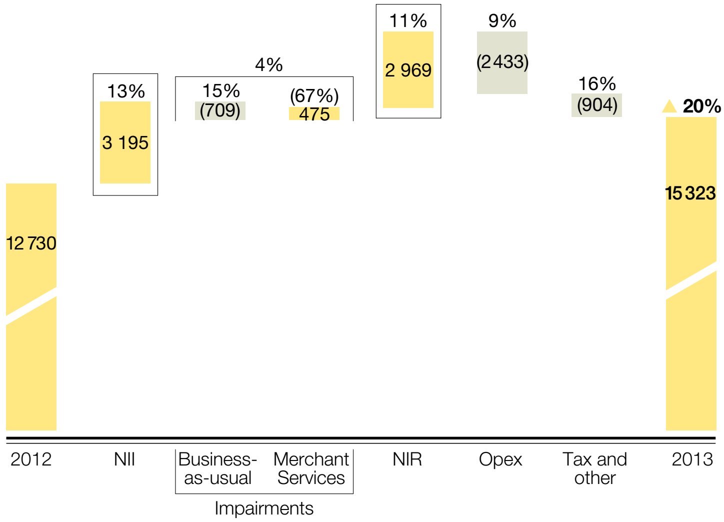
FirstRand is making good progress on the execution of its growth strategy in the rest of Africa and has remained disciplined in limiting the dilution of the return profile.

STRONG TOPLINE UNDERPINS EARNINGS GROWTH

The following chart illustrates that the Group's performance was driven by strong topline growth with NII increasing 13% and NIR growing 11%.

Normalised earnings

(R million)

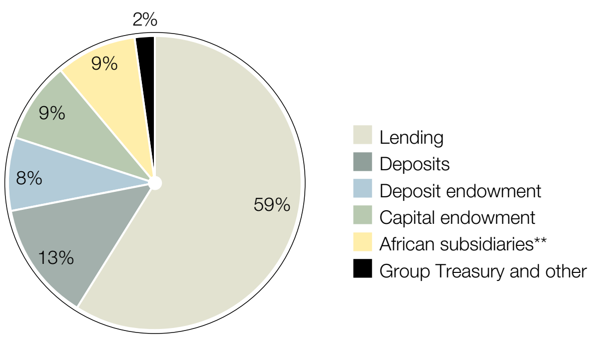


Net interest income growth of 13%

Lending remains the largest contributor to NII (59%), which has grown 21% as a result of both good asset growth and margin expansion. The lower growth from the deposit and endowment portfolios is a function of margin compression due to lower interest rates and competitive pressures.

NII breakdown

Net interest income* (R million)	2013	2012	% change
Lending	**16 648**	13 738	21
Deposits	**3 753**	3 629	3
Deposit endowment	**2 294**	2 117	8
Capital endowment	**2 337**	2 187	7
African subsidiaries	**2 386**	2 137	12
Group Treasury and other	**646**	1 061	(39)
Total net interest income	**28 064**	24 869	13

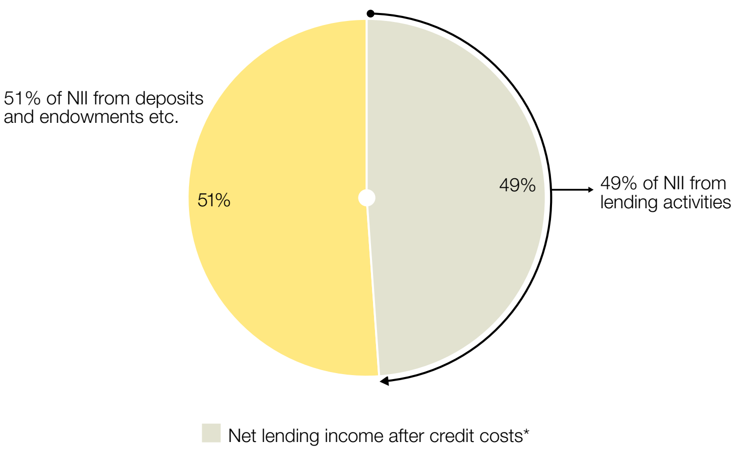


* *After taking funds transfer pricing into account.*

** *Reflects legal entity view.*

After adjusting for risk cost, which the Group believes is the appropriate approach to assessing the margin businesses, the picture is more balanced, as can be seen from the following chart.

Net interest income adjusted for risk cost (i.e. after impairment of advances)



* *Excludes African subsidiaries.*

Margins

Net interest margin improved from 4.92% to 5.07% year-on-year, positively impacted by changes in asset mix to higher margin products and continued repricing, offset by lower margins on capital and deposit endowment as a result of lower interest rates.

Two treasury issues reduced the margin by 10 bps to 4.97%;

- a real cost of 4 bps resulted from the strategy to run a conservative USD liquidity position to deal with rollover risk and provide a buffer for deal pipeline; and
- accounting mismatches (fair value vs accrual) relating to different treatment of assets and liabilities, which reverse over the remaining term of the assets and liabilities.

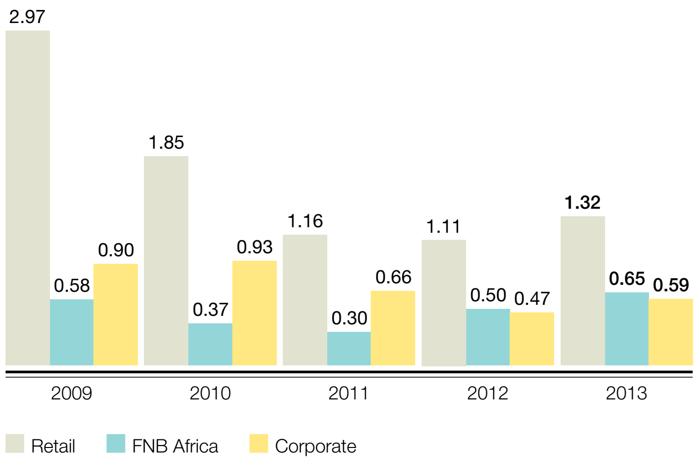
As a percentage of average interest-earning banking assets	%
Normalised margin – June 2012	**4.92**
Capital and deposit endowment	**(0.11)**
Advances	**0.26**
Changes in balance sheet mix	**0.18**
Asset pricing	**0.08**
Liabilities	**–**
Changes in balance sheet mix (deposits)	**0.03**
Changes in balance sheet mix (capital)	**0.01**
Term funding cost	**–**
Deposit pricing	**(0.04)**
Margin before Treasury Impacts	**5.07**
Treasury strategies	**(0.10)**
Foreign currency liquidity buffer cost	**(0.04)**
Accounting mismatches	**(0.06)**
Normalised margin – June 2013	**4.97**

Impairments within the long-run average

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

Credit loss ratio

(%)



Credit loss ratio (%)	2013	2012
Retail – secured	**0.62**	0.58
Residential mortgages	**0.32**	0.56
VAF	**1.14**	0.62
Retail – unsecured	**6.20**	5.37
Credit card	**0.19**	0.24
Personal loans	**9.70**	8.57
Retail – other	**7.47**	8.47
Total retail	**1.32**	1.11
Corporate	**0.59**	0.47
FNB Africa	**0.65**	0.50
Total credit loss ratio*	**0.95**	0.94

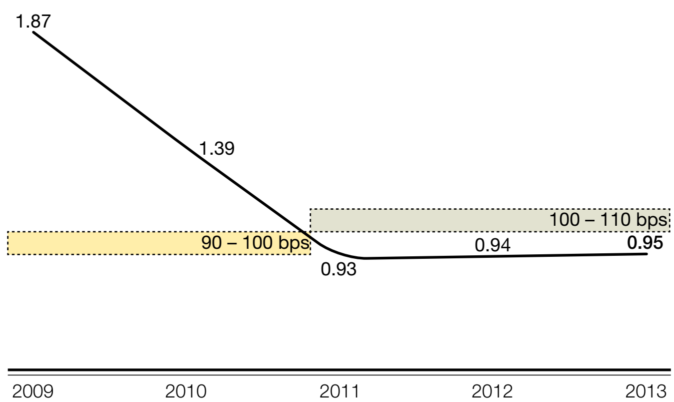
* *Excluding the impact of the merchant acquiring event.*

The retail portfolio impairment charge reflects increasing arrears and portfolio provisioning. The residential mortgage and card books depict prudent actions taken with regard to write-off policies and origination strategies. Defaults in the corporate book are still at very low levels, however, the charge includes increases in portfolio provisions.

As can be seen from the following chart, impairments are still below the long-run average of 100 to 110 bps, however, bad debts are expected to move into and/or above the long-run average going forward.

Credit loss ratio*

(%)

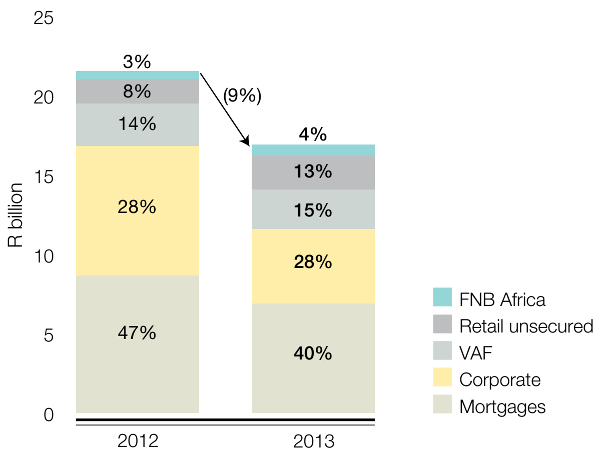


* *Excludes impact of the merchant acquiring event of 4 bps in 2013 (2012: 14 bps).*

Absolute levels of non-performing loans (NPLs) decreased 9%, however, total coverage increased from 60% to 74.3% year-on-year, driven by:

- the shift in the NPL mix from secured to personal loans where losses are higher (more detail on this below); and
- higher portfolio impairments.

NPLs

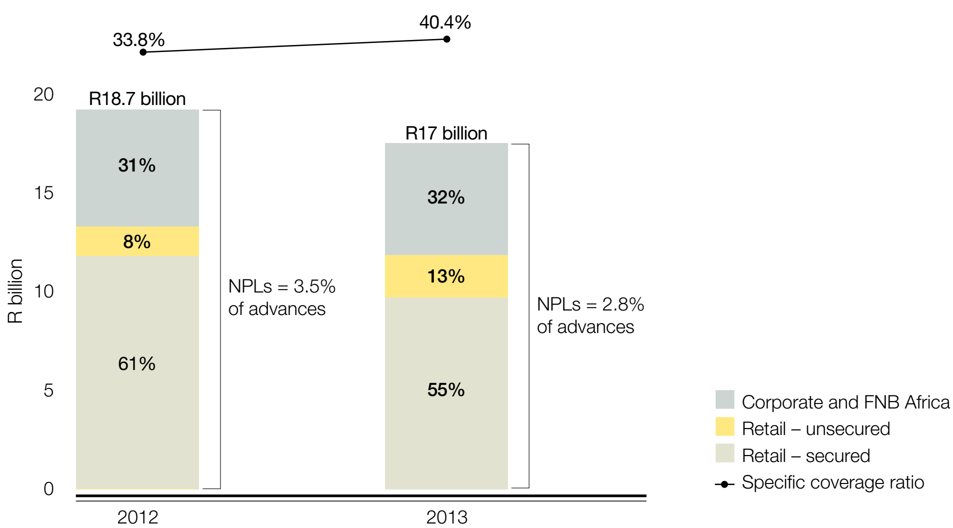


Coverage ratios (%)	2013	2012
Retail – secured	**25.3**	23.5
Residential mortgages	**21.7**	19.9
VAF	**35.0**	35.2
Retail – unsecured	**75.5**	79.7
Credit card	**71.9**	65.7
Personal loans*	**74.5**	80.4
Retail – other	**80.8**	91.2
Corporate	**54.6**	41.2
FNB Africa	**39.1**	48.0
Specific impairments	**40.4**	33.8
Portfolio impairments**	**34.0**	26.2
Total coverage ratio	**74.3**	60.0

* *Includes FNB loans and WesBank loans.*
** *Includes central portfolio overlays.*

The following chart illustrates the NPL mix change. Retail secured now represents 55% (2012: 61%) of NPLs whilst the proportion of retail unsecured NPLs increased from 8% to 13% year-on-year, which in turn has driven higher coverage against NPLs.

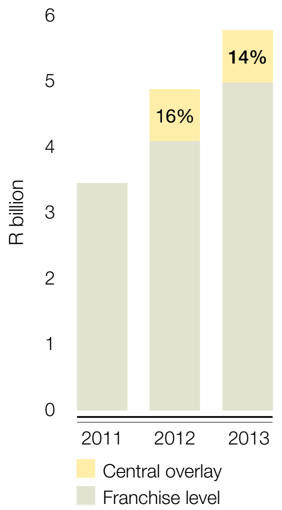
NPL mix



Increased portfolio provisions reflect book growth, resultant arrears and specific prudent actions taken last year. The central overlay constitutes 14% of total portfolio provisions as can be seen from the chart below.

The Group believes that expressing portfolio provisions as a percentage of the performing book is a more meaningful measure than as a percentage of the non-performing book. On this basis, the coverage has increased from 0.76% in 2011 to 0.97% in 2013 and represents approximately one year's bad debt charge.

Portfolio impairment



	2013	2012	2011
Portfolio impairments as % of performing book	**0.97**	0.95	0.76
Bad debt charge* (%)	**0.95**	0.94	0.93
Portfolio impairments (R million)	**5 775**	4 892	3 457

* *Excluding the impact of the merchant acquiring event.*

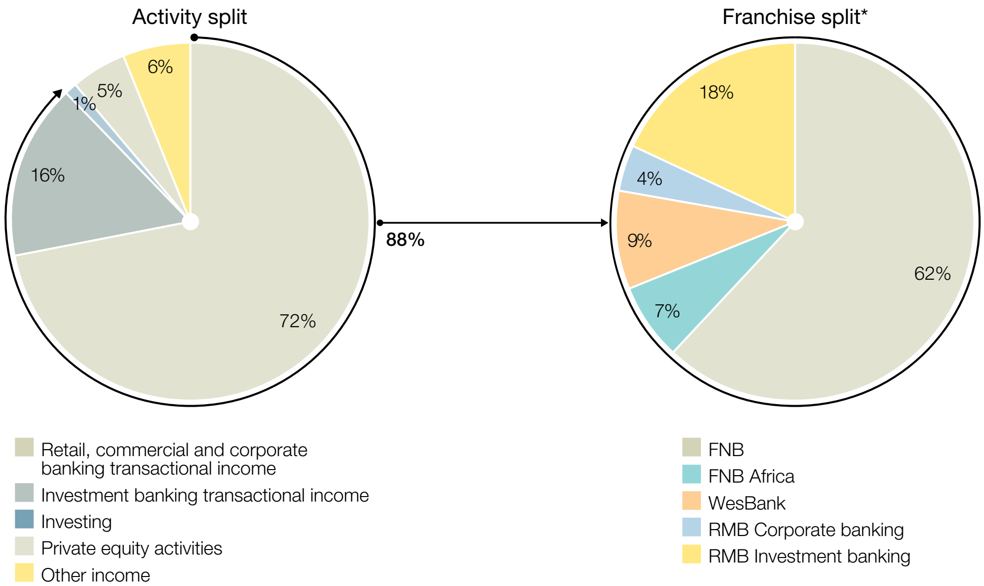
Non-interest revenue up 11%

R million	% of composition of total NIR	**2013**	2012	% change
Transactional non-interest revenue	88	**25 691**	23 014	12
Retail, commercial and corporate banking	72	**20 946**	18 867	11
Investment banking	16	**4 745**	4 147	14
Private equity activities	5	**1 340**	1 123	19
Investment income	1	**154**	152	1
Other income*	6	**1 876**	1 803	4
Non-interest revenue	100	**29 061**	26 092	11

* *Includes WesBank associates.*

The Group has consistently executed on strategies to drive growth in NIR and, in the year under review, this resulted in 12% growth in transactional revenue NIR, which contributes 88% of total NIR, with retail, commercial and corporate banking revenues increasing 11% and investment banking revenues up 14%. Private equity activities grew 19% as a result of some realisations.

NIR breakdown



* *Excludes Corporate Centre and consolidation adjustments.*

The FNB franchise is the largest contributor to transactional revenue at 62%, followed by RMB at 18% and WesBank at 9%. Refer to the *Review of operations* on pages 35 to 44 for more detail on the franchise NIR strategies and growth.

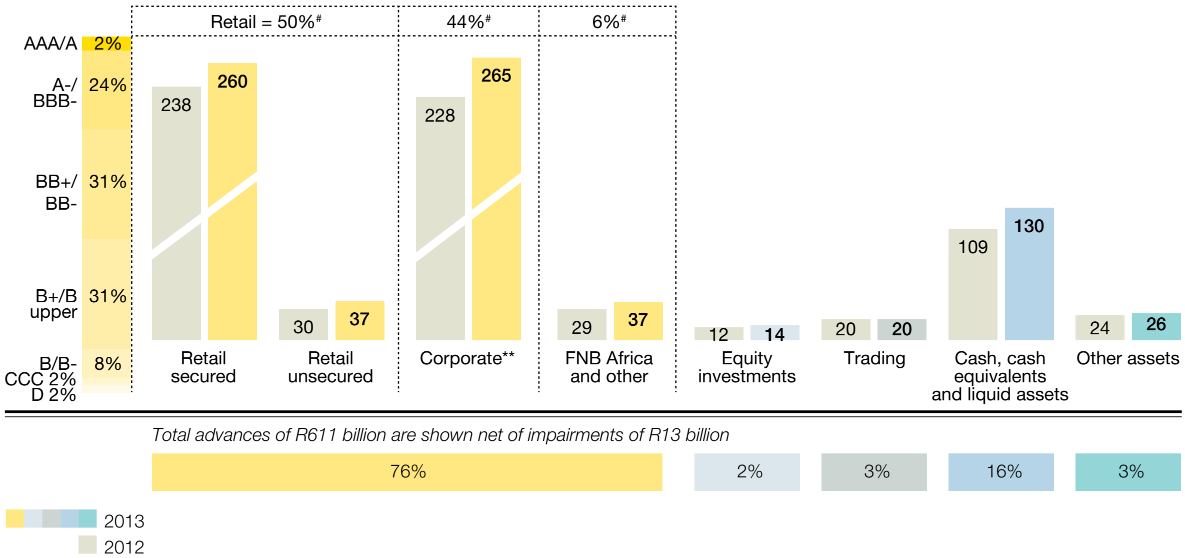
Cost containment

The Group's cost-to-income ratio reduced to 51.9% (2012: 53.4%) reflecting strong topline growth of 12% against cost growth of 9%, which the Group considers a good performance given the current level of investment in growth initiatives.

> The Group has consistently executed on strategies to drive NIR growth, resulting in 12% growth in transactional NIR which contributes 88% of total NIR.

BALANCE SHEET STRUCTURE AND RISK PROFILE

Asset* profile reflects appropriate risk appetite actions



* *Non-recourse-, derivative-, securities lending- and short-term trading position assets and liabilities have been netted off.*
** *Included in corporate advances are African deals on the SA balance sheet of R14.6 billion (2012: R8.2 billion).*
\# *Percentage of advances.*

The Group's asset profile is dominated by a high-quality diversified advances portfolio, which constitutes 76% of total assets. Retail represents 50% and corporate 44% of total advances. In terms of credit quality, 57% of the portfolio has a credit rating of BB- or better. Cash, cash equivalents and liquid assets represent 16% of total assets, with only a small portion related to the investment and trading businesses.

Credit risk

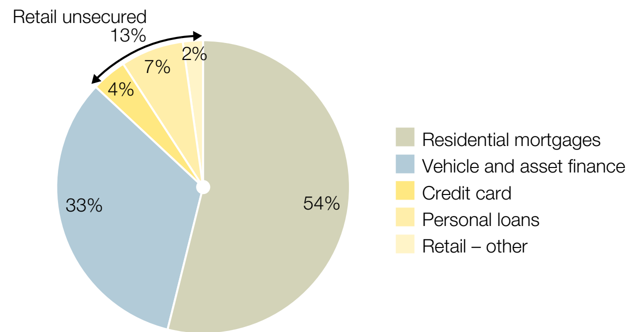
Retail portfolio

The retail portfolio achieved 11% asset growth in the year under review. The strongest growth came from vehicle and asset finance (VAF), credit card and personal loans. Growth in personal loans is, however, slowing given the actions taken in the past 18 months.

Secured lending still constitutes 87% of total retail advances (mortgages 54% and VAF 33%) with unsecured lending at 13%, split between credit card (4%), personal loans (7%) and other retail (2%).

Retail advances breakdown

R million	2013	2012	% change
Residential mortgages	**163 046**	157 851	3
Vehicle and asset finance	**100 598**	81 867	23
Credit card	**13 001**	11 291	15
Personal loans	**20 132**	17 631	14
FNB loans	**12 885**	11 730	10
WesBank Loans	**7 247**	5 901	23
Retail – other	**6 909**	3 742	85
Total retail advances	**303 686**	272 382	11



The chart below provides insight to certain risk appetite actions the Group took, which explain below- or above-market trend growth in the underlying retail products.

Risk appetite actions in the retail portfolios

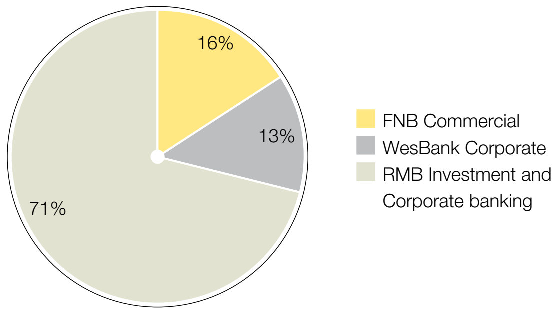
Retail				
Mortgages	**VAF**	**Card**	**Personal loans**	**Other**
Remain conservative with focus on low-risk FNB customers	Gradual reduction of higher-risk with volumes tracking vehicle sales	Conservative, but growing FNB base and increased utilisation driven by rewards	Cut back risk in 2011 and 2012 and tightened affordability as lower-income highly geared	Risk neutral, strongly targeting FNB base as under-represented

Corporate and commercial portfolios

Successful lending strategies in RMB corporate and investment banking (CIB) and FNB Commercial have delivered good growth of 16%. CIB is the largest component of the portfolio at 71%. Growth has been achieved whilst maintaining credit quality.

Corporate advances

R million	2013	2012	% change
FNB Commercial	**42 834**	35 960	19
WesBank Corporate	**34 210**	31 621	8
RMB Corporate banking	**5 101**	2 669	91
RMB Investment banking	**187 865**	162 574	16
Core advances	**147 363**	124 092	19
Repurchase agreements	**40 502**	38 482	5
Total corporate advances	**270 010**	232 824	16



The following chart again illustrates certain risk appetite actions taken in the corporate and commercial portfolios and provides insight on the asset growth numbers.

Risk appetite actions in the commercial portfolios

Commercial				
Commercial property finance	**Agri finance**	**Asset-backed finance**	**Debtor and leverage finance**	**Rest of Africa**
↑	↑	→	↑	↑
Growing as under-represented – focus on banked, owner-occupied	Diversifying exposure across commodities and geographically	Focus on lower risk and banked customers across target asset classes	Focus on banked customers and driving facility utilisation	Leverage growing footprint to target SA clients and low risk domestics

Risk appetite actions in the corporate portfolios

Corporate			
Working capital finance	**Infrastructure finance**	**Cross-border rest of Africa**	**SA corporate**
→	↗	↑	↑
Tracking nominal SA GDP	SA renewable energy projects with strong drawdown pipeline projected	Primarily structures financing in hard and soft commodities within strategic African countries	Lead arranger of the larger acquisition and leveraged finance transactions for SA debt capital markets

A detailed overview of the Group's credit risk profile and risk management practices is provided in the *Risk and capital management report* in the annual integrated report.

Market risk

RMB continues to assume market risk in relation to its client activities (market making in local markets, hedging and client facilitation). Market risk exposures are strictly monitored and managed with risk appetite and limits set in relation to the size of the earnings and capital base. VaR and ETL limits are dealt with in more detail in the *Risk and capital management report* in the annual integrated report.

Equity investment risk

Equity investment risk stems primarily from RMB's private equity activities. The Group's portfolio is diversified across different investment teams, industries and counters.

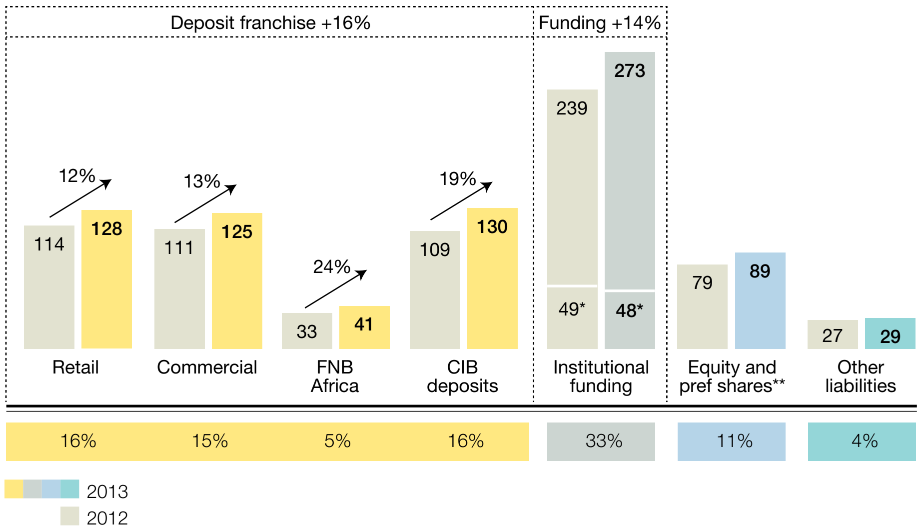
The private equity portfolio is equity accounted or consolidated (as applicable), and not marked-to-market. The significant unrealised value of approximately R1.7 billion (2012: R1.6 billion) mitigates earnings volatility. Refer to the *Risk and capital management report* in the annual integrated report for more detail.

The Group's risk appetite remains conservative in retail lending portfolios. Growth in corporate and investment banking advances has been achieved whilst maintaining credit quality.

Liability profile reflects strengthening deposit franchise and liquidity management and strong capital position maintained

Liabilities# and equity

(R billion)



* *CIB institutional funding.*

** *Includes ordinary equity, non-controlling interests, NCNR preference shares and Tier 2 liabilities.*

\# *Net of derivatives and short trading positions.*

Non-recourse deposits and securities lending included in deposits.

Funding and liquidity

The Group has continued to grow its deposit franchise and take proactive liquidity management actions, resulting in deposit franchise growth outpacing institutional funding growth.

The deposit franchise grew across all segments, with retail up 12% on the back of customer acquisition and innovative products, commercial up 13% as a result of dedicated sales teams and product development, and 19% growth in CIB driven by focused sales teams and innovative liquidity products.

Since 2010, better source and term deposits contributed 83% of liability growth:

- 70% of the growth came from the deposit franchise, 13% from capital markets and 17% from other institutional funding; and
- the weighted average remaining term of institutional funding has been further extended from 17.4 months in 2010 to 20.4 months.

Capital

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

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

Capital ratios and targets

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

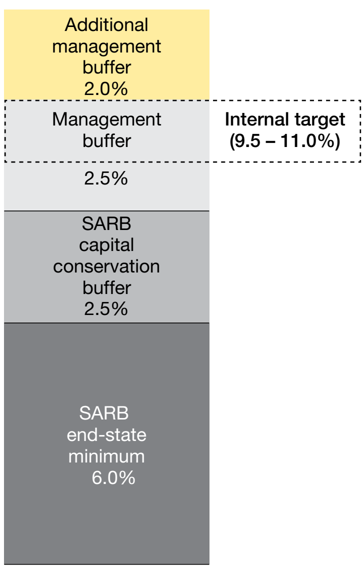
* *Reflects solo supervision, i.e. FRB excluding foreign branches.*
** *The regulatory minimum excludes the bank-specific individual capital requirement.*

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

- SARB end-state minimum of 6%;
- SARB capital conservation buffer of 2.5%;
- a management buffer of 2.5% which covers business as usual organic growth, stress and volatility and sufficient flexibility for possible regulatory change; and
- an additional management buffer of 2% (R10 billion) which is currently allocated for deployment in support of the Group's expansion strategy.

This breakdown is shown in the chart below.

Breakdown of Group's economic view of CET1



CET1 composition

The appropriateness of the level of payout to shareholders will be re-evaluated on an annual basis.

Dividend strategy

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

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

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

Interest rate risk in the banking book

The Group does not take interest rate views in the banking book as all interest rate positions are transferred to Group Treasury and hedged out in the market. The endowment portfolio (capital and lazy deposits) accounts for the majority of interest rate risk in the banking book and the Group is exposed to interest rate cuts. The Group strategically manages the interest rate profile in its endowment portfolio and evaluates hedging options on an ongoing basis. A 100 bps cut in interest rates would reduce margins between 15 and 20 bps before any hedging activities.

FINANCIAL RESOURCE MANAGEMENT

The Group's strategic financial resource management objectives are aligned to the requirements of key stakeholders, namely, shareholders, debt holders (including depositors) and regulators. These objectives are to:

- generate sustainable and less volatile returns; and
- maintain a strong balance sheet.

In line with this mandate, the Group has implemented an integrated financial resource management approach.

The ultimate objective of the financial resource management process is to manage the level of volatility in the Group's earnings. To achieve this objective, the Group requires a deep understanding of the risk inherent in its earnings base as this is a primary determinant of the Group's actual risk capacity (refer to the *Risk and capital management report* in the annual integrated report or more detail on risk appetite and capacity). The Group also assesses how much of its risk capacity should be utilised by each franchise in different macroeconomic scenarios.

The financial resource management function manages three critical pillars:

- deployment of capital;
- allocation of funding and liquidity; and
- risk capacity allocation and utilisation to achieve desired volatility profile.

The Group sets minimum balance sheet and return targets (top-down) for different economic cycles. Based on the relative size of a franchise's earnings, it sets a volatility profile (bottom-up) aligned to the overall Group objectives. The targets for a normal cycle are outlined below.

Balance sheet and return targets

Description	Target
Targeted capital adequacy ratio (CAR)	12% to 13.5%
ROE target	18% to 22%
Liquidity coverage ratio	60%
Credit rating	Sovereign rating

CONCLUSION

When assessing the results for the year to June 2013 it is pleasing to note that FirstRand continues to deliver on its strategic objectives. Going forward the Group will measure, monitor and refine these objectives. FirstRand believes that the increase in focus on integrated financial resource management will allow it to fully optimise the financial, strategic and operational levers required to maximise returns to shareholders.

Johan Burger
Chief operating officer and chief financial officer

Review of operations

22%	35.6%	14%
normalised earnings	*return on equity*	*total deposits*

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

Michael Jordaan / CEO
First National Bank

EXECUTION ON STRATEGY

FNB's performance in the year under review can be attributed to its 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. The banking app, cellphone banking and eWallet innovations also continued to attract and retain customers.

This has resulted in a net increase of 1.1 million active accounts in the year under review. In addition, FNB's success in cross selling to its customers also increased the average products per customer. A further positive outcome from this growth is the commensurate increase in deposits and transactional volumes, particularly on the back of FNB's deliberate objective to drive customers onto its electronic platforms.

Innovation remains central to FNB's growth strategy, with the internal innovation programme producing 2 571 innovations implemented during the period, all of which have contributed to earnings.

There are four strategic drivers to FNB's innovation;

- gain new customers and migrate customers onto low cost electronic channels;
- retain and increase cross-sell to existing customers;
- drive operational efficiencies and reduce fraud; and
- return value to customers through rewards.

Examples of how particular innovations arising from these drivers have directly impacted FNB's performance include:

- 20% growth in Business Banking customers since the launch of eBucks for Business;
- increased cross-sell from 2x to 2.13x with more take-up to come from the existing base;
- lower credit card fraud despite higher card turnover;

- 16% reduction in customers teller cash volumes while ADT cash deposits are up 47%;
- branch costs are flat for another year whilst card swipes are up 26%; and
- manual transactions have dropped 0.6% and electronic transactions have increased 17%.

FNB's technology has created a safe and secure way for customers to bank online and through smart devices and cellphones. Savings and economies of scale generated from the use of electronic channels are passed on to customers through lower fees and attractive rewards, hence total NIR growth is lower in percentage terms to that of volume growth.

PERFORMANCE COMMENTARY

FNB produced strong topline growth resulting in a 20% increase in normalised profit before tax and an ROE of 35.6%. This was achieved despite pressures from lower interest rates, continued investment in the expansion into the rest of Africa and higher bad debts.

	FNB SA			FNB Africa			Total FNB		
R million	**2013**	2012	%	**2013**	2012	%	**2013**	2012	%
Net interest income	**13 175**	11 073	19	**2 375**	2 132	11	**15 550**	13 205	18
Non interest revenue	**16 166**	14 715	10	**1 793**	1 476	21	**17 959**	16 191	11
Operating expenses	**(16 059)**	(14 414)	11	**(2 353)**	(2 061)	14	**(18 412)**	(16 475)	12
Income before indirect tax	**10 457**	8 665	21	**1 627**	1 432	14	**12 084**	10 097	20
Indirect tax	**(388)**	(382)	2	**(55)**	(47)	17	**(443)**	(429)	3
Income before direct tax	**10 069**	8 283	22	**1 572**	1 385	14	**11 641**	9 668	20
Normalised earnings	**7 467**	6 150	21	**695**	516	35	**8 162**	6 666	22
Advances	**238 675**	220 574	8	**32 720**	25 420	29	**271 395**	245 994	10
Total deposits	**242 572**	216 179	12	**40 771**	33 403	22	**283 343**	249 582	14
NPLs (%)	**4.2**	5.3		**2.1**	1.9		**4.0**	4.9	
Cost-to-income ratio (%)	**54.7**	55.8		**56.4**	57.0		**54.9**	56.0	
Credit loss ratio (%)	**1.25**	1.28		**0.65**	0.50		**1.18**	1.20	
ROA (%)	**3.16**	2.78		**1.6**	1.38		**2.92**	2.58	
Advances margin (%)	**3.21**	2.64		**4.83**	4.76		**3.21**	2.64	

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

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

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

	Deposit growth		Advances growth	
Segments	%	**R billion**	%	**R billion**
Retail banking	12	**13.2**	6	**11.2**
FNB Africa	22	**7.4**	29	**7.3**
Commercial	13	**13.2**	19	**6.9**

Within the retail banking segment, residential mortgages grew 3% (reflecting FNB's deliberate strategy to only originate in low-risk categories), card issuing grew 15% on the back of new customer acquisition and personal loans grew 10% year-on-year. On a rolling six-months basis personal loans grew only 2% reflecting the ongoing adjustments in credit appetite in that segment. The R1.8 billion decrease in NPLs in residential mortgages also positively impacted NII.

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

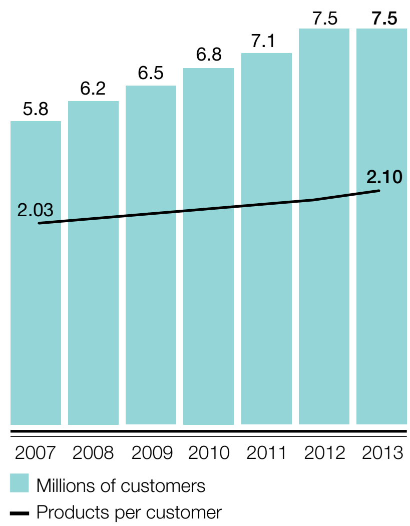
NPLs in FNB's residential mortgages book reduced over R1.8 billion reflecting the strategy to proactively work out NPLs from early 2008 with the consequential write-offs. FNB continues to reap the benefits of programmes such as QuickSell and QuickFix, which aim to minimise FNB's loss. QuickSell has been effective in selling over 7 200 properties into the market since inception of the programme.

FINANCIAL & OPERATIONAL HIGHLIGHTS

- the 7-Day Interest Plus deposit book growth of 72% year-on-year;
- eBucks rewards payout grew 34% to R723 million;
- properties in possession in SA reduced 51% year-on-year to 290 and reflect a total value of R14 million;
- active banking app users increased more than 100% year-on-year to 535 000;
- Africa point of sale devices rollout increased 31% year-on-year;
- 51% growth in cellphone banking prepaid purchases in rest of Africa;
- the renewed focus on Business Banking resulted in 25% increased in active sales 25%;
- assets under execution in the FNB Securities business grew 22% year-on-year;
- commercial property term loans achieved a record payout of R4.6 billion year to date; and
- 71% growth eWallet transaction volumes.

CUSTOMER FRANCHISE AND OPERATING FOOTPRINT

FNB believes strong customer relationships are key to the sustainability of its business and in order to understand its success in building these relationships, it measures growth in customers and improvement in cross sell.



To monitor customer satisfaction, FNB uses the Voice of Customer Instrument (a customer experience measure) to continuously monitor the service quality. This instrument measures the:

- quality of specific service attributes of a channel in relation to customer expectation;
- problems clients have with specific channels; and
- overall level of experience with FNB and the quality of its service.

FNB's overall score is 67, with 81% of customers having a positive experience (rating between 8 and 10 out of 10) with 2% of customers having a negative experience (rating between 0 and 2 out of 10).

FNB believes the quality of its franchise can also be measured by independent endorsements such as awards. Awards received by FNB SA in the year include:

- Most Innovative Bank in the World.
- SA's Strongest Brand.
- Largest financial institution on all major social media platforms in SA.

- Winner of M&G Top Companies Reputation Index Awards 2012 in the Bank and Financial Company Categories.
- SA's Leader in Cellphone Banking & SA's Leader in Online Banking.
- Best Branch Strategy of the year award from Retailer Banker International for the work done in Branch Cash Management & Optimisation.
- Sunday Times Generation Next Coolest Bank Award for the second year in a row.
- SA's Most Reputable Bank.
- Ministers Award for Excellence in the Technology Top 100 Awards.

FNB's African subsidiaries also received recognition, including:

- FNB Namibia received the 'Banker of the Year Award' for the best bank in Namibia. This is the fourth consecutive year.
- FNB Swaziland was voted the Best Bank in Swaziland by the 'The Banker' magazine for the third time (2010, 2011, 2012).
- FNB Zambia received the following awards: Best Bank of the year by Kitwe Chamber of Commerce, Best Electronic Banking products in Zambia, Best VAF bank in Zambia, Best Customer Service in the Financial Services Industry in Zambia and PMR diamond and gold award for best business banking and personal banking respectively.
- FNB Mozambique was awarded the 'PMR Golden Arrow Award' in 2013 for excellence in personal banking.

FNB continued to increase its operating footprint in both South Africa and its African subsidiaries. FNB Mozambique extended its footprint with two new branches and an expansion in the ATM network along with the launch of numerous new products.

FNB was awarded:

- **most innovative bank in the world**
- **SA's strongest brand**
- **SA's most reputed bank**

FNB Zambia grew its branch network from seven to ten branches year-on-year, resulting in increases in customer numbers and balance sheet. During the period, FNB Zambia opened the first SLOW Lounge outside of South Africa. FNB Swaziland increased its ATM footprint adding 12 new ATMs and now represents the largest ATM network in Swaziland. The purchase of prepaid electricity across all channels (ATM, cellphone banking and online banking) was also successfully rolled out.

	FNB – South Africa			FNB – Rest of Africa		
	2013	2012	% change	**2013**	2012	% change
Banking channels:						
Representation points (branches, agencies)	**771**	775	(1)	**117**	108	8
ATMs	**4 582**	4 816	(5)	**534**	523	2
ADTs	**1 040**	806	29	**–**	–	
Total ATMs (including ADTs)	**5 622**	5 622	–	**534**	523	2

21%	24.8%	20%
normalised earnings	*return on equity*	*core advances*

RMB represents the Group's activities in the corporate and investment banking segments in South Africa, the broader African continent and India. Recognised as South Africa's leading investment banking franchise, RMB also has a growing physical presence in the rest of Africa and India.

Alan Pullinger / CEO
Rand Merchant Bank

EXECUTION ON STRATEGY

RMB 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 is delivering a high quality and sustainable earnings profile. When assessing the relative revenue contribution across the portfolio the largest contributors to client activities were financing and client execution.

During the year, in support of FirstRand's investment management strategy, RMB has invested in both its product and platform capabilities which is expected to provide further stability to earnings as this initiative gains momentum. RMB is originating ETFs, structured products and specialised fund products; produced by Global Markets and the Investment Banking Division, which are supplied to and distributed by Ashburton Investments and other Group franchises.

The rebranding of the Group's corporate banking business to RMB Corporate Banking and the alignment of this franchise under RMB also supports RMB's client-centric strategy, by offering holistic corporate and investment banking solutions to the large corporate and institutional segment. During the year the transactional banking sales teams across Global Markets and RMB Corporate Banking merged to create a Treasury Solutions team, which will strengthen this client offering.

RMB has continued to expand its franchise outside of South Africa. RMB Nigeria was launched during February 2013 and good progress has been made to establish RMB's offering in the Nigerian and broader west African market. In addition RMB's physical presence "on the ground" has generated leads and opportunities for the broader Group. RMB generated strong growth in its corporate advances from the rest of Africa by leveraging its footprint and through suitcase banking activities, with transactions being booked on in-country, South African and London balance sheets. Financing revenues grew strongly on the back of balance sheet growth (up 76% to R16.4 billion) in the rest of Africa. The profit contribution from the rest of Africa is around 7% of RMB's profits, after related expansion costs.

RMB's in-country presence in India has also yielded benefits by enabling the business to capture corridor flows. In addition to the successful Global Markets' gold and fixed income operations, opportunities provided by RMB's physical presence have provided the Investment Banking Division with significant cross-border transactions in the strategic India/Africa corridor.

PERFORMANCE COMMENTARY

	Investment banking			Corporate banking		
	Year ended 30 June			Year ended 30 June		
R million	**2013**	2012	% change	**2013**	2012	% change
Income before indirect tax	**5 585**	4 770	17	**585***	549	7
Indirect tax	**(60)**	(67)	(10)	**(33)**	(15)	>100
Income before direct tax and special impairment	**5 525**	4 703	17	**552**	534	3
Special impairment	**–**	–	–	**(15)**	(300)	(95)
Income before direct tax	**5 525**	4 703	17	**537**	234	>100
Normalised earnings	**4 035**	3 482	16	**391**	172	>100
Total assets	**350 244**	328 890	6	**5 331**	3 087	73
ROE (%)	**24.2**	24.1		**30.6**	12.5	
ROA (%)	**1.19**	1.20		**9.89**	5.75	
Cost-to-income ratio (%)	**39.0**	41.5		**65.0***	69.7	

* *Includes add back of software impairment of R248 million.*

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

The strength of RMB's franchise is recognised by a number of major awards during the year including:

- **DealMakers**
  - 1st in Mergers and Acquisitions (by value and volume)
  - 1st in General Corporate Finance (value)
  - 1st in General Corporate Finance Sponsors
- **PWC Banking Peer Survey**
  - 1st M&A and Listings
  - 1st in Underwriting
  - 1st in Rates Trading
  - 1st in Equities Trading
- **African Banker awards**
  - Investment Bank of the Year
- **EMEA Finance**
  - Best convertible bond in EMEA
  - Best corporate bond in Africa
  - Best telecoms deal in Africa
  - Best sustainability deal in EMEA
  - Best project finance deal in Africa
- **The Banker Deal of the Year (DOTY) Awards**
  - Corporate Bonds African DOTY
  - FIG Capital Markets African DOTY
  - Sovereign Bond African DOTY
  - Restructuring African DOTY

Divisional results

Normalised profit before tax R million	Year ended 30 June **2013**	 2012	% change
Global Markets	**1 931**	1 628	19
Investment Banking	**3 418**	2 857	20
Private Equity	**688**	815	(16)
Other	**(512)**	(597)	14
Investment banking	**5 525**	4 703	17
Corporate Banking	**537**	234	>100
RMB	**6 062**	4 937	23

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

The Investment Banking division (IBD) also delivered strong results increasing pre-tax profits 20% to R3 418 million. The growth was balance sheet-led with advances up approximately 16%, which was higher than the broader domestic market growth levels and included strong growth from the African portfolio. IBD also benefited from strong deal flow in healthcare, renewable energy and telecommunications sectors.

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

RMB's presence in India has provided significant cross border opportunities in the strategic India/ Africa corridor.

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

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

WESBANK REVIEW OF OPERATIONS

WesBank

10%	32.8%	19%
normalised earnings	*return on equity*	*advances*

WesBank represents the Group's activities in asset-based finance in the retail, commercial and corporate segments of South Africa and the 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.

Brian Riley / CEO
WesBank

EXECUTION ON STRATEGY

WesBank's strong performance for the year reflects its strategy to build long-standing alliances with leading motor manufacturers, suppliers and dealer groups. This has allowed WesBank to continually strengthen its market leading position in its chosen markets. WesBank follows a similar dealer-driven strategy in the UK business, operating under the MotoNovo Finance brand.

WesBank continues to focus on growing its core business, while concurrently developing meaningful and sustainable earnings streams from businesses complementary to the core retail-based asset finance operation in South Africa. The retail motor business has seen further strengthening of its alliances with manufacturers and dealers. WesBank believes its point-of-sale presence, strong relationships and alliances, coupled with efficient acquisition processes and competitive commission structures, allows it to originate high-quality business.

WesBank's corporate and commercial offering is gaining significant traction and now incorporates a full suite of products, including traditional instalment finance, leases and rentals (through its subsidiary RentWorks), Auto Card and Fleet Management services and Full Maintenance Rental. The collaboration efforts between WesBank, FNB Commercial and RMB have also increased and are contributing more material origination volumes and efficient acquisition and risk management processes.

The MotoNovo Finance motor retail business, predominantly represented in the independent dealer used-vehicle sector, has also enhanced its presence in that market.

The unsecured lending business, marketed under a number of alliance brands, including Direct Axis, CashPower, Telesure and Clientele personal loans, has also shown good new business and advance growth. In spite of customer affordability concerns in the market, the personal lending business has not experienced material deterioration in the quality of its in-force or newly originated book, a consequence of the application of a consistent and disciplined credit appetite.

Given the cyclical nature of WesBank's core business, through these strategies to diversify revenue streams, from both a sector and geographical perspective, coupled with more effective credit risk management, the franchise is expected to deliver sustainable returns with lower levels of earnings volatility.

PERFORMANCE COMMENTARY

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

Financial performance

	Year ended 30 June		
R million	**2013**	2012	% change
Net interest income	**6 852**	5 849	17
Impairments	**(1 632)**	(1 100)	48
Non-interest revenue*	**3 461**	3 045	14
Operating expenses	**(4 446)**	(3 938)	13
Income before indirect tax	**4 235**	3 856	10
Indirect tax	**(219)**	(206)	6
Normalised profit before tax	**4 016**	3 650	10

* *Includes share of profits from associates.*

Other key performance metrics are incorporated in the table below

Key ratios

	Year ended 30 June	
%	**2013**	2012
ROE	**32.8**	33.9
Cost-to-income ratio	**43.1**	44.3
Credit loss ratio	**1.25**	0.99
NPLs	**2.73**	3.47
ROA	**2.14**	2.33
Interest margin	**5.30**	5.22

Interest margins were maintained at similar levels to the prior year. Repricing efforts over the past several years, in addition to the shift in the mix of new business to a greater proportion of fixed rate, has now vested fully in the origination of new business and pricing is coming under renewed competitive pricing pressures.

ROE and ROA remain strong despite some downward pressure due to the increase in the credit loss ratio, which is expected at this stage of the credit cycle. The increase in credit losses do not relate to worsening trends in default accounts, which have actually improved in the core retail motor business year-on-year, but rather reflect an increase in portfolio and IBNR provisioning, in contrast to releases in the prior year. NPLs (as a percentage of advances) have reduced 21% since the 2012 financial year end, in spite of the proportion of debt review accounts performing in respect of renegotiated repayment terms increasing from 13% of NPLs to 18%.

Credit appetite in the local retail lending businesses has remained conservative and is very closely monitored. Arrear and vintage performances continue to track within expectation and the overall risk profile remains well within agreed risk thresholds.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Advances growth of 19% to R142 billion:
  - new business growth of 17% to R79.5 billion;
  - motor new business growth of 16% to R53.9 billion;
  - corporate new business growth of 13% to R13.4 billion;
  - unsecured lending new business growth of 27% to R5.4 billion; and
  - MotoNovo new business growth of 30% to R6.8 billion.
- Three new alliances in unsecured lending business.
- Introduction of online self-help functionality to support customer service deliverables.
- Enhancement of the iContract origination process and increased automation at point-of-sale.
- Good traction in the Full Maintenance Rental business, with the book in excess of R1.5 billion.
- Geographic and product expansion in MotoNovo Finance.
- Introduction of innovative fleet management portal in support of the Fleet Card business.
- Continued positive outcomes in respect of customers under debt review.

STATEMENT OF HEADLINE EARNINGS – IFRS (AUDITED)

	Year ended 30 June		
R million	**2013**	2012	% change
Profit for the year (refer page 97)	**15 678**	14 369	9
Non-controlling interests	**(842)**	(898)	(6)
NCNR preference shareholders	**(297)**	(275)	8
Earnings attributable to ordinary equityholders	**14 539**	13 196	10
Adjusted for:	**575**	(554)	(>100)
Loss on disposal of investment securities and other investments of a capital nature	**13**	20	
Gain on disposal of available-for-sale assets	**(33)**	(154)	
Losses/(gains) on disposal of investments in associates or joint ventures	**1**	(473)	
Gain on disposal of investments in subsidiaries	**(63)**	(266)	
Loss on the disposal of property and equipment	**77**	49	
Fair value of investment properties	**(7)**	(12)	
Impairment of goodwill	**438**	115	
Impairment of assets in terms of IAS 36	**306**	7	
Gain from a bargain purchase	**(14)**	–	
Other	**(122)**	41	
Tax effects of adjustments	**(41)**	43	
Non-controlling interests adjustments	**20**	76	
Headline earnings	**15 114**	12 642	20

RECONCILIATION FROM HEADLINE TO NORMALISED EARNINGS (AUDITED)

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

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

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 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 are 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. SIC 12 requires that these share trusts 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 for the IFRS 2 expense 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.

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, 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 purposes of calculating normalised earnings, 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.

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, 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, upstream and downstream profits are eliminated when equity accounting is applied, and, in terms of IAS 32, 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 earnings, 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 itself 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. 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

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 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.

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. 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.

REALISATIONS ON THE SALE OF PRIVATE EQUITY SUBSIDIARIES

In terms of *Circular 2/2013, Headline Earnings per Share*, 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.

IMPAIRMENT OF BJM AND ASHBURTON GOODWILL AND SOFTWARE ASSETS

In the current year the goodwill relating to BJM and Ashburton was impaired. In addition, RMB's Corporate Banking Division impaired IT-related intangible assets. These impairments have been excluded from both headline earnings (*Circular 02/2013, Headline Earnings per Share*) and normalised results.

TRACKER AND RONALD SEWELLS

The Group previously owned 36.11% of Tracker Proprietary Limited (Tracker). On 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 effective shareholding of 36.11% to 1 October 2011 and at 20.35% from 1 October 2011 to 30 June 2012.

In addition, WesBank disposed of its subsidiary, Ronald Sewells, effective August 2011.

Profits resulting from the disposal of Ronald Sewells and the 15.76% shareholding in Tracker were excluded from both headline earnings *(Circular 2/2013, Headline Earnings per Share)* and normalised results in the comparative period.

MMI NAMIBIA

The Group concluded the disposal of its 51% shareholding in Momentum Life Assurance Namibia Limited (MMI Namibia) on 30 June 2012, for effective economic value on 1 July 2011. The profit on disposal of MMI Namibia was excluded from both headline earnings *(Circular 2/2013, Headline Earnings per Share)* and normalised results in the comparative period.

Corporate governance

CORPORATE GOVERNANCE

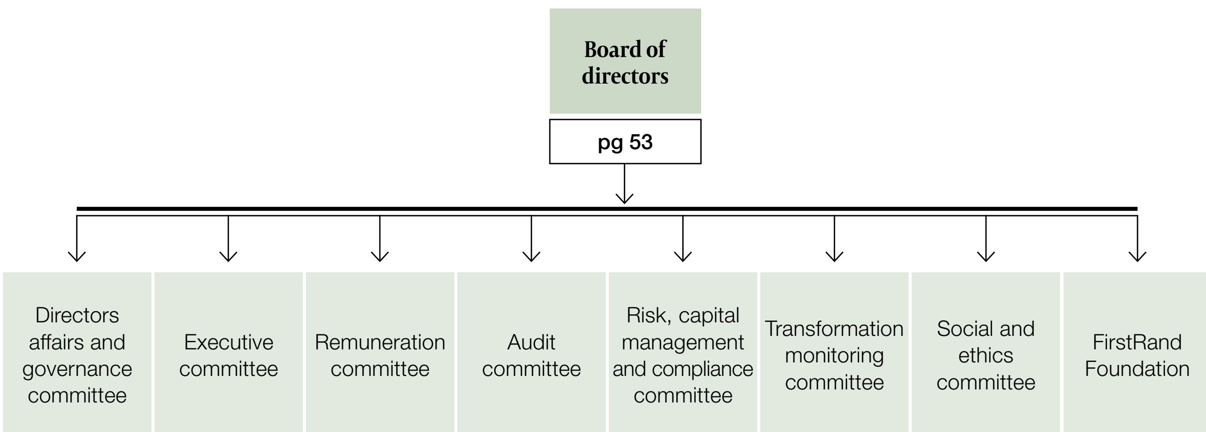
FirstRand's board of directors and its committees ensure alignment of Group strategy with the people, systems and processes that measure, monitor and manage the successful implementation of strategy in the short-, medium- and long-term.

FirstRand's board of directors implements the highest standards of corporate governance at all operations. The board understands and values long-term and ethical client relationships, and has well-established governance processes for ensuring a balance between achieving business growth and meeting the expectations of our customers, regulators and society as a whole.

The board is ultimately responsible to shareholders and other stakeholders for creating and delivering sustainable value through the management of the Group's businesses. In order to be effective, the board and its committees continually demonstrate ethical leadership and promote the Group's collective vision, purpose, values, culture and business behaviours.

GOVERNANCE STRUCTURE

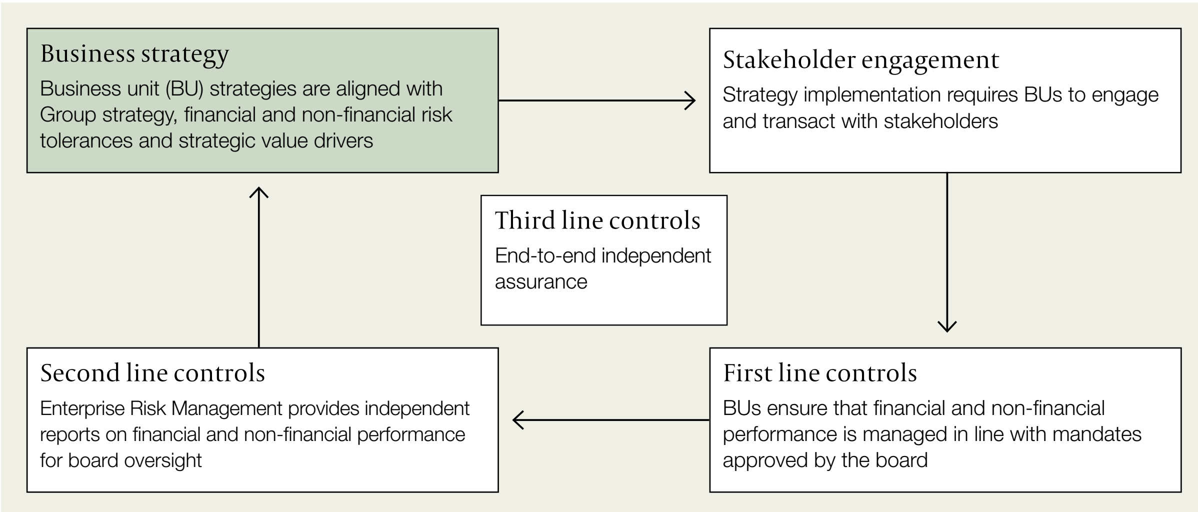
Each board committee has a clearly defined set of responsibilities supporting the long-term success of the FirstRand Group.



Notes: *The Group structure, including major operating divisions and local and international subsidiaries, is set out on page 150.*

INTEGRATED GOVERNANCE MODEL

FirstRand's integrated governance model allows for coherence between Group strategy implementation and the long-term interests of its stakeholders. This is achieved through ensuring that the Group's three lines of defence are appropriately aligned using a risk-based approach to identifying, monitoring and managing material issues.



STAKEHOLDER ENGAGEMENT

FirstRand has defined its stakeholders as entities and individuals that are affected by its activities and those which have the ability to impact the Group's strategies and objectives.

	Engagement mechanisms			
Stakeholder group	Transactional dialogue and official communiqués	Face-to-face *ad hoc* engagement	Line management/ relationship managers	Regulatory returns
Government and regulators	✓	✓	✓	✓
Shareholders and analysts	✓	✓	✓	
Employees	✓	✓	✓	
Customers	✓	✓	✓	
Suppliers	✓	✓	✓	
Communities	✓	✓	✓	
Civil society		✓		

FirstRand's stakeholder policies are developed and implemented at both Group and subsidiary levels.

In cases where policies are required to address specific needs of business units and their stakeholders, these are developed and applied at business unit level with appropriate Group oversight via the executive committee.

Non-financial reporting policies

FirstRand's non-financial reporting policies are aligned to the Global Reporting Initiative (GRI) G3 guidelines, incorporating recommendations set out in the King III code on Corporate Governance in South Africa (King III), JSE Socially Responsible Investment (SRI) index, Black Economic Empowerment (BEE) transformation requirements set out by the Financial Sector Charter and the Department of Trade and Industry (dti) Codes of Good Practice.

Disclosures relating to non-financial issues have been selected based on principles of materiality and stakeholder inclusiveness. Material topics are defined as those reflecting significant economic, environmental and social impacts, or those that would influence the decisions of the Group's stakeholders.

Data measurement techniques are replicable and information is not reported if the margin for error is believed to substantially influence the ability of stakeholders to make informed decisions about the company's performance. Measurement techniques, estimates and underlying assumptions are described when it is materially necessary to do so.

Memberships and associations

FirstRand is a signatory of the United Nations Global Compact (UNGC), United Nations Environment Programme Finance Initiative (UNEP-FI), Carbon Disclosure Project (CDP) and the Equator Principles (EP). The Group is actively involved in BEE through the application of the South African Financial Sector Charter (FSC) and the dti Codes of Good Practice (CoGP), and participates in the determination of regulatory requirements in respect of BEE through membership of the Banking Association of South Africa. FirstRand is represented at the National Business Initiative (NBI), Centre for Development and Enterprise, National Educational Collaboration Trust (NECT) and participates in the UNGC South African Advisory committee. In addition, FirstRand supports the South African Institute of Race Relations, Free Market Foundation, Business Trust and Business Against Crime.

Representation at these bodies is seen as being strategically important for reinforcing ethical and sustainable business practice and responding to changes in local and international best practice.

Precautionary principle

In so far as there are social and environmental issues that potentially impact FirstRand's profitability a precautionary approach is applied to business decisions. Simultaneous recognition is given to the importance of innovation, and trial and error for improving sustainable business processes.

BOARD OF DIRECTORS

FirstRand has a **unitary board of 20 members**. 17 of FirstRand's directors are non-executive, 9 of whom are independent. A **strong contingent** of independent directors exists on the boards of **the Group's major subsidiaries**. The roles of the chairman and CEO are separate and the **composition of the board** ensures a **balance of authority** precluding any one director from exercising **disproportionate powers** of **decision making**.

2013 Board attendance

	Sep 2012	Nov 2012	Feb 2013	April 2013	May 2013
LL Dippenaar*	✓	✓	✓	✓	✓
SE Nxasana**	✓	✓	✓	✓	✓
VW Bartlett#	✓	✓	✓	A	✓
JJH Bester#	✓	✓	✓	✓	✓
MS Bomela*	✓	✓	✓	✓	✓
JP Burger**	✓	✓	✓	✓	✓
P Cooper (appointed July 2013)	–	–	–	–	–
L Crouse*	✓	✓	✓	✓	✓
JJ Durand*	✓	✓	✓	✓	✓
GG Gelink# (appointed January 2013)	–	–	✓	✓	✓
PM Goss#	✓	✓	✓	✓	✓
NN Gwagwa#	✓	✓	✓	✓	✓
PK Harris*	✓	✓	✓	✓	✓
WE Jardine#	✓	✓	✓	✓	✓
EG Matenge-Sebesho#	✓	✓	✓	✓	✓
AT Nzimande*	✓	✓	✓	✓	✓
D Premnarayen**	✓	✓	✓	✓	✓
KB Schoeman*	✓	✓	✓	✓	✓
RK Store# (retired May 2013)	✓	✓	LOA	✓	✓
BJ van der Ross#	✓	✓	✓	✓	✓
JH van Greuning#	✓	✓	✓	✓	✓

* *Non-executive director.*
** *Executive director.*
\# *Independent non-executive director.*
A – apologies tendered and accepted.
LOA – approved leave of absence.

Definition of independence

For the purpose of this integrated report directors are defined as follows:

- executive directors are employed by, or contracted to, FirstRand Limited or any company in the FirstRand Group. This includes directors participating in share incentive schemes;
- non-executive directors are those who represent FirstRand's BEE partners and those who are also directors of RMB Holdings or Remgro Limited and are not classified in that company as independent; and
- all other directors are classified as independent non-executive directors. This includes those directors who participate in the FirstRand black non-executive directors' share trust established as part of FirstRand's BEE transaction.

The board is satisfied that these classifications do not conflict with those of sections 3.84 (f) of the JSE Listings Requirements.

SKILLS AND EXPERIENCE

Lauritz Lanser (Laurie) Dippenaar (64)

Non-executive chairman

MCom, CA(SA)

Appointed July 1992

Sizwe Errol Nxasana (55)

Chief executive officer

BCom, BCompt (Hons), CA(SA)

Appointed January 2006

Johan Petrus Burger (54)

Financial director and chief operating officer

BCom (Hons), CA(SA)

Appointed January 2009

Vivian Wade (Viv) Bartlett (70)

Independent non-executive director

AMP (Harvard), FIBSA

Appointed May 1998

Jurie Johannes Human Bester (71)

Independent non-executive director

BSc Eng Elect (Pret), ISMP (Harvard)

Appointed July 2010

Mary Sina Bomela (40)

Non-executive director

BCom (Hons), CA(SA), MBA

Appointed September 2011

Peter Cooper (57)

Alternate non-executive director

B Com (Hons), CA(SA), H Dip Tax,

Appointed July 2013

Leon Crouse (60)

Non-executive

CA(SA)

Appointed September 2008

Jan Jonathan (Jannie) Durand (46)

Non-executive director

BAcc (Hons), MPhil (Oxon), CA(SA)

Appointed October 2012

Grant Glenn Gelink (63)

Independent non-executive director

B Compt (Hons) B Com (Hons), CA(SA)

Appointed January 2013

Patrick Maguire (Pat) Goss (65)

Independent non-executive

BEcon (Hons), BAccSc (Hons), CA(SA)

Appointed May 1998

Nolulamo Nobambiswano (Lulu) Gwagwa (54)

Independent non-executive director

BA (Fort Hare), MTRP (Natal), MSc (cum laude) (London), PhD (London)

Appointed February 2004

Paul Kenneth Harris (63)

Non-executive director

MCom

Appointed July 1992

William Rodger (Roger) Jardine (48)

Independent non-executive director

BSc (Physics), MSc (Radiological Physics)

Appointed July 2010

Ethel Gothatamodimo Matenge-Sebesho (58)

Independent non-executive director

MBA (Brunel), CAIB (SA)

Appointed July 2010

Amanda Tandiwe (Tandi) Nzimande (42)

Non-executive director

BCom, CTA (UCT), CA(SA), H Dip Co Law (Wits)

Appointed February 2008

Deepak Premnarayen (67)

Executive director

BA Economics (Hons) India

Appointed January 2009

Kgotso Buni Schoeman (49)

Non-executive director

BA Economics, Advanced Financial Management Diploma

Appointed May 2008

Benedict James van der Ross (66)

Independent non-executive director

Dip Law (UCT)

Appointed May 1998

Jan Hendrik (Hennie) van Greuning (60)

Independent non-executive director

DCom (Economics), DCompt (Accounting Science), CA(SA), CFA

Appointed January 2009

DIRECTORS' AFFAIRS AND GOVERNANCE COMMITTEE

Roger Jardine
Chairman

FirstRand's directors' affairs and governance committee oversees continual refinements in the Group's corporate governance structures and processes. This ensures that corporate governance **provides a solid foundation for the development and execution of business strategy**.

COMPOSITION

The directors' affairs and governance committee (DAG) comprises all FirstRand's non-executive directors and is chaired by Roger Jardine, an independent non-executive director.

ROLE

The committee is responsible for overseeing the implementation of effective governance and assurance processes across the Group and ensures that FirstRand implements the highest standards of corporate governance in all operations.

During the year the chairman provided detailed reports to the board on issues addressed by the committee.

2013 Highlights

Focus area	Actions
Governance effectiveness	Oversaw projects to further enhance links between governance oversight and executive assurance functions.
Board, board committees and executive succession planning	Reviewed the effectiveness of the board of directors and its subcommittees, and ensured sound and effective succession planning at both board and executive level.
Compensation of non-executive directors	Received recommendations from remco on compensation of non-executive directors for recommendation to shareholders.

DIRECTOR RESPONSIBILITIES

FirstRand ensures that best practice is consistently applied across all local and international operations. Statutory in-country boards provide further comfort at major international operations.

In overseeing the performance of the Group, directors have a fiduciary duty to act in good faith and with due diligence and care in the best interests of the Group and all its stakeholders. All directors subscribe to the FirstRand code of ethics which can be found on the FirstRand website (www.firstrand.co.za) and forms part of FirstRand's board charter.

Directors have full and unrestricted access to management and all Group information and property. They are entitled to seek independent professional advice in support of their duties at the Group's expense. Directors may also meet separately with management without the attendance of executive directors.

BOARD COMPOSITION

Each year one third of FirstRand's non-executive directors retire. Three of the directors, Mr Schoeman, Ms Bomela and Ms Nzimande represent FirstRand's three BEE partners. These directors were nominated by the partners they represent and their appointment was subject to the standard approval processes applied in terms of the Banks Act and JSE Listings Requirements.

FirstRand's chairman is non-executive, but not independent in terms of the definitions. Mr Dippenaar is a major shareholder in RMB Holdings Limited, which owns 33.9% of the issued share capital of FirstRand. Mr Dippenaar retired as chief executive of FirstRand in November 2005. The board believes that his specialist knowledge of the financial services industry and of the FirstRand Group makes it appropriate for him to hold this position. In line with the JSE Listings Requirements and the King III code, Pat Goss has been appointed lead independent non-executive director.

SUBSIDIARY BOARDS AND BOARD COMMITTEES

At FirstRand achieving excellence in corporate governance means achieving synergy between procedural rigour and the good judgement of individual directors and board committees as a whole.

In exercising control of the Group, the directors are empowered to delegate. Board committees assist the directors in their duties and responsibilities. In addition to the executive committee (exco), FirstRand's board has committees to deal with directors' affairs and governance, compensation, audit, ethics, BEE transformation, and risk, capital management and compliance. These committees have formal charters and report to the board at regular intervals. With the exception of exco, board committees are chaired by independent non-executive directors. Reappointment to the committees is not automatic and is subject to the approval of DAG. When FirstRand directors retire by rotation they automatically retire from the committees on which they serve.

Additional board committees exist at divisional level. These boards assist FirstRand Limited's board in overseeing the activities of FirstRand's operating franchises, which are also subject to the oversight of the divisional advisory boards and their board committees.

GOVERNANCE EFFECTIVENESS

Internal assurance programme

The committee ensures continual enhancement of the Group's internal assurance programme with clearly defined lines of responsibility between executive management and board committees.

During the year the committee oversaw further enhancements to the Group's internal assurance programme through:

- confirming lines of responsibility for assurance providers overseeing different governance processes at Group and franchise level;
- ensuring consistency between governance reports at franchise and consolidated Group level; and
- leveraging strengths of different assurance functions in the collection and consolidation of governance and compliance information.

Director and committee effectiveness

Directors' responsibilities include oversight of financial and non-financial value drivers including environmental, social and governance issues impacting the sustainable profitability of the Group.

During the year under review the board and all of its committees measured their effectiveness and that of their individual members. The directors convey to the chairman any concerns that they might have in respect of the performance and conduct of their peers. As part of these evaluations the independence of all independent non-executive directors is evaluated. This includes, in particular, those who have served continuously for up to nine years or more.

The evaluations include an appraisal of the chairman of the Board or committee being evaluated. The performance of the chief executive is also formally evaluated at least annually against a balanced scorecard, which is described in the *Remuneration committee report* on page 61. Evaluations conducted for the period under review identified no material concerns in respect of board, board committees or individual director performance.

Succession planning

FirstRand benefits from an extensive pool of people with diverse experience and competence. The Group's non-statutory subsidiary boards are used as a platform for mentoring potential future executive and non-executive directors and developing their knowledge of the FirstRand Group. During the year the Group's executive and board succession plans were updated to take cognisance of developments in the Group's talent pool and future skills needs.

Based on the measures in place, the board is confident that it is able to identify suitable short-term and long-term replacements from within the Group if and when the need arises.

APPOINTMENT OF DIRECTORS

There is a clear policy in place detailing procedures for appointments to the board. Such appointments are formal and a matter for the board as a whole, assisted by DAG. Prior to the appointment of a new director, a nominations committee is appointed by DAG. This committee is responsible for interviewing the nominations for the role and making recommendations to DAG as to his or her suitability.

The nominations committee is constituted exclusively of non-executive directors, the majority of whom are independent, and is chaired by the chairman of DAG, who is also an independent director.

When appointing directors the board takes cognisance of its needs in terms of different skills, experience, cultural diversity, size and demographics. A staggered rotation of directors ensures continuity of experience and knowledge. The reappointment of non-executive directors is not automatic and is subject to performance and eligibility for reappointment.

The retirement age for non-executive directors is 70 and may be extended after an annual review process, if unanimous agreement is reached by the board that the skills and experience of a director warrant retention. There is no limit to the number of times that a director may be re-elected to the board. Non-executive directors are expected to ensure that appointments to boards outside of the FirstRand Group do not impinge on their ability to perform their duties as directors of FirstRand and do not present any material conflicts of interest.

The appointment of all directors to the board requires the approval of shareholders at the annual general meeting. The directors are accountable and responsible for all the actions of board committees. This is emphasised during the induction training provided to new directors. Other ongoing training and education courses allow them to familiarise themselves with FirstRand's operations, the business environment, their fiduciary duties and responsibilities and the board's expectations in respect of their commitment and ethical behaviour.

In terms of South African banking regulations, all directors of a bank or a bank controlling company must be approved by the South African Reserve Bank. During the year DAG oversaw the necessary actions for ensuring compliance with this requirement.

TRADING IN COMPANY SHARES

FirstRand has closed periods prohibiting trade in FirstRand shares by directors, senior executives and participants in the various share incentive schemes. The closed periods commence on 1 January and 1 July and are in force until the announcement of the interim and year end results. Closed periods also include any period where the company is trading under cautionary or where participants have knowledge of price sensitive information. Similar prohibitions exist in respect of trading in RMB Holdings shares because of the relative importance of FirstRand in the earnings of RMB Holdings. All directors' dealings require the prior approval of the chairman and the company secretary retains a record of all such share dealings and approvals. Trading in securities by employees who are exposed to price sensitive information is subject to the Group's personal account trading rules.

DIRECTORS' INTERESTS

It is not a requirement of the company's memorandum of incorporation or the board charter that directors own shares in the company. Certain directors have also disclosed their effective interest in FirstRand as a result of their shareholding in RMB Holdings Limited, which holds 33.9% (2012: 33.9%) of the issued share capital of FirstRand.

According to the register of directors' interests, maintained by FirstRand in accordance with the provisions of Section 75 of the Companies Act, directors have disclosed the following interests in FirstRand at 30 June 2013. Where necessary, prior year figures have been amended to reflect the new disclosures required in terms of the JSE Listings Requirements.

Ordinary shares (audited)

	Direct beneficial (thousands)	Indirect beneficial (thousands)	Held by associates (thousands)	Indirect via RMBH (thousands)	**Total 2013 (thousands)**	Percentage holding %	Total 2012* (thousands)
Executive directors and prescribed officers:							
SE Nxasana	636	–	–	–	**636**	0.01	642
JP Burger	698	–	932	1 602	**3 232**	0.06	2 906
M Jordaan	658	–	–	–	**658**	0.01	302
A Pullinger	2 025	–	17	–	**2 042**	0.04	1 482
Non-executive directors:							
VW Bartlett	3 193	–	–	–	**3 193**	0.06	3 569
JJH Bester	20	–	–	–	**20**	0.00	20
P Cooper (appointed July 2013)	1 731	–	891	5 096	**7 718**	0.14	–
LL Dippenaar	5 383	7 006	6	102 640	**115 035**	2.04	115 035
GG Gelink (appointed January 2013)	30	–	–	–	**30**	0.00	–
PM Goss	1	–	–	16 219	**16 220**	0.29	15 672
PK Harris	–	4 816	96	18 807	**23 719**	0.42	26 158
Total	14 375	11 822	1 942	144 364	**172 503**	3.06	165 786

* *2012 restated to take cognisance of implications of Royal Bafokeng interest in RMBH.*

Directors' interests remained unchanged from the end of the financial year to the date of this report.

B preference shares (audited)

	Indirect beneficial (thousands)	**Total 2013 (thousands)**	Percentage holding %	Total 2012 (thousands)
Non-executive directors:				
VW Bartlett	16	**16**	0.04	–
LL Dippenaar	566	**566**	1.26	566
Total	582	**582**	1.29	566

Directors' interests remained unchanged from the end of the financial year to the date of this report.

PROCEEDINGS AND PERFORMANCE REVIEW

The committee met three times during the year. Attendance was as follows:

	Sep 2012	Nov 2012	Apr 2013
VW Bartlett	✓	✓	✓
JJH Bester	✓	✓	✓
MS Bomela	✓	✓	✓
L Crouse	✓	✓	✓
LL Dippenaar	✓	✓	✓
JJ Durand	✓	✓	✓
PM Goss	✓	✓	✓
GG Gelink (appointed January 2013)	–	–	✓
NN Gwagwa	A	A	✓
PK Harris	✓	✓	✓
WR Jardine – chairman	A	✓	✓
EG Matenge-Sebesho	✓	✓	✓
AT Nzimande	✓	✓	✓
D Premnarayen	✓	✓	✓
KB Schoeman	✓	✓	✓
RK Store	✓	✓	✓
BJ van der Ross	A	✓	✓
JJH van Greuning	✓	✓	✓

A – apologies tendered and accepted.

The chairman attends the annual general meeting.

Company secretary

FirstRand's company secretary assists the board as a whole and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the FirstRand Group and its stakeholders. Where necessary the company secretary facilitates induction and training for directors and assists the CEO in determining the annual meeting timetable. An assessment of the performance of the company secretary is included in the annual director and board assessment process.

Mr BW Unser is FirstRand Limited's company secretary. He is suitably independent, qualified and empowered and has been the company secretary for FirstRand Bank since 1992 and FirstRand Limited since 2010 and generally maintains an arms-length relationship with the board and its directors as far as reasonably possible.

The company secretary is also the secretary to the board committees and subsidiary boards.

LOOKING FORWARD

Looking forward the committee will continue to improve the Group's governance processes with an emphasis on continually strengthening assurance processes between management, the board and its committees.

The directors' affairs and governance committee is satisfied that they, and all board committees, have complied with the requirements of their charters and that all reasonable measures have been taken to ensure that the highest standards of corporate governance are implemented at all operations.

WR Jardine
Chairman, Directors' affairs and governance committee

9 September 2013

REMUNERATION COMMITTEE

Pat Goss
Chairman

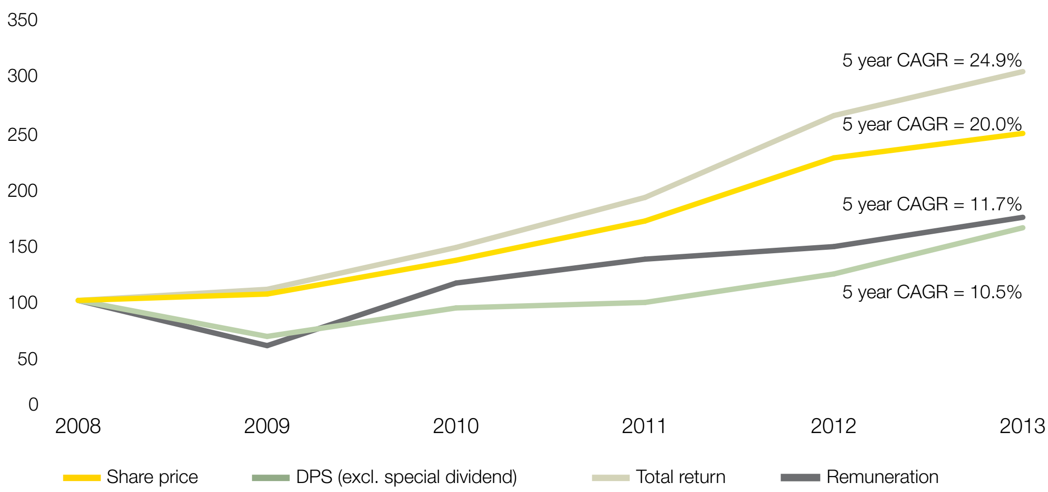
COMPENSATION SUMMARY

Since the creation of the FirstRand Group in 1998 the remuneration committee (remco) has consistently and methodically entrenched compensation practices within the Group to appropriately align employee behaviour with the interests of shareholders and other stakeholders. Key characteristics of FirstRand's compensation practices include the following:

- long-term incentives have never vested unless corporate performance targets (CPTs) have been met; and
- variable compensation has consistently been aligned with shareholder returns through determining the size of the variable compensation pool in proportion to NIACC.

The graph below compares growth in shareholder returns with growth in the combined compensation of the Group's prescribed officers over a five-year period. The trend lines demonstrate that growth in shareholder returns is substantially higher than growth in prescribed officer compensation, which indicates the appropriate alignment between shareholder returns and the Group's compensation practices.

Total growth in shareholder return compared with growth in prescribed officer compensation



In 2013 FirstRand produced excellent results for the year to June 2013. The compensation of the Group's chief executive, chief operating officer and other prescribed officers reflected these improved results.

Composition

FirstRand's remuneration committee (remco) is chaired by an independent non-executive director and is composed of non-executive directors, the majority of whom are independent. Executives attending remco meetings do so in an *ex officio* capacity.

Role

Remco strives to align the interests of the Group's employees with those of regulators, shareholders, depositors and other stakeholders. It engages with regulators and seeks best practice advice on how to optimise the relationship between employee compensation and sustainable value creation for all stakeholders. Compensation is determined on the basis of risk-adjusted profits, subject to claw back provisions for deferred compensation in the event of poor individual, business unit or Group performance.

The committee provides oversight of all forms of compensation and reward to executive directors and senior management including fees, guaranteed pay and variable compensation, other benefits and long-term incentive awards. The committee is also responsible for reviewing proposals to DAG and shareholders on non-executive director compensation.

Compensation policy

As a financial services group, FirstRand's most critical asset required for delivering on its proposition to customers, is its human resources. Given the war for talent in the financial services arena, rewarding these resources appropriately is key to the sustainability of its business. The compensation strategy is tailored accordingly towards:

- attracting, retaining and motivating people with the ability, experience and skills to successfully implement business strategy;
- creating recognisable alignment between rewards for employees, particularly executive directors and senior management, and the risk exposure of shareholders and other stakeholders;
- incentivising employees to deliver consistent performance in line with strategic goals and risk tolerances, and rewarding success appropriately;

Compensation is determined on the basis of risk-adjusted profits, subject to claw back provisions for deferred compensation in the event of poor individual, business unit or Group performance.

- delivering compensation that is affordable and reasonable in terms of, and in accordance with, the value created for shareholders; and
- encouraging behaviour consistent with FirstRand's code of ethics, business philosophy and corporate culture.

FirstRand's compensation policy specifically addresses the following factors to achieve its compensation strategy:

- variable compensation pools shaped by Group profitability and performance metrics, divisional profitability, risk taken within risk appetite compared to realised returns and sustainable future profitability;
- individual performance measured against specific quantitative financial and non-financial performance criteria, individual behaviour and competitive performance;
- variable compensation which reduces or disappears in the event of poor Group, divisional, business unit or individual performance (in line with the claw back principle);

- no multi-year guaranteed incentives, substantial severance arrangements or compensation linked to revenue generation by formula;
- significant deferral of senior management's variable compensation in share-linked instruments for a period of two years; and
- transparency to enable stakeholders to make reasonable assessments of reward practices and underlying governance processes.

FirstRand's franchises operate across a variety of financial services activities, each with distinct employment and human resource pressures. The Group's compensation policy takes account of the diverse needs of the Group's franchises. Appropriate industry-specific compensation practices are implemented in accordance with the Group's compensation policy which is applicable at all operations, including international branches and subsidiaries.

During the year to June 2013 the Group implemented the following actions pertaining to compensation.

2013 Highlights

Focus area	Actions
Shareholder endorsement compensation policy	In December 2012, the Group's compensation policy was put to a shareholders vote at the annual general meeting and was endorsed with an overwhelming majority.
Review of compensation practices	Special attention was paid to ensuring the effective application of the Financial Stability Board's Principles for Sound Compensation Practices and the Financial Service Authority's compensation code of practice.
Aligning risk and reward	The chairman of the risk, capital management and compliance committee is a remco member and formally confirmed that the risk element of FirstRand's compensation policy has been duly considered, while ensuring appropriate compensation for risk managers and discouraging inappropriately risky behaviour.
Deferral of variable compensation	Between 20% and 40% of all performance payments above R1.5 million was deferred by a conditional award in terms of the FirstRand conditional incentive plan for two years. 40% applies to exco members and 30% to other employees earning bonuses in excess of R5 million.

Review of compensation practices

Remco consults with local and international consultants to ensure that it obtains independent advice on both general and specific compensation practices.

During the year remco reviewed a comprehensive gap analysis of the Group's compensation practices relative to international best practice, notably those recommended in Regulation 43 of the South African Banks Act and the Financial Stability Board's Principles of Sound Compensation Practices and Implementation Guidelines. Based on the outcome of this exercise, the committee is satisfied that the Group's compensation practices are in line with international best practice and the requirements of the Banks Act.

Compensation structure

Remco recognises that performance drivers for successful implementation of business strategy may vary from year-to-year relative to the economic cycle, specific business, regulatory or market conditions. FirstRand's compensation practices are accordingly tailored to respond to such changes within the parameters of its mandate and policy fundamentals.

Instrument	Business objective	Remco policy
Guaranteed pay	Compensation designed to attract and retain human resources in line with the scope, nature and skills requirements of the role.	In most cases benchmarked relative to skills, experience, performance and complexity of the business.
Retirement contribution	Ensure that employees have appropriate savings resources for their retirements.	Employer contribution matches employee contribution in line with the applicable tax legislation.
Medical aid and travel	Ensure that employees have appropriate medical aid and transport resources to fulfil their roles.	All staff contractually obliged to belong to a medical aid.
Performance related	Rewards and incentivises achievement of individual, business unit and Group out-performance.	Measured against specific performance metrics.
Long-term incentive awards	Reinforces loyalty of key resources and aligns employee interests with those of shareholders and other stakeholders.	Subject to performance conditions set for, and measured over, a three year rolling period.

Three-year mix

Various compensation instruments are used for implementing different elements of the remco's compensation policy and philosophy. Remco is ultimately responsible for ensuring that both the quantum and the mix applied are in line with the interests of the Group's stakeholders.

Total compensation

Fixed compensation				Variable compensation	
Cash package	Retirement contribution	Medical aid contribution	Travel allowances	Performance related	Long-term incentive awards
25.72%	3.52%	0.70%		45.34%	24.72%

Remco is of the opinion that the balance between short-term incentives and long-term deferred incentives linked to share price performance represents a healthy mix which will encourage focus on sustainability of profits and performance against well-defined financial and non-financial objectives.

Alignment of risk and reward

FirstRand's variable compensation pool takes into account the performance of the Group, which is considered within the context of risk appetite as approved by the board and applied consistently across the Group. Risk appetite defines the amount and types of risk that FirstRand is prepared to take in executing strategy and shapes the integrated approach to business, risk and capital management.

The *Risk and capital management report* in the annual integrated report provides comprehensive detail on all risk types the Group is exposed to and describes methods used to measure, manage and report on these risks. This report covers the overall incentive pools for business units and the individual incentive awards of senior managers and executives. In determining the size of the variable compensation pool, remco pays specific attention to issues covered in the Group's risk framework.

These include:

- internal audit findings on weaknesses in the internal control environment;
- breaches of regulatory requirements applicable to operations;
- operational risk losses;
- risk appetite breaches;
- limit breaches, particularly by trading desks; and
- breaches of the credit risk control environment.

Material risk takers and control staff

Material risk takers are defined with reference to their influence over the activities of the Group or a part of it and the relationship between this and risk assumed in the course of conducting business. Remco defines material risk takers and control staff as the Group's executive officers as defined in the South African Banks Act and the Group heads of risk and control functions.

In terms of the Companies Act 71 of 2008, prescribed officers are defined as employees who exercise general executive control over and management of the whole, or a significant portion, of the business activities of the Group. FirstRand defines its prescribed officers as members of Group stratco: Group CEO, Group COO and CFO, and the CEOs of the Group's operating franchises (FNB, RMB and WesBank) are so defined and their compensation is included as part of the emoluments table on page 71.

Forward looking measures

The chairman of FirstRand's risk, capital management and compliance committee (RCC) has provided formal confirmation that the risk element of FirstRand's compensation policy has been duly considered and does not encourage inappropriate risky behaviour.

In addition to the above, remco ensures that total variable compensation does not limit the Group's ability to strengthen its capital base and compensation has been structured to account for all identified types of risk including credit and liquidity risk.

The size of the variable compensation pool and its allocation within the Group takes current and potential future risks into account. These include:

- cost and quantum of capital required to support risks taken;
- liquidity risk assumed in the conduct of business; and
- consideration of the timing and certainty of the realisation of accrued, but as yet unrealised, accounting profits included in current earnings.

As part of the Group's internal capital adequacy assessment process (ICAAP), three-year forecasts are used taking into account the Basel Pillar 1 and 2 stresses and future regulatory changes. ICAAP includes an assessment of the Pillar 1 risk types (i.e. credit, operational, market, equity investment and other risks) and Pillar 2 risk types (i.e. liquidity risk, interest rate risk in the banking book, business risks, etc.). These assessments inform the target capitalisation levels and buffers for the Group. The targeted capitalisation levels determine capital allocation to the business units. All risks within the organisation are taken into account when capital is allocated for performance measurement purposes since outputs from ICAAP are key inputs into pricing and performance measurement.

To ensure the Group delivers sustainable returns to its shareholders, the performance of each business is evaluated using both ROE and NIACC. NIACC measures the value added by each business unit after taking into account the cost of capital. Stakeholders are referred to the *COO and CFO's report* on page 14 for a more detailed discussion on the Group's NIACC performance.

The variable compensation pool allocation incorporates both the earnings generated and risk introduced by the business unit. This is achieved through basing the capital levels used in the NIACC calculations on net asset value (existing capital). The NAV allocation reflects the risk introduced by the business unit.

Reputational and legal risk is dealt with in product acceptance and deal conclusion forums. These are overseen via the governance structure of risk, audit and review committees. These controls have a bearing on the size of the pool by measuring the quality of business written and the income earned. To the extent that reputational or legal risks result in a financial loss for the Group, these costs would impact the income of the affected business unit and would therefore have a direct bearing on the size of the pool for the period under review.

Compensation of risk, compliance and internal audit personnel

Risk and compliance personnel are compensated based on performance measures related to the achievement of function objectives.

Remuneration of employees in the risk and compliance functions is reviewed annually and steps are taken to ensure that remuneration is market related and adequate to attract and retain qualified and skilled staff. The heads of Group Enterprise Risk Management and Group Regulatory Risk Management provide input into the compensation levels of risk managers and key employees across the Group.

A subcommittee of remco, the risk and compliance remuneration committee, which has non-executive director representation, plays an independent oversight role of the remuneration of employees in the various risk and compliance functions at franchise and Corporate Centre level.

Deferral of variable compensation

Profits and losses of different activities of the Group are deferred over different periods. Variable compensation payments are deferred accordingly and payments are not finalised over short periods where risks can manifest over longer periods. For senior executives and all other employees whose actions have a material impact on the risk exposure of the Group, a substantial proportion of compensation is variable and paid on the basis of individual business unit and Group-wide performance indicators.

2013 Deferral structure

Performance payment	Deferred conditional awards	Payment date			
		Aug 2013	Dec 2013	Jun 2014	Sep 2015
≤ R500k	No	100%	–	–	–
≤ R1.5 million	No	R500k + 33% of balance of cash portion	33% of balance of cash portion	33% of balance of cash portion	–
> R1.5 million	20% – 40% of amount above R1.5 million	R500k + 33% of balance of cash portion	33% of balance of cash portion	33% of balance of cash portion	Qualifying awards vest
> R1.5 million (all employees earning variable compensation above R5 million)	30% of amount above R1.5 million	R500k + 33% of balance of cash portion	33% of balance of cash portion	33% of balance of cash portion	Qualifying awards vest
> R1.5 million (FirstRand and franchise exco members only)	40% of amount above R1.5 million	R500k + 33% of balance of cash portion	33% of balance of cash portion	33% of balance of cash portion	Qualifying awards vest

There are no guaranteed bonuses for senior positions. Should an employee resign or be dismissed, unpaid bonus tranches are forfeited subject to the discretion of remco. In terms of FirstRand's current policy any unpaid portion of deferred compensation is forfeited in the event that the applicable business unit suffers a loss during the year in question.

Deferred portions of cash bonuses are subject to performance criteria. These include:

- the relevant business unit still being profitable, the aggregate of all the divisional contributions of the Group being positive and individual performance maintained; and
- FirstRand not receiving notice of, or termination of service for any reason whatsoever, either by the employee or the Group, before the due date of any of the variable pay.

Long-term incentive awards

The long-term incentive schemes operated by the Group support the retention of key executives and employees and ensure alignment of their interests with those of FirstRand's shareholders.

In order to link compensation to the time horizon of risk assumed by the Group, the vesting of long-term incentive awards is subject to satisfying performance conditions including CPTs set for, and measured over, a three-year performance period. If performance conditions are not satisfied, outstanding payments are forfeited. Remco believes that this period is aligned with the nature of the Group's business and the risks addressed.

CPTs for the Group's long-term incentive schemes are clearly defined in the schedule in the annual financial statements. These criteria are set by remco for each annual award to ensure alignment with performance and shareholder returns and are not adjusted retrospectively. Therefore, the failure to meet targets results in outstanding share-based payments being forfeited. For example, performance targets for the 2006 award were only partially met and not met for the 2007 award.

Remco is of the view that by their very nature, share-based payments encourage behaviour that is consistent with effective risk management. Clawback arrangements therefore do not exist post vesting.

Dilution risk does not apply to the FirstRand long-term incentive schemes as the Group does not issue shares in order to meet its obligations.

Remco has the discretion to determine the total amount of long-term incentive awards made to any employee. At 30 June 2013, no employee's participation in the Group's long-term incentive schemes exceeded 2% of the total number of award shares in terms of the schemes.

Corporate performance targets

Remco sets CPTs based on the expected prevailing macro economic conditions anticipated during the performance period for the Group's long-term incentive schemes, the conditional share plan and the conditional incentive plan. These criteria, which must be met or exceeded to enable vesting, vary from year-to-year, depending on the macro conditions expected to prevail over the vesting period.

In terms of the scheme rules, participants do not receive dividends on their LTI allocations during the performance period, nor do these accrue to them during the performance period.

The criteria for the schemes are as follows:

- **2007 (CPTs not met)** – Normalised earnings per share (EPS) must grow at a rate per annum which equals or exceeds CPIX plus 10%, measured on a cumulative basis from base year end 30 June 2007, for the five-year performance period to enable 100% vesting. Should CPIX plus 10% not be achieved, remco may sanction partial vesting of the appreciation right, which is calculated *pro rata* to the performance which exceeds CPIX.
- **2008 (CPTs met)** – Normalised EPS must grow at a rate per annum which equals or exceeds CPIX, measured on a cumulative basis from base year end 30 June 2008, to enable 100% vesting. In addition, FirstRand's net income after cost of capital (NIACC) must be positive over the five-year performance period.
- **2009 (vested)** – Normalised EPS must grow at a rate per annum which equals or exceeds CPIX, measured on a cumulative basis from base year end 30 June 2009, to enable 100% vesting. In addition, FirstRand's NIACC must be positive over the three-year performance period.
- **2010 (CPTs met)** – Normalised EPS growth must equal or exceed South African nominal GDP (defined as South African GDP plus CPIX) plus 4%, measured on a cumulative basis from base year end 30 June 2010, to enable 100% vesting. In addition, NIACC must be positive over the three-year performance period.
- **2011** – Normalised EPS growth must equal or exceed South African nominal GDP (defined as South African GDP plus CPIX) plus 1.5%, measured on a cumulative basis from base year end 30 June 2011 to enable 100% vesting. In addition, NIACC must be positive over the three-year performance period. Should nominal GDP plus 1.5% not be achieved, remco may sanction a partial vesting of conditional shares, which is calculated *pro rata* to the performance which exceeds nominal GDP.
- **2012** – FirstRand must achieve growth in normalised EPS which equals or exceeds the South African nominal GDP plus 3% growth on a cumulative basis over the life of the conditional award, from base year end 30 June 2012 to the financial year end immediately preceding the vesting date. In addition, NIACC must be positive over the three-year performance period. Should nominal GDP plus 3% not be

achieved, remco may sanction a partial vesting of conditional shares, which is calculated *pro rata* to the performance which exceeds nominal GDP.

- **2013** – FirstRand must achieve growth in normalised EPS which equals or exceeds the South African nominal GDP plus 1.5% growth on a cumulative basis over the life of the conditional award, from base year end 30 June 2013 to the financial year end immediately preceding the vesting date. In addition, NIACC must be positive over the three-year performance period. Should nominal GDP plus 1.5% not be achieved, remco may sanction a partial vesting of conditional shares, which is calculated *pro rata* to the performance which exceeds nominal GDP.

Guarantee pay and benefits

Salaries are reviewed annually in the context of individual and business unit performance, inflation and specific industry practices and trends. Reference is made to independent industry salary surveys on a regular basis.

Benchmarking forms the cornerstone of determining employees' guaranteed pay and is conducted against the financial services industry and other companies in the market with similar market capitalisation.

The following independent salary surveys are used to benchmark against the market:

- PwC Remchannel®;
- Global Remuneration Solutions; and
- Other *ad hoc* salary surveys.

An individual's guaranteed pay is determined by:

- determining the appropriate salary range for the job matched role by using market benchmarks (pay for the role); and
- then positioning the individual's guaranteed pay based on the value he/she adds to FirstRand (pay for the person) in relation to the expected outcomes for a specific position/role.

This approach ensures that guaranteed pay packages are competitive allowing FirstRand to attract and retain the right calibre of employee for the position.

Guaranteed pay for employees is reviewed annually by franchise remcos and ultimately Group remco. This review considers market trends (both in South Africa and globally) as well as the current economic environment, the Group's business strategy and growth forecasts.

In reviewing annual increases for executives and prescribed officers remco considers the percentage increase for all other employees, but ultimately makes a decision in this regard based on the Group business strategy and executive resources required to execute this strategy.

New employees joining the Group become members of a defined contribution pension and/or provident fund scheme operated under the control of the relevant governing legislation. All schemes are valued regularly by independent actuaries and are financially sound. Should the actuaries advise of any deficits within the old defined benefit schemes, such deficits are funded to ensure the ongoing soundness of the fund concerned. Retirement funding contributions are charged against expenditure when incurred.

The assets of retirement funds are managed separately from the Group's assets. Boards of trustees of the pension and provident funds include staff and pensioner representatives who oversee the management of the funds and ensure compliance with the relevant legislation.

All full-time employees are required to belong to a medical aid scheme. On retirement, facilities exist for retired employees to join medical aid schemes in their individual capacities. When, as a result of past practice, the Group is required to contribute to post-employment medical aid costs, the present value of such contributions is calculated and provided for. Current employment practice excludes post-employment medical aid contributions.

Executive compensation

The basis for remunerating executive directors and prescribed officers is similar to that of senior management and comprises guaranteed pay plus benefits, variable compensation and participation in the long-term incentive schemes.

FirstRand's executive directors and prescribed officers are employed under the Group's standard employment contract. Compensation is benchmarked against industry peers and is subject to external professional advice when deemed appropriate. The services of the prescribed officers are subject to one month's notice and no protection is provided in the event of an unsolicited takeover.

Executive compensation is designed to align with shareholder returns and drive creation of long-term franchise value, through delivering superior and sustainable returns within acceptable levels of earnings volatility.

In line with the Group's objective to drive the delivery of long-term franchise value, there are deferral structures within the variable compensation component. Furthermore, the vesting of long-term incentives depends on the Group achieving the CPTs. Deferral structures and long-term incentive vesting criteria applied to executive directors' compensation is identical to those applied to prescribed officers.

Franchise performance criteria

The Group's key performance criteria play out differently in each franchise. A retail franchise has many annuity income streams that require little capital to be deployed to generate profits, whereas the investment banking model requires considerable ingenuity, creativity and capital to generate sustainable returns. Therefore, a key component of the Group's compensation approach also takes into account industry-specific issues, not only absolute numbers.

The Group uses a balanced scorecard in its remuneration process that is directly linked to its key performance metrics as indicated on page 16. This process takes into account the delivery of KPIs at Group and franchise levels. During the year, FirstRand's franchises achieved the following financial measures.

Franchise key measurements

	2013	2012	% change
FNB*			
Normalised profit before tax	**11 641**	9 668	20
Normalised profit before tax growth (%)	**20**	23	
ROE (%)	**35.6**	35.0	
RMB			
Normalised profit before tax	**6 062**	4 937	23
Normalised profit before tax growth (%)	**23**	(8)	
ROE (%)	**24.8**	23.2	
WesBank**			
Normalised profit before tax	**4 016**	3 650	10
Normalised profit before tax growth (%)	**10**	43	
ROE (%)	**32.8**	33.9	

* *2012 performance excludes profit on disposal of MMI Namibia.*
** *2012 performance excludes profit on disposal of investments.*

Non-executive director compensation

Non-executive directors receive fees for their services as directors and for services provided as members of board committees. These fees vary depending on the role of the committee. Non-executive directors do not participate in normal long-term incentive schemes. Fees paid to non-executive directors are based on current market practice. The fees are reviewed by the directors' affairs and governance committee and are approved in advance by shareholders at the annual general meeting.

In terms of FirstRand's 2005 BEE transaction as approved by shareholders on 21 April 2005, 15 million FirstRand shares were allocated to a black non-executive director's trust. Allocations of participation rights in the black non-executive directors' trust have been made to certain black non-executive directors in the FirstRand Group. In terms of the Group's remuneration policy these allocations are not considered to be incentive schemes as their *raison d'être* is one of BEE ownership. Details on the functioning of the trust are disclosed in the annual financial statements.

Proceedings and performance review

The committee meets at least three times per year. Attendance at the meetings held during the year was as follows:

	July 2012	April 2013	May 2013	June 2013
VW Bartlett	A	A	✓	✓
JJH Bester	✓	✓	✓	✓
LL Dippenaar	✓	✓	✓	✓
JJ Durand (appointed October 2012)	–	✓	✓	✓
PM Goss (chairman)	✓	✓	✓	✓
AT Nzimande	✓	✓	✓	✓
BJ van der Ross	✓	✓	✓	✓

A – apologies tendered and accepted.

The chairman attends the annual general meeting.

During the year under review FirstRand's remuneration committee members conducted an effectiveness survey and are satisfied that the committee has met the requirements of its charter.

FirstRand's compensation policies for the coming financial year will be put to a shareholders' vote at the annual general meeting, details of which are provided in the notice of the annual general meeting.

PM Goss
Chairman, remuneration committee

9 September 2013

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Information relating to each director's and prescribed officer's remuneration for the year under review and details of share options and dealings in FirstRand Shares are set out below.

Directors' and prescribed officers' emoluments (audited)

	2013			2012		
	Services as directors[1]		**Total**	Services as directors[1]		Total
R thousand	**FSR**	**Group**	**2013**	FSR	Group	2012
Executive director						
D Premnarayen[2,4]	**852**	**99**	**951**	787	29	816
Non-executive directors						
LL Dippenaar (chairman)	**3 402**	**206**	**3 608**	2 865	125	2 990
VW Bartlett[3]	**884**	**631**	**1 515**	707	238	945
JJH Bester[3]	**1 330**	**2 266**	**3 596**	1 270	1 624	2 894
MS Bomela	**607**	**76**	**683**	371	29	400
L Crouse	**843**	**50**	**893**	771	11	782
JJ Durand (appointed October 2012)	**485**	**50**	**535**	–	–	–
G Gelink[3] (appointed January 2013)	**502**	**–**	**502**	–	–	–
PM Goss[3]	**677**	**122**	**799**	615	116	731
NN Gwagwa[3]	**541**	**50**	**591**	484	56	540
PK Harris	**426**	**50**	**476**	396	5	401
WR Jardine[3]	**582**	**62**	**644**	453	29	482
EG Mantenge-Sebesho[3]	**639**	**303**	**942**	584	213	797
AP Nkuna (retired July 2011)	**–**	**–**	**–**	35	15	50
AT Nzimande	**600**	**50**	**650**	548	44	592
KB Schoeman	**483**	**62**	**545**	440	29	469
RK Store[3] (retired May 2013)	**1 014**	**267**	**1 281**	803	387	1 190
BJ van der Ross[3]	**711**	**402**	**1 113**	564	262	826
JH van Greuning[3,4]	**1 183**	**2 782**	**3 965**	1 052	1 605	2 657
MH Visser (deceased April 2012)	**–**	**–**	**–**	504	11	515
Total non-executive directors (ZAR)	**14 909**	**7 429**	**22 338**	12 462	4 799	17 261

All executive directors and prescribed officers have a notice period of one month. Non-executive directors are appointed for a period of three years and are subject to the provisions relating to removal set out in the Companies Act 71 of 2008. In certain cases this age may be extended subject to board approval.

1. *Fees earned by South Africa-based executive directors of FirstRand and its subsidiaries are waived and ceded to companies in the FirstRand Group and do not accrue to them in their private capacity. These fees are not reflected in the above schedule.*
2. *D Premnarayen is classified as an executive director due to his participation in FirstRand's share scheme and does not participate in other executive remuneration arrangements.*
3. *Independent non-executive director.*
4. *Foreign-domiciled director paid in USD.*

Prescribed officers

R thousand	2010	2011	2012	**2013**
SE Nxasana[1]				
Cash package	5 101	6 220	6 614	**7 037**
Retirement contributions	617	616	786	**834**
Other allowances[2]	93	97	81	**68**
Subtotal	5 811	6 933	7 481	**7 939**
Performance related[3]	5 820	8 190	9 600	**11 460**
Share awards for performance[4]	5 180	4 460	5 400	**6 640**
Subtotal	11 000	12 650	15 000	**18 100**
Total	16 811	19 583	22 481	**26 039**
JP Burger[1]				
Cash package	4 699	5 503	5 776	**6 103**
Retirement contributions	698	679	866	**915**
Other allowances[2]	62	74	118	**156**
Subtotal	5 459	6 256	6 760	**7 174**
Performance related[3]	5 520	7 470	8 760	**10 440**
Share awards for performance[4]	4 480	3 980	4 840	**5 960**
Subtotal	10 000	11 450	13 600	**16 400**
Total	15 459	17 706	20 360	**23 574**
M Jordaan				
Cash package	3 898	4 283	4 604	**4 917**
Retirement contributions	692	760	816	**945**
Other allowances[2]	133	144	149	**46**
Subtotal	4 723	5 187	5 569	**5 908**
Performance related[3]	5 400	6 360	7 512	**10 320**
Share awards for performance[4]	2 600	3 240	4 008	**5 880**
Subtotal	8 000	9 600	11 520	**16 200**
Total	12 723	14 787	17 089	**22 108**

Notes

All executive directors and prescribed officers have a notice period of one month. Non-executive directors are appointed for a period of three years and are subject to the Companies Act 71 of 2008 provisions relating to removal. Benefits derived by executive directors in terms of their long-term incentive schemes are disclosed on page 75 and 76.

1. *These prescribed officers in terms of the Companies Act 71 of 2008 are also executive directors. A prescribed officer is a person who exercises general executive control over and management of the whole or a significant portion of the business and activities of FirstRand.*
2. *Other allowances includes travel and medical.*
3. *Variable compensation paid in cash in respect of the year ended 30 June, is paid (with an interest factor) in three tranches, during the following year ending 30 June.*
4. *Performance payments deferred as a conditional award in terms of the FirstRand conditional incentive plan vest two years after the award date. Refer to note 29 in the annual financial statements.*

R thousand	2010	2011	2012	2013
A Pullinger				
Cash package	1 571	1 743	1 981	**2 037**
Retirement contributions	298	330	339	**407**
Other allowances[2]	100	110	99	**122**
Subtotal	1 969	2 183	2 419	**2 566**
Performance related[3]	11 280	13 416	11 400	**13 200**
Share awards for performance[4]	6 520	7 944	6 600	**7 800**
Subtotal	17 800	21 360	18 000	**21 000**
Total	19 769	23 543	20 419	**23 566**
B Riley				
Cash package	2 315	2 572	2 746	**2 887**
Retirement contributions	268	297	270	**432**
Other allowances[2]	100	106	163	**52**
Subtotal	2 683	2 975	3 179	**3 371**
Performance related[3]	3 000	4 200	5 400	**6 000**
Share awards for performance[4]	1 000	1 800	2 600	**3 000**
Subtotal	4 000	6 000	8 000	**9 000**
Total	6 683	8 975	11 179	**12 371**

Co-investment scheme

In addition to contractual and performance remuneration, prescribed officers are entitled to participate in a co-investment scheme. Profit share, as shown in the table below, is based on a capital contribution placed at risk by the employee.

R thousand	2013	2012
JP Burger[1]	**649**	1 928
M Jordaan	**324**	964
SE Nxasana[1]	**143**	428
A Pullinger	**853**	2 570

Notes

All executive directors and prescribed officers have a notice period of one month. Non-executive directors are appointed for a period of three years and are subject to the Companies Act 71 of 2008 provisions relating to removal. Benefits derived by executive directors in terms of their long-term incentive schemes are disclosed on page 75 and 76.

1. *These prescribed officers in terms of the Companies Act 71 of 2008 are also executive directors. A prescribed officer is a person who exercises general executive control over and management of the whole or a significant portion of the business and activities of FirstRand.*
2. *Other allowances includes travel and medical.*
3. *Variable compensation paid in cash in respect of the year ended 30 June, is paid (with an interest factor) in three tranches, during the following year ending 30 June.*
4. *Performance payments deferred as a conditional award in terms of the FirstRand conditional incentive plan vest two years after the award date. Refer to note 29 in the annual financial statements.*

Aggregate compensation disclosures

	2013
Employees receiving variable awards (number of employees)	
Employees receiving variable compensation	**17 023**
Employees receiving union-agreed variable compensation[1]	**19 975**
Total variable awards	**36 998**
Employees receiving sign on and severance (number of employees)	
Sign on awards granted	**42**
Severance awards	**305**
Total sign on and severance awards	**347**
Sign on and severance (R million)	
Value of sign on awards granted	**13**
Value of severance awards	**51**
Total value of sign on and severance awards	**64**
Portion of compensation not deferred (R million)	
Guaranteed compensation	**11 090**
Union-agreed variable compensation[1]	**173**
Variable compensation[2]	**2 904**
Vested share-based long-term incentives (LTIs) exercised and paid[3]	**1 640**
Total value of non-deferred compensation	**15 807**
Portion of compensation deferred[4] (R million)	
Second and third cash tranches of variable compensation[5]	**637**
Portion of 2013 variable compensation deferred in shares[6]	**236**
2013 share-based LTI award	**1 053**
Total value of deferred compensation	**1 926**
Cumulative outstanding deferred compensation at 30 June 2013[4,7] (R million)	
Second and third cash tranches of variable compensation	**637**
Portion of variable compensation deferred (cumulative 2011, 2012 and 2013)	**245**
Share-based LTI awards (cumulative 2011, 2012 and 2013)	**1 676**
Share-linked LTI awards	**936**
Total cumulative outstanding deferred compensation	**3 494**
Total deferred compensation clawed back (R million)	**9**

Notes

1. *Guaranteed bonuses paid to non-managerial employees in the form of 13th cheques in terms of the Group's annual union negotiations. Where employees receive amounts over and above the union agreement these are disclosed under variable compensation.*
2. *Includes tranche 1 of cash-settled variable compensation.*
3. *LTIs are share-based incentives that only become exercisable subject to clearly defined vesting criteria. Refer to page 67 for detailed disclosure of the Group's vesting criteria.*
4. *All deferred compensation is subject to clearly defined performance criteria to ensure alignment of employee remuneration with company performance. Refer to page 66 for a detailed description of the Group's deferral policy.*
5. *Portion of cash bonus deferred to 2nd and 3rd tranche payments in December and June respectively of the proceeding financial year.*
6. *Cash portion of variable compensation deferred in FirstRand shares and subject to vesting criteria.*
7. *The values disclosed for LTIs have been determined on pro rata vesting basis assuming that the conditions precedent have been met. These incentives are however still subject to individual, business unit and corporate performance criteria before becoming exercisable as set out in the vesting criteria note on page 67.*

Executive directors' and prescribed officers' interests

	Opening balance (number of shares)	Strike price (rand)	Expiry date	Granted/ taken up this year (number of shares)	Portion not exercisable due to vesting criteria not been met (number of shares)	Closing balance (number of shares)	Benefit derived (rand)
Sizwe Nxasana							
Forfeitable shares MMI	108 416		16/09/2011	(108 416)	–	–	2 264 810
Forfeitable shares	642 405		16/09/2012	(642 405)	–	–	17 682 776
Bonus deferral CSP	302 213		13/10/2012	(302 213)	–	–	8 035 844
CSP	715 647		17/10/2012	(715 647)	–	–	18 248 998
APR	1 000 000	17.00	01/11/2012		(1 000 000)	–	–
Bonus deferral CSP	228 882		13/10/2013	–	–	228 882	–
CSP	621 165		14/10/2013	–	–	621 165	–
APR	2 000 000	10.48	03/12/2013	–	–	2 000 000	–
CSP	576 567		13/10/2014	–	–	576 567	–
Bonus deferral CIP	–		31/10/2014	194 325	–	194 325	–
FirstRand black non-executive directors	1 000 000	12.28	31/12/2014	–	–	1 000 000	–
FirstRand black employee share trust	1 000 000	14.91	31/12/2014	–	–	1 000 000	–
CIP	–		31/10/2015	432 604	–	432 604	–
Subtotal	**8 195 295**			**(1 141 752)**	**(1 000 000)**	**6 053 543**	**46 232 428**
Johan Burger							
Forfeitable shares MMI	100 672		16/09/2011	(100 672)	–	–	2 067 994
Forfeitable shares	596 519		16/09/2012	(596 519)	–	–	15 211 234
Bonus deferral CSP	261 373		13/10/2012	(261 373)	–	–	7 639 518
CSP	536 736		17/10/2012	(536 736)	–	–	13 686 768
APR	900 000	17.00	01/11/2012		(900 000)	–	–
Bonus deferral CSP	204 249		13/10/2013	–	–	204 249	–
CSP	473 268		14/10/2013	–	–	473 268	–
APR	1 500 000	10.48	03/12/2013	(1 000 000)	–	500 000	19 020 000
CSP	461 870		13/10/2014	–	–	461 870	–
Bonus deferral CIP	–		31/10/2014	174173	–	174 173	–
CIP	–		31/10/2015	346545	–	346 545	–
Subtotal	**5 034 687**			**(1 974 582)**	**(900 000)**	**2 160 105**	**57 625 514**
Deepak Premnarayen							
APR	1 536 385	10.48	03/12/2013	(768 192)	–	768 193	15 876 652
Subtotal	**1 536 385**			**(768 192)**		**768 193**	**15 876 652**

	Opening balance (number of shares)	Strike price (rand)	Expiry date	Granted/ taken up this year (number of shares)	Portion not exercisable due to vesting criteria not been met (number of shares)	Closing balance (number of shares)	Benefit derived (rand)
Michael Jordaan							
Bonus deferral CSP	151 690		13/10/2012	(151 690)	–	–	4 433 657
CSP	447 280		17/10/2012	(447 280)	–	–	11 405 640
APR	800 000	17.00	01/11/2012		(800 000)	–	–
Bonus deferral CSP	166 273		13/10/2013	–	–	166 273	–
CSP	385 321		14/10/2013	–	–	385 321	–
APR	666 667	10.48	03/12/2013	–	–	666 667	–
CSP	410 551		13/10/2014	–	–	410 551	–
Bonus deferral CIP	–		31/10/2014	144 232	–	144 232	–
CIP	–		31/10/2015	308 040	–	308 040	–
Subtotal	**3 027 782**			**(146 698)**	**(800 000)**	**2 081 084**	**15 839 297**
Alan Pullinger							
Bonus deferral CSP	380 393		13/10/2012	(380 393)	–	–	11 118 282
CSP	447 280		17/10/2012	(447 280)	–	–	11 405 640
APR	250 000	17.00	01/11/2012		(250 000)	–	–
Bonus deferral CSP	309 035		13/10/2013	–	–	309 035	–
CSP	385 321		14/10/2013	–	–	385 321	–
APR	1 250 000	10.48	03/12/2013	–	–	1 250 000	–
CSP	359 232		13/10/2014	–	–	359 232	–
Bonus deferral CIP	–		31/10/2014	237 508	–	237 508	–
CIP	–		31/10/2015	269 895	–	269 895	–
Subtotal	**3 381 261**			**(320 270)**	**(250 000)**	**2 810 991**	**22 523 922**
Brian Riley							
Bonus deferral CSP	58 342		13/10/2012	(58 342)	–	–	1 705 244
CSP	322 041		17/10/2012	(322 041)	–	–	8 212 046
APR	400 000	17.00	01/11/2012		(400 000)	–	–
Bonus deferral CSP	92 374		13/10/2013	–	–	92 374	–
CSP	277 432		14/10/2013	–	–	277 432	–
APR	666 667	10.48	03/12/2013	(333 333)	–	333 334	6 339 994
CSP	266 858		13/10/2014	–	–	266 858	–
Bonus deferral CIP	–		31/10/2014	93 564	–	93 564	–
CIP	–		31/10/2015	200 226	–	200 226	–
Subtotal	**2 083 714**			**(419 926)**	**(400 000)**	**1 263 788**	**16 257 284**

Definitions:

CSP – conditional share plan
APR – share appreciation rights
CIP – cash incentives scheme

AUDIT COMMITTEE

Hennie van Greuning
Chairman

ROLE

FirstRand's audit committee is an independent statutory committee appointed by FirstRand's shareholders with a formal charter approved by the board of directors. It has executed its duties during the past year in accordance with the approved charter.

In addition to having specific statutory responsibilities in terms of the Companies Act, the audit committee assists the board through oversight on financial and non-financial reporting, monitoring the integrity of internal controls and assessing the effectiveness of external and internal audit functions.

COMPOSITION

The committee is composed of six non-executive directors, five of whom are independent. FirstRand's CEO, COO and CFO, chief audit executive, external auditors, heads of finance, risk and compliance, and other assurance providers attend committee meetings in an *ex officio* capacity. The external auditors and chief audit executive meet independently with the non-executive members as and when required. The composition of the committee is designed to include members with practical banking expertise.

2013 Highlights

Focus area	Actions
Audit planning process	Internal Audit initiated an audit planning workshop with audit committee members and external auditors. An integrated risk based approach to planning was adopted incorporating combined assurance, leveraging management's assessment and external auditors' evaluation of the risk environment. This enabled a common view of risks that underpin the audit planning process. The audit planning process is flexible and will be reviewed on a quarterly basis as the organisation's risks, governance and controls processes evolve.
Streamlining the audit committee agenda and reports	Collaborative efforts with affected areas resulted in defining the audit committee agenda to ensure that all areas mandated by regulation and good governance are covered and that sufficient time is devoted to the most significant matters. Reporting expectations of various role players was considered and report templates have been established that cater for the respective needs. Reporting now enables committee members to evaluate in a focused manner and interrogate matters affecting key risk and control issues in a more consistent and meaningful way. This will occasionally be recalibrated as risks evolve in the organisation.

Statutory duties

In execution of its statutory duties during the financial year under review the committee:

- Recommended the appointment of the external auditors at the annual general meeting.
- In consultation with executive management, the audit committee agreed to the engagement letter, terms of engagement, the audit plan and budgeted audit fees for the 2013 financial year. The external audit plan was carefully aligned with a risk-based approach taking cognisance of the internal audit plan and the work plans of the Group's combined assurance community.
- There is a formal procedure that governs the process whereby auditors are considered for non-audit services and the committee has pre-approved a service agreement for the provision of these by the external auditors.
- The committee is satisfied that the external auditors were independent of the company, as set out in section 94(8) of the Companies Act. This has included consideration of previous appointments of the auditors, the extent of other work undertaken by the auditors for the company, compliance with criteria relating to independence or conflicts of interest and internal governance processes within the audit firms.
- FirstRand has formal processes in place whereby whistle-blowers can anonymously inform the audit committee of any concerns relating to the integrity of the Group's financial controls and reporting. During the year the committee did not receive any concerns or complaints relating to FirstRand's internal financial controls, accounting practices, internal and external audits or annual financial statements.
- The committee has reviewed a documented assessment, including key assumptions of the going concern assertion of the company and reviewed budgets for the next three years. Based on the information provided by management the committee has concluded that the Group will continue to be a going concern in the foreseeable future.

Internal controls and internal audit

The Group's internal controls and systems are relied upon to provide reasonable assurance about the integrity and reliability of the financial statements; to safeguard, verify and maintain accountability of its assets; and to detect fraud, potential liability, loss and material misstatement, while complying with regulations.

Financial services institutions are inherently complex in nature with a number of areas exposed to the risk of control failure. In general, most internal control systems require continuous review and refinement of business processes to ensure best market practice as well as elimination of the potential for human error or deliberate manipulation of control activities. During the year the committee received regular reports from Group Internal Audit on any weaknesses in controls that were identified, including financial controls, and considered corrective actions to be implemented by management. The audit committee receives regular progress reports on the improvement of business processes and detailed disclosures on the functioning of the Group's internal controls during the year under review which are included in the *Risk and capital management report* in the annual integrated report.

When issues are detected that require longer-term solutions the audit committee places strong focus on the integrity of controls that management puts in place as mitigating measures. While acknowledging that the organisation is exposed to potential risk, the promptness and attention of management in implementing remedial measures is carefully monitored.

The committee has assessed the performance of the chief audit executive and is satisfied that the internal audit function is independent and appropriately resourced, and that the chief audit executive has fulfilled the obligations of the position.

The committee can confirm that the financial and risk management information contained in the integrated report accurately reflects the information reported to the committee by management and has no reason to believe that the existing internal controls, including internal financial controls, do not form a sound basis for the preparation of reliable financial statements. The committee's opinion in this regard is supported by the reports received from the risk committee, external audit, internal audit and executive management.

Combined assurance

FirstRand's audit committee understands that it has to remain vigilant and that its role is not simply to ensure that audit procedures are performed, but to ensure that the work performed is effective and adds value to stakeholders. This requires increasing collaborative approaches to work undertaken by executive management and the Group's other assurance providers.

During the year the committee monitored alignment of all assurance providers to achieve elimination of multiple approaches to risk assessment and reporting. The combined assurance process aims to ensure that any loss events or control breakdowns are used to help synchronise complementary risk and assurance functions through a focus on root-cause analysis and related management actions.

Integrated reporting

The committee has overseen the Group's integrated reporting processes and the effectiveness of the internal control environment underpinning these. In so doing, the committee considered the recommendations of independent assurance providers in reviewing the consistency of the information disclosed in the annual integrated report. In September 2013, the committee accordingly recommended the integrated report to FirstRand's board.

Relationship with risk committee

FirstRand's audit committee works closely with the Group's risk, capital management and compliance committee to identify common risk and control themes and achieve synergy between assurance processes, thereby ensuring that, where appropriate, these functions can leverage off one another. Several non-executive directors, including the chairpersons, serve on both committees to ensure that relevant information is shared.

Compliance with key regulations

Based on the reports received throughout the year the committee is able to confirm to FirstRand's stakeholders that the Group has implemented appropriate processes for complying with the spirit and the letter of key regulations impacting the Group.

Information and technology governance

The audit committee receives regular reports from the Group's risk, capital management and compliance committee, which monitors refinements to the Group's information and technology governance framework as well as providing a comprehensive and transparent review of the effectiveness of the information and technology governance mechanisms within the Group. Information governance is receiving appropriate attention in the Group and regular reports are presented to the audit committee. Based on the reports received, the audit committee is satisfied that the Group is able to effectively manage its information and technology resources as well as plan appropriately for potential future IT risks.

Stakeholders are referred to the *Risk and capital management report* in the annual integrated report for a detailed review of Group's IT risk governance processes.

Finance function

The audit committee considers the expertise and experience of the financial director in terms of the JSE Listings Requirements and is satisfied that the appropriate requirements have been met. The audit committee is also satisfied by the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for it.

Annual financial statements

Based on the above activities and assurances obtained, the committee agrees to and accepts the external auditors' report on the annual financial statements and has recommended the approval thereof to the board. The financial statements will be open for discussion at the forthcoming annual general meeting.

Looking ahead

Changing environment

Developments in global banking practices appear to demonstrate continuing lapses in ethics and risk management. In this context, feedback and analysis by the Group ethics officer is included in committee proceedings to determine whether similar events could undermine risk management and internal control in the Group.

Committee effectiveness

During the year under review the audit committee members conducted an effectiveness survey, the results of which were shared with the board. The committee confirms that for the period under review, it discharged its duties and responsibilities in accordance with the terms of reference.

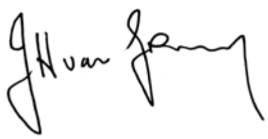
The committee holds additional meetings to enable in depth discussion of matters affecting their mandate. During the year the committee attended regular technical sessions, in addition to scheduled audit committee meetings to facilitate a thorough understanding of the accounting and IFRS developments and their application to the Group's annual financial statements.

Proceedings and performance review

Attendance at the meetings held during the year was as follows:

	Sep 2012	20 Nov 2012	30 Nov 2012	Feb 2013	May 2013
VW Bartlett (appointed February 2009)	✓	✓	✓	A	✓
JJH Bester (appointed July 2010)	✓	✓	✓	✓	✓
L Crouse (appointed July 2010)	✓	✓	✓	✓	✓
GG Gelink (appointed January 2013)	–	–	–	✓	✓
EG Matenge-Sebesho (appointed July 2010)	✓	✓	✓	✓	✓
RK Store (retired May 2013)	✓	✓	✓	LOA	–
JH van Greuning – chairman (appointed September 2009)	✓	✓	✓	✓	✓

A – apologies tendered and accepted.
LOA – approved leave of absence.



JH van Greuning
Chairman, audit committee

9 September 2013

SOCIAL AND ETHICS COMMITTEE

Hennie van Greuning
Chairman

The importance of good ethics in banking cannot be overemphasised, because as a trust business, ethics is core to the success of the financial services industry.

Safeguarding and promoting good ethics at FirstRand is considered prudent stakeholder relationship management for ensuring that regulators, investors, employees, customers, business partners, depositors and broader society trust the Group to be a good corporate citizen.

COMPOSITION

The FirstRand social and ethics committee (secom) is constituted exclusively of non-executive directors, two of whom are independent. The CEO, COO and CFO attend two meetings in an *ex officio* capacity. The Group ethics officer is a permanent special advisor to the committee and is responsible for the preparations of secom. The Group head of human capital and the chief risk officers of the Group's franchises are invitees.

ROLE

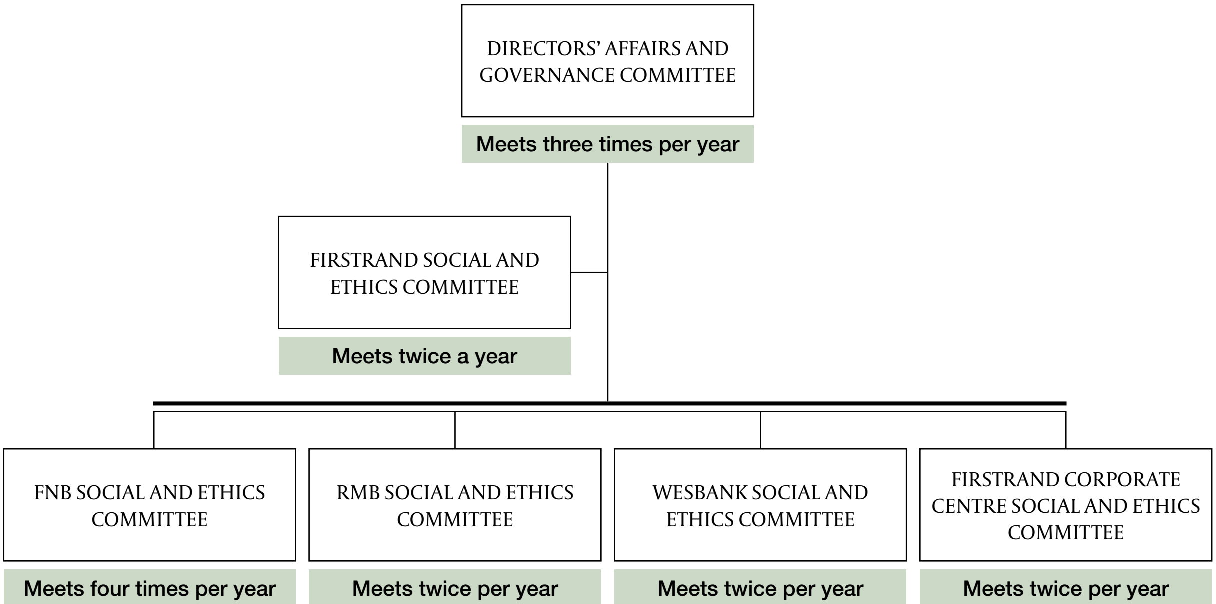
The committee is constituted as a subcommittee of FirstRand's directors affairs and governance committee in accordance with the statutory requirements set out in Section 72 and regulation 43 of the Companies Act 71 of 2008. It is charged with promoting responsible business practices across the FirstRand Group.

2013 Highlights

Focus area	Actions
Code of ethics	Oversaw enterprise-wide institutionalisation of the Group code of ethics.
Ethical culture assessments	Conducted major organisational culture audits in several franchises.
Safe whistle blowing	Oversaw gradual improvements in reporting rates as employees gain confidence in the safety and effectiveness of the process.
Leading light campaign	Launched a new whistle-blower reward programme while also rewarding employees who design and implement innovations that assist the Group in combating theft, fraud or corruption.
Responsible competitive practices	Oversaw the institutionalisation of the Group Responsible Competitive Practices Policy.
Treating customers fairly	Established processes to prepare the Group for new market conduct regulation.

FRANCHISE ETHICS COMMITTEES

The secom is supported by several franchise ethics committees as set out in the diagram below.



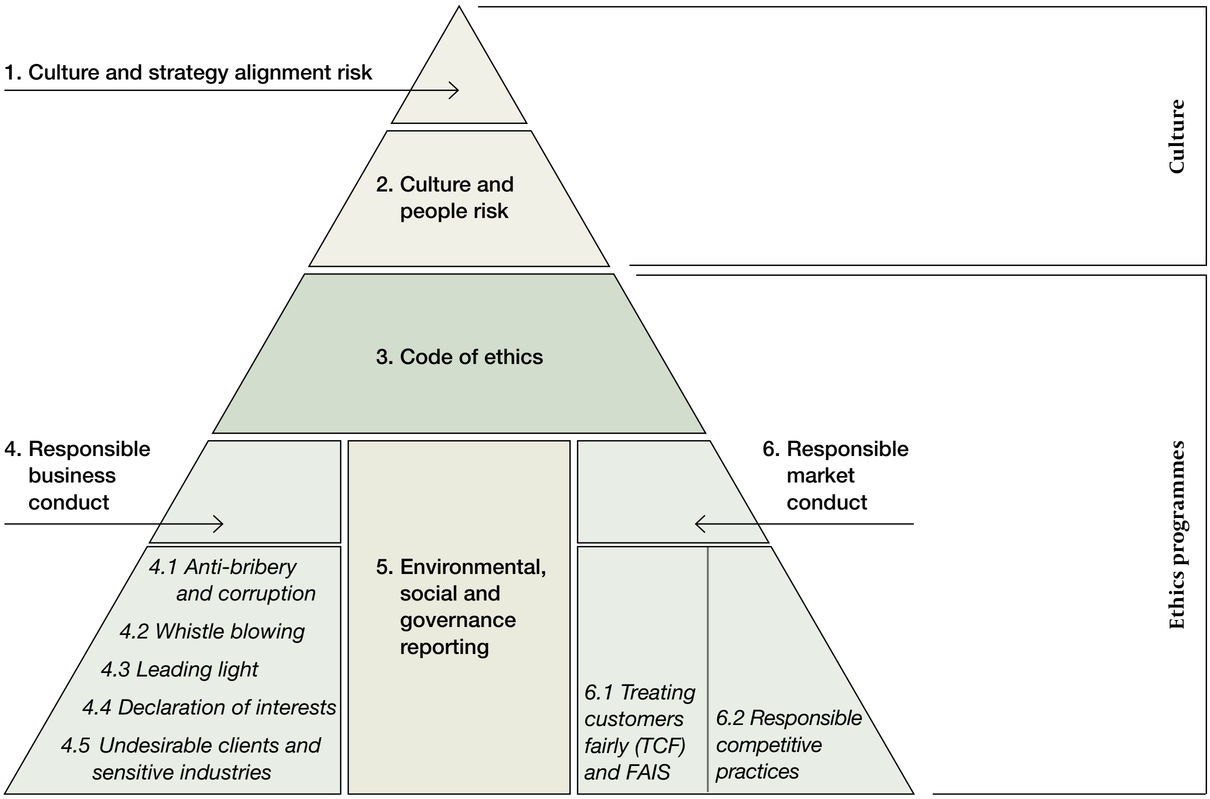
The Group ethics officer is the chairman of each franchise ethics committee, while the respective franchise chief risk officers are charged with the implementation of the Group ethics framework.

Among the issues addressed by the Group ethics committee structures are detailed reports from the following officers or committees:

- Group ethics officer on rollout of ethics governance.
- Franchise chief risk officer on ethics framework performance.
- Transformation committee on BEE transformation.
- Regulatory Risk Management (Compliance).
- Social and environmental risk unit.

GROUP ETHICS FRAMEWORK

FirstRand's ethics framework has six strategic focus areas as outlined in the diagram below. Where appropriate these focus areas are underpinned by individual work streams.



Culture and strategy alignment

The Group ethics office regularly conducts culture risk assessments within business areas and is able to use the information obtained to advise leadership whether the culture in an affected area is capable of facilitating the realisation of the relevant business' strategic objectives.

During the reporting period three such strategy and culture alignment studies were conducted in the Group, the outcomes of which were used to further align organisational culture to business strategy where appropriate.

Culture and people risk assessment

Culture is determined by how employees live their own values and how these align with the values of the business area in which they operate. The better the understanding of the culture and people risk profile of a business area, the more proactive risk management practice can be in anticipating risks rather than just responding to risks.

Culture and people risk assessments generate important management information enabling leadership and several risk functions to better understand and address any challenges identified.

During the reporting period a total of nine such people and culture assessments were completed in the Group's franchises.

Group code of ethics

FirstRand's code of ethics sets the standards and good conduct provisions within the Group, for individual business units and in every country in which the Group operates.

During the year 12 000 employees received live ethics training on the code of ethics. The Group has also increased the digital reach of its ethics management framework by issuing an extended office video suite, which profiles management and reinforces the messages of the code of ethics.

Responsible business conduct

The ethics framework maintains programmes designed to ensure responsible business conduct, underpinned by five interdependent work streams.

Anti-bribery and corruption

FirstRand has further institutionalised its zero-tolerance attitude towards bribery and corruption through an anti-bribery policy that provides its internal and external stakeholders with specific guidance on conduct to be followed in the areas of bribery and corruption.

The anti-bribery policy is the cornerstone of the Group's anti-bribery and corruption programme. Specific guidance is tailored to meet the needs of different business units while ensuring alignment of global regulatory and best practice requirements.

Whistle blowing

The committee oversees continued focus on enabling a culture of transparency and safe whistle blowing through ensuring that safe and effective whistle-blowing facilities are available to employees.

FirstRand's ethics line allows employees to report instances of suspected or actual unethical behaviour anonymously, partially anonymously and confidentially, and is managed by Deloitte Tip Offs Anonymous.

During the year, 205 reports were received via the FirstRand ethics line, representing a 20% increase from the 171 reports received during the 2012 financial year.

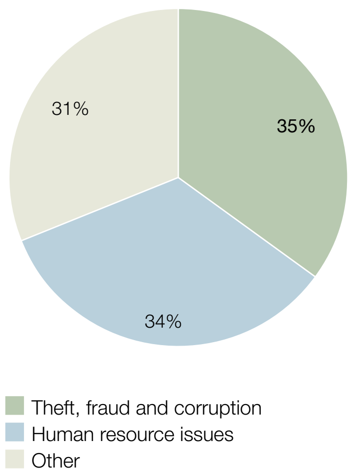
The increased call volume demonstrates increased trust in the whistle-blowing process. The Group ethics office ensures that legitimate instances of whistle blowing are thoroughly investigated and resolved.

2013 Ethics line calls

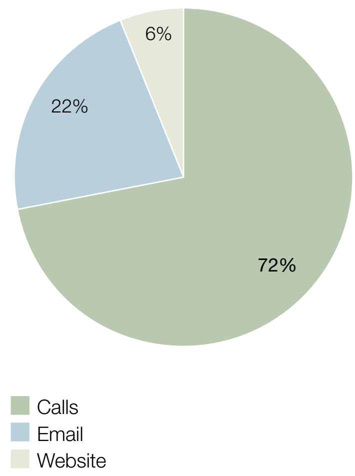
Number of calls	**2013**	2012	% change
Quarter 1	**58**	44	32
Quarter 2	**58**	50	16
Quarter 3	**36**	34	6
Quarter 4	**53**	43	23
Total	**205**	171	20

Ethics line activity tends to be higher in the first and second quarter of each year. Since the launch of the ethics line in 2011, the majority of reports received related to the retail banking businesses such as FNB Banking Channels and WesBank. This has since improved with a noticeable increase in the number of reports received from other business areas across the Group.

2013 tipoffs by channel
(%)



2013 types of cases
(%)



The FirstRand ethics line contact details:

FirstRand Group ethics line toll free numbers
0800 00 33 12 (South Africa and Namibia)
0808 238 75 00 (United Kingdom)
000800 100 79 00 (India)

FirstRand Zambia ethics line toll free number
50800 (Zambia Airtel users)

FirstRand Botswana ethics line toll free numbers
0800 600 644 (Botswana Telecoms users)
1144 (Orange users)
71119711 (Mascom users)

FirstRand Group ethics line email
report@firstrandethicsoffice.com

FirstRand Group ethics line website
www.firstrandethicsoffice.com

Leading Light

The Group has instituted a rewards programme named Leading Light to incentivise whistle blowing on suspected cases of theft, fraud and corruption, and to incentivise innovations that prevent or detect theft, fraud or corruption.

During the year, seven innovations were short listed for a Leading Light Innovation Award. Four awards totalling R1.55 million were made as follows:

- silver prize: R150 000 to an innovator in the FirstRand Corporate Centre;
- gold prize: R400 000 to an innovation team in FNB;
- gold prize: R400 000 to an innovation team in FNB; and
- diamond prize: R600 000 to an innovation team in FNB.

Declarations of interests

In an effort to achieve transparency and proactive detection of potential conflicts of interest, the Group has developed an electronic declaration of interests platform. Regular declarations of interest processes are completed throughout the Group.

A corporate and investment bank detection and prevention of conflicts of interests policy was developed and issued during the year to ensure adequate and proactive management of conflicts of interests and to promote the responsible use of material non-public information in the investment banking business.

Undesirable clients and sensitive industries

Secom oversees a list of undesirable clients and sensitive industries which is periodically updated. Policy positions on investments in sensitive industries guide the Group's adherence to social and environmental risk management practice, including the Equator Principles to which the Group is a signatory.

Environmental social and governance (ESG) reporting

The committee is an integral part of the Group's ESG control framework, providing oversight of policy matters and exceptions affecting ESG management and reporting. ESG policy is set at franchise ethics committee level, with the exception of BEE transformation which is dealt with by the Group's transformation monitoring structures.

Responsible market conduct

The ethics framework maintains programmes designed to ensure responsible market conduct. These are underpinned by work streams in treating customers fairly and responsible competitive practices.

Treating customers fairly and FAIS

During the year a fair market conduct policy and framework was developed and treating customers fairly (TCF) assessment issued by the Financial Services Board was completed. The results of this assessment are being applied to further improve controls for ensuring fair customer treatment. In the year to follow market conduct will receive particular focus, notably in the context of proposed twin-peaks regulation for the financial services industry.

Responsible competitive practices

Secom maintains a strong emphasis on FirstRand's responsible competitive practices (RCP) programme. In addition to raising continued awareness of the RCP policy, live management training has been conducted across the Group. This training has been extended to identify high-risk groups of employees and an electronic responsible competitive practices platform has been developed to ensure access to related information and continued learning by all affected employees. The FirstRand RCP policy addresses the regulatory requirements of South Africa's Competition Act in addition to other global regulatory and best practice requirements.

ADMINISTRATIVE MATTERS, REGULATORY AND COMPLIANCE REQUIREMENTS

The King III code adopts an apply or explain principle whereby a reasonable explanation for non-application of a certain principle results in compliance. FirstRand has two areas where it adopts the apply or explain principle.

King III Chapter 2 – boards and directors

King III principle 2.16 states that the board should elect a chairman of the board who is an independent non-executive director.

FirstRand's chairman, Mr LL Dippenaar, is non-executive but not independent in terms of the definition of independence adopted by the JSE. Mr Dippenaar is a major shareholder in RMB Holdings Limited, which owns 33.9% of the issued share capital of FirstRand. The board believes that his specialist knowledge of the financial services industry and of the FirstRand Group make it appropriate for him to hold this position. In line with the JSE Listings Requirements and the King III code, a lead independent non-executive director was formally appointed.

King III Chapter 3 – audit committees

King III principle 3.2 states that audit committee members should be suitably skilled and experienced independent non-executive directors. The code also recommends that the audit committee should be constituted of at least three independent members.

FirstRand's audit committee is composed of six non-executive directors, five of whom are independent. One of the members, Mr Leon Crouse, is not independent in terms of the JSE definition. The committee is, therefore, not composed exclusively of independent directors as recommended by King III. The board is of the opinion that Mr Crouse's specialist skills, experience, knowledge of the FirstRand Group and the value that these bring to audit committee deliberations warrant his ongoing membership.

POCEEDINGS AND PERFORMANCE REVIEW

The committee met twice during the year. Membership and attendance were as follows:

	October 12	May 13
H van Greuning (appointed May 2013)	–	✓
RK Store – chairman (retired May 2013)	✓	–
MS Bomela	✓	✓
BJ van der Ross	A	✓

A – apology received.

The committee has conducted an effectiveness assessment and is satisfied that it has fulfilled the requirements of its charter.

JH van Greuning
Chairman, social and ethics committee

9 September 2013

FirstRand Group summarised annual financial statements

CONTENTS

FIRSTRAND GROUP

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June

These summarised consolidated annual financial statements comprise a summary of the audited consolidated annual financial statements of the group for the year ending 30 June 2013 that were approved by the board on 9 September 2013. These summarised consolidated annual financial statements have been audited in terms of the requirements of the Companies Act no 71 of 2008.

The summarised consolidated annual financial statements are not the group's statutory accounts and do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarised consolidated annual financial statements, therefore, is not a substitute for reading the audited consolidated annual financial statements of the group, as they do not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group. The audited consolidated annual financial statements are available online at www.firstrand.co.za, or may be obtained from the company secretary.

The consolidated annual financial statements and the summarised consolidated annual financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers Inc. and Deloitte & Touche. Their unmodified audit report is available for inspection at the group's registered office and their opinion on these summarised consolidated annual financial statements is on page 93.

BASIS OF PRESENTATION

These summarised consolidated financial statements have been prepared in accordance with the framework concepts, and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the information required by International Accounting Standard 34: Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practises Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements for summarised financial statements and the requirements of the Companies Act of 2008, as amended. The summarised consolidated financial statements have been prepared on the historical cost basis, except for certain items including derivatives, that are stated at fair value, and are presented in South African Rand, which is the parent company's presentation currency. The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived are in terms of IFRS, and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements.

The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous period. The summarised consolidated financial statements should be read with the full set of consolidated financial statements as available on the company's website.

The financial statements were prepared by Alan Hedding CA(SA) and approved by the board of directors on 9 September 2013 and are signed on its behalf by:

Laurie Dippenaar	Sizwe Nxasana	Johan Burger
Chairperson	Chief executive officer	Chief financial officer
4 October 2013	4 October 2013	4 October 2013

DIRECTORS' RESPONSIBILITY STATEMENT

TO THE SHAREHOLDERS OF FIRSTRAND LIMITED

The board acknowledges its responsibility to ensure the integrity of the summarised consolidated annual financial statements.

The board has applied its mind to the summarised consolidated annual financial statements and believes that it addresses all material issues, and present fairly the integrated performance of the organisation and its impacts.

The integrated report has been prepared in line with the best practice and recommendations of King III.

The integrated report was approved by the board on 9 September 2013 and signed on its behalf:

LL Dippenaar
Chairman

SE Nxasana
Chief executive officer

Sandton

4 October 2013

REPORT OF THE INDEPENDENT AUDITORS' ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF FIRSTRAND LIMITED

The summarised consolidated financial statements of FirstRand Limited, contained in the accompanying summarised report, which comprises the summarised consolidated statement of financial position as at 30 June 2013, the summarised consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes as set out in pages 97 to 143, are derived from the audited consolidated financial statements of FirstRand Limited for the year ended 30 June 2013. We expressed an unmodified opinion on those consolidated financial statements in our report dated 9 September 2013. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph "Other reports required by the Companies Act" (included below). Those consolidated financial statements, and the summarised consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of FirstRand Limited.

Directors' responsibility for the Summarised Consolidated Financial Statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listing Requirements for summarised reports, set out in the basis of presentation paragraph, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal controls as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listing Requirements require summarised reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council also, and to also, as a minimum, contain information required by IAS 34 Interim Financial Reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion the summarised consolidated financial statements derived from the audited consolidated financial statements of FirstRand Limited for the year ended 30 June 2013 are consistent, in all material respects, with those annual consolidated financial statements, in accordance with the requirements of the JSE Limited Listing Requirements for summarised reports, set out in the basis of presentation paragraph, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 9 September 2013 states that as part of our audit of the consolidated financial statements for the year ended 30 June 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

Deloitte & Touche

Deloitte & Touche
Registered auditor
Per: Kevin Black

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Registered auditor
Director: Tom Winterboer

Sandton

4 October 2013

DIRECTORS' REPORT
for the year ended 30 June

NATURE OF BUSINESS

FirstRand Limited is a public company and registered bank controlling company. The Group provides banking, insurance and investment products and services to retail, commercial, corporate and public sector customers through its portfolio of market-leading franchises; First National Bank (FNB), the retail and commercial bank, Rand Merchant Bank (RMB), the corporate and investment bank, WesBank, an instalment finance provider, and Ashburton Investments, the Group's newly-established investment management business. FirstRand Limited is the holding company of the FirstRand group of companies and is listed on the securities exchange of JSE Limited (JSE) (under Financial – Banks, share code: FSR) and the Namibian Stock Exchange (NSX) (share code: FST).

Whilst the Group is predominantly South African based, it has subsidiaries in Namibia, Botswana, Zambia, Mozambique, Tanzania, Nigeria, Swaziland and Lesotho. The Bank has branches in India and the United Kingdom, and representative offices in Dubai, Kenya, Angola and China.

Refer to page 150 for a simplified group structure.

INTEGRATED REPORT

The board acknowledges its responsibility for the integrity of the integrated report. Guidelines as provided by King III have been adopted in preparation of the integrated report. The board believes that the report fairly represents the performance of the Group.

DIVIDENDS

Ordinary shares

The following ordinary cash dividends were declared in respect of the 2013 financial year.

	Year ended 30 June	
Cents per share	**2013**	2012
Interim (declared 5 March 2013)	**55.0**	44.0
Final (declared 9 September 2013)	**81.0**	58.0
	136.0	102.0

The salient dates for the final dividend are as follows:

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

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

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

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

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

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

B preference shares

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

Dividends declared and paid

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

SHARE CAPITAL

Details of FirstRand's authorised share capital as at 30 June 2013 are shown in note 28 to the company's financial statements in the annual integrated report.

Ordinary share capital

There were no changes to authorised or issued ordinary share capital during the year.

Preference share capital

There were no changes to authorised or issued preference share capital during the year.

SHAREHOLDER ANALYSIS

The following shareholders have a beneficial interest of 5% or more in FirstRand's issued ordinary shares.

%	2013	2012
RMB Holdings Limited	**33.9**	33.9
Public Investment Corporation	**8.9**	11.3
FirstRand Empowerment Trust and related parties	**8.1**	8.1
Financial Securities Limited (Remgro)	**3.9**	3.9

A further analysis of shareholders is set out on page 151.

EVENTS SUBSEQUENT TO REPORTING DATE

The directors are not aware of any material events that have occurred between the date of the statement of financial position and the date of this report.

DIRECTORATE

Details of the board of directors are on pages 53 to 55.

BOARD CHANGES

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

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

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

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

DIRECTORS' AND PRESCRIBED OFFICERS' INTERESTS IN FIRSTRAND

Details of the directors' and prescribed officers' interests in the issued ordinary and preference shares of FirstRand have been disclosed in the corporate governance report (page 75 and 76).

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Details of directors' and prescribed officers' emoluments and their participation in share incentive schemes have been disclosed in the *Corporate governance report* (pages 71 to 74). Further information relating to the determination of directors' and prescribed officers' emoluments, share option allocations and related matters are included in the *remuneration committee report* (pages 61 to 70).

AUDIT COMMITTEE REPORT

The *Audit committee report* appears on pages 77 to 80.

MANAGEMENT BY THIRD PARTIES

The directors had no interest in any third party or company responsible for managing any of the business activities of the Group except to the extent that they are shareholders in RMB Holdings, which together with Remgro, has significant influence over FirstRand.

DIRECTORS' INTEREST IN CONTRACTS

During the financial year, no contracts were entered into in which directors or officers of the company had an interest and which significantly affected the business of the Group.

DISPOSALS

There were no significant disposals during the year under review.

ACQUISITIONS

Acquisition of associate of FirstRand Investment Holdings Proprietary Limited

Volkswagen Financial Services South Africa Proprietary Limited – registration number 2013/133698/07 (VWFS) was registered in terms of Section 14 of the Companies Act 71 of 2008, as amended in accordance with the Notice of Incorporation with effect from 5 August 2013. FirstRand Investment Holdings Proprietary Limited holds 49% of the issued share capital of VWFS.

PROPERTY AND EQUIPMENT

There is no change in the nature of the property and equipment of the Group or in the policy regarding their use during the year.

INSURANCE

The Group protects itself against crime as well as professional indemnity by carrying large deductibles through a structured insurance risk financing programme. Levels of cover carried are commensurate with the size and stature of the Group.

SUBSIDIARIES AND ASSOCIATES

Interests in subsidiary and associate companies, which are considered material in view of the Group's financial position and its results, are included in notes 38 and 14 in the annual financial statements.

COMPANY SECRETARY AND REGISTERED OFFICES

Mr BW Unser is the company secretary. FirstRand's business and postal addresses appear on page 153. These addresses are also those of the registered offices.

SPECIAL RESOLUTIONS DURING 2013

Special resolution by FSR

1. Pursuant to the requirements of Section 16 (1) (c) (ii) of the Companies Act 71 of 2008, as amended and Regulation 15 (3) an amendment; an amendment to the Memorandum of Incorporation was duly approved by the shareholders on 29 November 2012. The amendment was registered with the Commissioner of CIPC on 29 November 2012.

Special resolutions by subsidiaries (8.63(i))

Ashburton Investments Holdings Limited

2. A special resolution was passed on 17 April 2013 to change the company name from Barnard Jacobs Mellet Holdings Limited to Ashburton Investments Holdings Limited. This change was registered with the Commissioner of CIPC on 10 May 2013.

Adoption of new Memorandum of Incorporation in respect of all subsidiaries in the FSR Group

3. Pursuant to the requirements of item 4 (2) (a) of schedule 5 to the Companies Act 71 of 2008 as amended, all new Memorandum of Incorporations were adopted by the shareholders of the subsidiaries of FirstRand Limited and submitted to the Commissioner of CIPC for registration.

LL Dippenaar
Chairman

SE Nxasana
Chief executive officer

9 September 2013

SUMMARISED CONSOLIDATED INCOME STATEMENT

for the year ended 30 June

R million	2013	2012
Interest and similar income	**43 821**	41 335
Interest expense and similar charges	**(19 106)**	(19 453)
Net interest income before impairment of advances	**24 715**	21 882
Impairment of advances	**(4 812)**	(5 065)
Net interest income after impairment of advances	**19 903**	16 817
Non-interest income	**31 614**	29 494
Income from operations	**51 517**	46 311
Operating expenses	**(31 486)**	(28 422)
Net income from operations	**20 031**	17 889
Share of profit of associates and joint ventures after tax	**824**	1 120
Income before tax	**20 855**	19 009
Indirect tax	**(645)**	(551)
Profit before tax	**20 210**	18 458
Income tax expense	**(4 532)**	(4 089)
Profit for the year	**15 678**	14 369
Attributable to:		
Ordinary equityholders	**14 539**	13 196
NCNR preference equityholders	**297**	275
Equityholders of the Group	**14 836**	13 471
Non-controlling interests	**842**	898
Profit for the year	**15 678**	14 369
Earnings per share (cents)		
Basic	**266.2**	241.7
Diluted	**262.9**	236.8

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

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

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June

R million	2013	2012
ASSETS		
Cash and cash equivalents	**49 620**	38 363
Derivative financial instruments	**52 316**	52 913
Commodities	**6 016**	5 108
Accounts receivable	**7 471**	6 007
Current tax asset	**275**	331
Advances	**598 975**	524 507
Investment securities and other investments	**131 293**	119 708
Investments in associates and joint ventures	**6 992**	6 869
Property and equipment	**14 058**	12 026
Intangible assets	**1 169**	1 743
Reinsurance assets	**394**	898
Post-employment benefit asset	**13**	7
Investment properties	**459**	215
Deferred income tax asset	**598**	471
Non-current assets and disposal groups held for sale	**20**	599
Total assets	**869 669**	769 765
EQUITY AND LIABILITIES		
Liabilities		
Short trading positions	**2 991**	5 343
Derivative financial instruments	**53 013**	53 760
Creditors and accruals	**11 155**	9 086
Current tax liability	**553**	386
Deposits	**697 005**	606 281
Provisions	**600**	592
Employee liabilities	**8 092**	6 933
Other liabilities	**6 669**	6 383
Policyholder liabilities under insurance contracts	**1 112**	1 517
Deferred income tax liability	**735**	1 679
Tier 2 liabilities and debt qualifying as capital	**8 116**	7 885
Liabilities directly associated with disposal groups held for sale	**–**	113
Total liabilities	**790 041**	699 958
Equity		
Ordinary shares	**55**	55
Share premium	**5 397**	5 216
Reserves	**66 733**	57 250
Capital and reserves attributable to ordinary equityholders	**72 185**	62 521
NCNR preference shares	**4 519**	4 519
Capital and reserves attributable to equityholders of the Group	**76 704**	67 040
Non-controlling interests	**2 924**	2 767
Total equity	**79 628**	69 807
Total equity and liabilities	**869 669**	769 765

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June

R million	Share capital	Share premium	**Share capital and share premium**	General risk reserve	Cash flow hedge reserve
	Ordinary share capital and ordinary equityholders' funds				
Balance as at 1 July 2011	53	4 945	**4 998**	13	(451)
Issue of share capital	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) reserves	–	–	**–**	44	–
Disposal of subsidiaries	–	–	**–**	–	–
Consolidation of treasury shares	2	271	**273**	–	–
Total comprehensive income for the year	–	–	**–**	–	(302)
Vesting of share-based payment reserve	–	–	**–**	–	–
Balance as at 30 June 2012	55	5 216	**5 271**	57	(753)
Issue of share capital	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) reserves	–	–	**–**	21	–
Acquisition/(disposal) of subsidiaries	–	–	**–**	–	–
Consolidation of treasury shares	–	181	**181**	–	–
Total comprehensive income for the year	–	–	**–**	–	853
Vesting of share-based payment reserve	–	–	**–**	–	–
Balance as at 30 June 2013	55	5 397	**5 452**	78	100

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**	**NCNR preference shares**	**Non-controlling interests**	**Total equity**
2 739	225	474	13	48 620	**51 633**	**4 519**	**3 069**	**64 219**
–	–	–	–	–	**–**	**–**	**–**	**–**
709	–	–	36	173	**918**	**–**	**(438)**	**480**
–	–	–	–	(8 742)	**(8 742)**	**–**	**(652)**	**(9 394)**
–	–	–	–	–	**–**	**(275)**	**–**	**(275)**
–	–	–	–	(44)	**–**	**–**	**–**	**–**
–	–	–	–	(37)	**(37)**	**–**	**(131)**	**(168)**
–	–	–	–	102	**102**	**–**	**–**	**375**
–	401	578	(167)	13 196	**13 706**	**275**	**919**	**14 900**
(201)	–	–	–	(129)	**(330)**	**–**	**–**	**(330)**
3 247	626	1 052	(118)	53 139	**57 250**	**4 519**	**2 767**	**69 807**
–	–	–	–	–	**–**	**–**	**(11)**	**(11)**
(47)	–	–	70	(77)	**(54)**	**–**	**(54)**	**(108)**
–	–	–	–	(6 175)	**(6 175)**	**–**	**(663)**	**(6 838)**
–	–	–	–	–	**–**	**(297)**	**–**	**(297)**
–	–	–	–	(21)	**–**	**–**	**–**	**–**
(2)	–	–	–	4	**2**	**–**	**(21)**	**(19)**
–	–	–	–	53	**53**	**–**	**–**	**234**
–	(87)	943	110	14 539	**16 358**	**297**	**906**	**17 561**
(25)	–	–	–	(676)	**(701)**	**–**	**–**	**(701)**
3 173	539	1 995	62	60 786	**66 733**	**4 519**	**2 924**	**79 628**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June

R million	2013	2012
Cash flows from operating activities		
Cash receipts from customers	**67 923**	62 833
Cash paid to customers, suppliers and employees	**(40 932)**	(40 046)
Dividends received	**4 405**	3 517
Dividends paid	**(6 472)**	(9 017)
Dividends paid to non-controlling interests	**(663)**	(652)
Cash generated from operating activities	**24 261**	16 635
Increase in income-earning assets	**(84 541)**	(54 402)
Increase in deposits and other liabilities	**80 483**	47 338
Taxation paid	**(6 361)**	(5 331)
Net cash generated from operating activities	**13 842**	4 240
Cash flows from investing activities		
Acquisition of investments in associates and joint ventures*	**(976)**	(1 707)
Proceeds on disposal of investments in associates and joint ventures*	**986**	1 371
Settlements of loans granted to associates and joint ventures	**466**	–
Acquisition of investments in subsidiaries*	**(84)**	–
Proceeds on disposal of investments in subsidiaries*	**–**	375
Acquisition of property and equipment	**(4 310)**	(4 179)
Proceeds on disposal of property and equipment	**477**	639
Acquisition of intangible assets	**(245)**	(280)
Proceeds on disposal of intangible assets	**6**	18
Proceeds on disposal of non-current assets held for sale	**491**	–
Acquisition of additional interest in subsidiaries from non-controlling interests	**(11)**	–
Net cash outflow from investing activities	**(3 200)**	(3 763)
Cash flows from financing activities		
Proceeds from the issue of other liabilities	**92**	2 276
Proceeds from the issue of Tier 2 liabilities and debt qualifying as capital	**212**	1 188
Net cash inflow from financing activities	**304**	3 464
Net increase in cash and cash equivalents	**10 946**	3 941
Cash and cash equivalents at the beginning of the year	**38 363**	34 240
Cash and cash equivalents acquired**	**2**	1
Cash and cash equivalents disposed of**	**–**	(31)
Effect of exchange rate changes on cash and cash equivalents	**309**	212
Cash and cash equivalents at the end of the year	**49 620**	38 363

* *Refer to the annual financial statements for information on cash flows arising from the acquisition and disposal of significant subsidiaries, associates and joint ventures.*

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

SUMMARISED CONSOLIDATED STATEMENT OF HEADLINE EARNINGS AND DIVIDENDS

for the year ended 30 June

	2013	2012
Headline earnings per share (cents)		
Basic	**276.7**	231.5
Diluted	**273.3**	226.9
Ordinary dividends per share (cents)		
Interim	**55.0**	44.0
Final	**81.0**	58.0
Total dividends per ordinary share (cents)	**136.0**	102.0
Headline earnings are calculated in terms of *Circular 2/2013, Headline Earnings per Share*		
Basic headline earnings		
Basic headline earnings per share is calculated by dividing the Group's attributable earnings to ordinary equityholders after excluding separately identifiable remeasurements, net of tax and non-controlling interests, by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.		
Headline earnings attributable to ordinary shares in issue (R million)	**15 114**	12 642
Weighted average number of ordinary shares in issue	**5 461 481 690**	5 460 366 282
Diluted headline earnings		
Diluted headline earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.		
Diluted headline earnings attributable to ordinary equityholders (R million)	**15 114**	12 642
Diluted weighted average number of shares in issue	**5 529 811 837**	5 572 471 134

	2013		2012	
R million	Gross	Net	Gross	Net
Headline earnings reconciliation				
Attributable earnings to ordinary equityholders		**14 539**		13 196
Adjusted for				
Loss on disposal of investment securities and other investments of a capital nature	**13**	**13**	20	24
Gain on disposal of available-for-sale assets	**(33)**	**(24)**	(154)	(85)
Losses/(gains) on the disposal of investments in associates or joint ventures	**1**	**1**	(473)	(473)
Gain on the disposal of investments in subsidiaries	**(63)**	**(43)**	(266)	(150)
Loss on the disposal of property and equipment	**77**	**65**	49	37
Impairment of property and equipment	**12**	**11**	2	3
Impairment of investments in associates or joint ventures	**6**	**5**	41	37
Impairment of goodwill	**438**	**437**	115	63
Fair value of investment properties	**(7)**	**(5)**	(12)	(12)
Impairment of assets in terms of IAS 36	**294**	**218**	5	2
Gain from a bargain purchase	**(14)**	**(11)**	–	–
Other	**(127)**	**(92)**	–	–
Headline earnings to ordinary equityholders		**15 114**		12 642

Cents	2013	2012
Basic headline earnings per share	**276.7**	231.5
Diluted headline earnings per share	**273.3**	226.9

Cents	2013	2012
Dividend information		
Dividends declared on NCNR preference shares		
B preference shares		
25 February 2013/27 February 2012	**320.3**	305.2
26 August 2013/27 August 2012	**320.3**	333.1
Total B preference shares	**640.6**	638.3
Ordinary dividends declared		
5 March 2013/7 March 2012	**55.0**	44.0
9 September 2013/10 September 2012	**81.0**	58.0
Total ordinary dividends declared	**136.0**	102.0

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June

1 ADVANCES

	2013				
R million	Designated at fair value through profit and loss	Held-to-maturity	Loans and receivables	Available-for-sale	Total
Notional value of advances	156 754	47	453 354	72	610 227
Contractual interest suspended	–	(4)	(1 862)	–	(1 866)
Gross value of advances	156 754	43	451 492	72	608 361
Sector analysis					
Agriculture	574	–	19 941	72	20 587
Banks	4 411	–	2 767	–	7 178
Financial institutions	48 610	–	17 359	–	65 969
Building and property development	23 799	–	8 957	–	32 756
Government, Land Bank and public authorities	14 511	–	3 437	–	17 948
Individuals	130	43	318 122	–	318 295
Manufacturing and commerce	25 752	–	47 925	–	73 677
Mining	14 751	–	8 405	–	23 156
Transport and communication	9 596	–	5 985	–	15 581
Other services	14 620	–	18 594	–	33 214
Gross value of advances	156 754	43	451 492	72	608 361
Impairment of advances (note 2)	–	(1)	(9 385)	–	(9 386)
Net advances	156 754	42	442 107	72	598 975

1 ADVANCES continued

R million	2013 Designated at fair value through profit and loss	Held-to-maturity	Loans and receivables	Available-for-sale	Total
Category analysis					
Overdrafts and cash management accounts	**–**	**–**	**43 934**	**–**	**43 934**
Term loans	**2 225**	**–**	**26 663**	**72**	**28 960**
Card loans	**–**	**–**	**15 321**	**–**	**15 321**
Instalment sales and hire purchase agreements	**–**	**–**	**118 525**	**–**	**118 525**
Lease payments receivable	**–**	**–**	**10 609**	**–**	**10 609**
Property finance	**2 583**	**43**	**189 911**	**–**	**192 537**
– Home loans	**–**	**43**	**174 695**	**–**	**174 738**
– Commercial property finance	**2 583**	**–**	**15 216**	**–**	**17 799**
Personal loans	**–**	**–**	**23 975**	**–**	**23 975**
Preference share agreements	**22 713**	**–**	**2 787**	**–**	**25 500**
Assets under agreement to resell	**38 828**	**–**	**1 734**	**–**	**40 562**
Investment bank term loans	**89 725**	**–**	**508**	**–**	**90 233**
Other	**680**	**–**	**17 525**	**–**	**18 205**
Gross value of advances	**156 754**	**43**	**451 492**	**72**	**608 361**
Impairment of advances (note 2)	**–**	**(1)**	**(9 385)**	**–**	**(9 386)**
Net advances	**156 754**	**42**	**442 107**	**72**	**598 975**
Geographic analysis (based on credit risk)					
South Africa	**145 094**	**43**	**393 843**	**72**	**539 052**
Other Africa	**8 201**	**–**	**37 443**	**–**	**45 644**
United Kingdom	**1 216**	**–**	**14 733**	**–**	**15 949**
Other	**2 243**	**–**	**5 473**	**–**	**7 716**
– Europe	**582**	**–**	**2 792**	**–**	**3 374**
– North America	**346**	**–**	**826**	**–**	**1 172**
– South America	**89**	**–**	**283**	**–**	**372**
– Australasia	**600**	**-**	**757**	**–**	**1 357**
– Asia	**626**	**–**	**815**	**–**	**1 441**
Gross value of advances	**156 754**	**43**	**451 492**	**72**	**608 361**
Impairment of advances (note 2)	**–**	**(1)**	**(9 385)**	**–**	**(9 386)**
Net advances	**156 754**	**42**	**442 107**	**72**	**598 975**

1 ADVANCES continued

	2012				
R million	Designated at fair value through profit and loss	Held-to-maturity	Loans and receivables	Available-for-sale	Total
Notional value of advances	139 697	67	395 499	108	535 371
Contractual interest suspended	–	(6)	(2 018)	–	(2 024)
Gross value of advances	139 697	61	393 481	108	533 347
Sector analysis					
Agriculture	787	–	15 679	108	16 574
Banks	9 401	–	4 606	–	14 007
Financial institutions	45 836	–	13 842	–	59 678
Building and property development	21 162	–	8 072	–	29 234
Government, Land Bank and public authorities	13 451	–	2 718	–	16 169
Individuals	447	61	284 615	–	285 123
Manufacturing and commerce	15 965	–	39 982	–	55 947
Mining	12 296	–	3 973	–	16 269
Transport and communication	10 293	–	4 623	–	14 916
Other services	10 059	–	15 371	–	25 430
Gross value of advances	139 697	61	393 481	108	533 347
Impairment of advances (note 2)	–	(1)	(8 839)	–	(8 840)
Net advances	139 697	60	384 642	108	524 507

1 ADVANCES continued

	2012				
R million	Designated at fair value through profit and loss	Held-to-maturity	Loans and receivables	Available-for-sale	Total
Category analysis					
Overdrafts and cash management accounts	–	–	32 967	–	32 967
Term loans	1 550	–	17 024	–	18 574
Card loans	–	–	13 634	–	13 634
Instalment sales and hire purchase agreements	–	–	95 507	–	95 507
Lease payments receivable	–	–	12 578	–	12 578
Property finance	3 088	61	179 912	–	183 061
– Home loans	16	61	167 354	–	167 431
– Commercial property finance	3 072	–	12 558	–	15 630
Personal loans	–	–	20 575	–	20 575
Preference share agreements	25 306	–	2 212	–	27 518
Assets under agreement to resell	37 690	–	813	–	38 503
Investment bank term loans	71 286	–	296	–	71 582
Other	777	–	17 963	108	18 848
Gross value of advances	139 697	61	393 481	108	533 347
Impairment of advances (note 2)	–	(1)	(8 839)	–	(8 840)
Net advances	139 697	60	384 642	108	524 507
Geographic analysis (based on credit risk)					
South Africa	128 809	61	349 226	108	478 204
Other Africa	3 432	–	27 839	–	31 271
United Kingdom	5 376	–	10 371	–	15 747
Other	2 080	–	6 045	–	8 125
– Europe	545	–	1 721	–	2 266
– North America	64	–	220	–	284
– South America	102	–	–	–	102
– Australasia	500	–	1 137	–	1 637
– Asia	869	–	2 967	–	3 836
Gross value of advances	139 697	61	393 481	108	533 347
Impairment of advances (note 2)	–	(1)	(8 839)	–	(8 840)
Net advances	139 697	60	384 642	108	524 507

1 ADVANCES continued

	2013			
R million	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Analysis of instalment sales and lease payments receivable				
Lease payments receivable	**2 845**	**7 738**	**606**	**11 189**
Suspensive sale instalments receivable	**39 788**	**98 139**	**6 914**	**144 841**
Subtotal	**42 633**	**105 877**	**7 520**	**156 030**
Less: unearned finance charges	**(7 481)**	**(17 881)**	**(1 400)**	**(26 762)**
Total gross instalment sales and lease payments receivable	**35 152**	**87 996**	**6 120**	**129 268**
Less: interest in suspense				**(134)**
Total net instalment sales and lease payments receivable				**129 134**

	2012			
R million	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Analysis of instalment sales and lease payments receivable				
Lease payments receivable	4 548	13 499	609	18 656
Suspensive sale instalments receivable	29 488	77 511	4 899	111 898
Subtotal	34 036	91 010	5 508	130 554
Less: unearned finance charges	(6 203)	(14 947)	(1 006)	(22 156)
Total gross instalment sales and lease payments receivable	27 833	76 063	4 502	108 398
Less: interest in suspense				(313)
Total net instalment sales and lease payments receivable				108 085

Under the terms of the lease agreements, no contingent rentals are payable. These agreements relate to motor vehicles and equipment. The accumulated allowance for uncollectible minimum lease payments receivable included in the allowance for impairments at reporting date is R162 million (2012: R200 million).

1 ADVANCES continued

Securitisation transactions

Securitisation transactions arranged by the Group result in either the full derecognition of the securitised financial assets (i.e. traditional securitisation transactions) or the transfer of credit risk related to specific financial assets, thereby resulting in neither the transfer nor derecognition of the asset (i.e. synthetic securitisations).

In a synthetic securitisation transaction, credit risk related to specific advances is transferred to a SPE through credit derivatives. The securitised advances are neither transferred nor derecognised and associated credit derivatives are recognised at fair value through profit or loss. The Group consolidates these securitisation vehicles as, in terms of IAS 27 and SIC 12, the Group exercises control over the SPEs. The following is a bankruptcy remote SPE created to facilitate synthetic securitisation transactions in the Group: Fresco II, facilitated a synthetic securitisation transaction where credit risk relating to R5 billion (2012: R20 billion) of the value of a portfolio of the Group's corporate advances, has been transferred to Fresco II.

In a traditional securitisation transaction, specific advances are transferred to a SPE, which then issues liabilities to third party investors, for example variable rate notes. The Group consolidates these securitisation vehicles under SIC 12 and has therefore not derecognised the securitised advances. The Group's obligations (associated liability) toward the third party noteholders is limited to the cash flows received on the underlying securitised advances, i.e. the noteholders only have a claim to the ring-fenced advances in the SPE, and not to other assets of the Group.

The following bankruptcy remote SPEs were created to facilitate traditional securitisation transactions related to WesBank retail instalment sale advances:

Name of securitisation R million	Established	Initial transaction value	Carrying value of assets		Carrying value of liabilities	
			2013	2012	**2013**	2012
Nitro 4	July 2011	R4 billion	**1 453**	2 573	**1 747**	3 007
Turbo Finance	September 2010	GBP 340 million	**–**	1 487	**–**	1 486
Turbo Finance 2	March 2012	GBP 320 million	**2 552**	3 426	**2 526**	3 637
Turbo Finance 3	November 2012	GBP 327 million	**4 048**	–	**4 000**	–

In the prior year, two securitisation transactions (iKhaya 1 and iKhaya 2) relating to FNB HomeLoans were wound up and the notes called and settled. In the current year Turbo Finance was wound up and the notes called and settled.

1 ADVANCES continued

Credit risk mitigation

Collateral is an important mitigant of credit risk. Refer to the *Risk and capital management report* in the annual integrated report for the Group's credit risk management strategy with detailed information on credit risk mitigation.

The table below sets out the financial effect of collateral per class of advance:

R million	2013	2012
FNB Retail	**6 959**	6 991
FNB Commercial	**455**	441
Total FNB	**7 414**	7 432
RMB Investment Banking	**1 432**	1 056
RMB Corporate Banking	**24**	23
Total RMB	**1 456**	1 079
WesBank	**1 727**	1 933
Corporate Centre and other	**19**	1
Total	**10 616**	10 445

The financial effect of collateral and other credit enhancements has been calculated with reference to the unsecured loss given default (LGD) per class for the performing book (IBNR and portfolio specific impairments) and the non-performing book separately. The amounts disclosed above represent the difference between the balance sheet impairment using the actual LGD and the proxy unsecured LGD for all secured portfolios.

Where there is no collateral or where collateral is disregarded for impairment purposes, no financial effect was calculated.

It is the Group's policy that all items of collateral are valued at the inception of a transaction and at various points throughout the life of a transaction, either through physical inspection or indexation methods, as appropriate. For wholesale and commercial portfolios, the value of collateral is reviewed as part of the annual facility review. For mortgage portfolios, collateral valuations are updated on an ongoing basis through statistical indexation models. However, in the event of default a more detailed review and valuation of collateral is performed, this therefore yields a more accurate financial effect.

2 IMPAIRMENT OF ADVANCES

Significant loans and advances are monitored by the credit committee and impaired according to the Group's impairment policy when an indication of impairment is observed.

The following factors are considered when determining whether there is objective evidence that the asset has been impaired:

- breaches of loan covenants and conditions;
- time period of overdue contractual payments;
- actuarial credit models;
- loss of employment or death of the borrower; and
- probability of liquidation of the customer.

Where objective evidence of impairment exists, impairment testing is performed based on the LGD, PD and EAD.

	2013			
	FNB		RMB	
R million	Retail	Commercial	Investment Banking	Corporate Banking
Analysis of movement in impairment of advances per class of advance				
Opening balance	**4 568**	**884**	**240**	**210**
Amounts written off	**(3 044)**	**(199)**	**(122)**	**(34)**
Acquisitions/(disposals) of subsidiaries	**–**	**–**	**–**	**–**
(Disposals)/acquisitions of advances	**–**	**–**	**–**	**–**
Transfers from/(to) other divisions	**2**	**(3)**	**45**	**–**
Reclassifications	**–**	**–**	**–**	**–**
Exchange rate difference	**26**	**2**	**2**	**–**
Unwinding of discounted present value on non-performing loans	**(135)**	**(13)**	**–**	**–**
Net new impairments created*	**3 435**	**336**	**85**	**56**
Closing balance	**4 852**	**1 007**	**250**	**232**
Increase in impairments*	**(3 435)**	**(336)**	**(85)**	**(56)**
Recoveries of bad debts previously written off	**700**	**18**	**2**	**12**
Impairment loss recognised in profit or loss	**(2 735)**	**(318)**	**(83)**	**(44)**

* *Refer to the risk management framework and governance structure report in the annual integrated report in the following categories for more details: credit risk – under the impairment of financial assets and NPLs section.*

	2013				
	WesBank	Other	Total impairment	Specific impairment	Portfolio impairment
	2 138	800	8 840	5 522	3 318
	(1 876)	(1)	(5 276)	(5 276)	–
	–	–	–	–	–
	(8)	8	–	–	–
	(44)	–	–	–	–
	–	–	–	158	(158)
	12	(1)	41	30	11
	(20)	–	(168)	(168)	–
	2 037	–	5 949	5 401	548
	2 239	806	9 386	5 667	3 719
	(2 037)	–	(5 949)	(5 401)	(548)
	405	–	1 137	1 137	–
	(1 632)	–	(4 812)	(4 264)	(548)

2 IMPAIRMENT OF ADVANCES continued

	2012			
	FNB		RMB	
R million	Retail	Commercial	Investment Banking	Corporate Banking
Analysis of movement in impairment of advances per class of advance				
Opening balance	4 168	1 011	156	238
Amounts written off	(2 996)	(306)	(2)	(301)
Acquisitions of subsidiaries	–	–	–	–
Acquisitions/(disposals) of advances	4	–	(4)	–
Transfers (to)/from other divisions	(10)	10	–	–
Reclassifications	–	–	–	–
Exchange rate difference	6	3	–	–
Unwinding of discounted present value on non-performing loans	(122)	(9)	–	–
Net new impairments created	3 518	175	90	273
Closing balance	4 568	884	240	210
Increase in impairments	(3 518)	(175)	(90)	(273)
Recoveries of bad debts previously written off	831	8	1	–
Impairment loss recognised in profit or loss	(2 687)	(167)	(89)	(273)

	2012				
	WesBank	Other	Total impairment	Specific impairment	Portfolio impairment
	2 451	(2)	8 022	5 812	2 210
	(1 863)	14	(5 454)	(5 454)	–
	–	41	41	37	4
	–	(3)	(3)	(2)	(1)
	–	–	–	–	–
	–	–	–	(31)	31
	10	2	21	12	9
	–	–	(131)	(131)	–
	1 540	748	6 344	5 279	1 065
	2 138	800	8 840	5 522	3 318
	(1 540)	(748)	(6 344)	(5 279)	(1 065)
	440	(1)	1 279	1 279	–
	(1 100)	(749)	(5 065)	(4 000)	(1 065)

2 IMPAIRMENT OF ADVANCES continued

	2013		
R million	Total value net of interest in suspense	Security held and expected recoveries	Specific impairments
Non-performing loans by sector			
Agriculture	617	508	109
Financial institutions	247	152	95
Building and property development	2 540	2 151	389
Government, Land Bank and public authorities	145	78	67
Individuals	11 946	7 710	4 236
Manufacturing and commerce	741	382	359
Mining	125	66	59
Transport and communication	138	68	70
Other	502	219	283
Total non-performing loans	17 001	11 334	5 667
Non-performing loans by category			
Overdrafts and cash management accounts	1 068	345	723
Term loans	440	194	246
Card loans	348	87	261
Instalment sales and hire purchase agreements	3 041	1 830	1 211
Lease payments receivable	485	260	225
Property finance	7 817	5 947	1 870
– Home loans	7 210	5 615	1 595
– Commercial property finance	607	332	275
Personal loans	1 506	382	1 124
Investment bank term loans	2 289	2 289	–
Other	7	–	7
Total non-performing loans	17 001	11 334	5 667

For asset finance, the total security value reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of the recoveries total.

2 IMPAIRMENT OF ADVANCES continued

R million	2013 Total value net of interest in suspense	2013 Security held and expected recoveries	2013 Specific impairments
Non-performing loans by class			
FNB Retail	9 292	6 166	3 126
FNB Commercial	1 429	647	782
Total FNB	**10 721**	**6 813**	**3 908**
RMB Investment Banking	2 390	2 290	100
RMB Corporate Banking	9	–	9
Total RMB	**2 399**	**2 290**	**109**
WesBank	3 881	2 231	1 650
Corporate Centre and other	–	–	–
Total non-performing loans	**17 001**	**11 334**	**5 667**
Non-performing loans by geographical area			
South Africa	15 791	10 557	5 234
Other Africa	678	412	266
United Kingdom	50	15	35
Other	482	350	132
– North America	54	34	20
– South America	315	315	–
– Australasia	75	1	74
– Asia	38	–	38
Total non-performing loans	**17 001**	**11 334**	**5 667**

2 IMPAIRMENT OF ADVANCES continued

	2012		
R million	Total value net of interest in suspense	Security held and expected recoveries	Specific impairments
Non-performing loans by sector			
Agriculture	571	464	107
Financial institutions	371	212	159
Building and property development	2 342	1 966	376
Government, Land Bank and public authorities	40	20	20
Individuals	13 089	9 088	4 001
Manufacturing and commerce	1 003	551	452
Mining	422	376	46
Transport and communication	246	175	71
Other	582	292	290
Total non-performing loans	18 666	13 144	5 522
Non-performing loans by category			
Overdrafts and cash management accounts	896	254	642
Term loans	600	452	148
Card loans	322	79	243
Instalment sales and hire purchase agreements	3 385	2 086	1 299
Lease payments receivable	434	232	202
Property finance	9 740	7 618	2 122
– Home loans	8 815	7 082	1 733
– Commercial property finance	925	536	389
Personal loans	1 242	392	850
Preference share agreements	14	2	12
Investment bank term loans	2 030	2 027	3
Other	3	2	1
Total non-performing loans	18 666	13 144	5 522

For asset finance, the total security value reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of the recoveries total.

2 IMPAIRMENT OF ADVANCES continued

	2012		
R million	Total value net of interest in suspense	Security held and expected recoveries	Specific impairments
Non-performing loans by class			
FNB Retail	10 415	7 456	2 959
FNB Commercial	1 665	879	786
Total FNB	12 080	8 335	3 745
RMB Investment Banking	2 436	2 354	82
RMB Corporate Banking	9	–	9
Total RMB	2 445	2 354	91
WesBank	4 141	2 455	1 686
Total non-performing loans	18 666	13 144	5 522
Non-performing loans by geographical area			
South Africa	17 386	12 226	5 160
Other Africa	509	282	227
United Kingdom	68	44	24
Other	703	592	111
– North America	219	212	7
– South America	290	290	–
– Australasia	194	90	104
– Asia	–	–	–
Total non-performing loans	18 666	13 144	5 522

3 SHARE CAPITAL AND SHARE PREMIUM

	2013			
	Number of ordinary shares	Number of A preference shares**	Number of B preference shares#	
Authorised				
Number of shares	**6 001 688 450**	**198 311 550**	**100 000 000**	
Issued – fully paid up				
Ordinary shares				
Opening balance	**5 637 941 689**	**–**	**–**	
Closing balance	**5 637 941 689**	**–**	**–**	
B preference shares				
Opening balance	**–**	**–**	**45 000 000**	
Closing balance	**–**	**–**	**45 000 000**	
Total issued share capital and share premium	**5 637 941 689**	**–**	**45 000 000**	
Analysis of total issued share capital closing balance				
Ordinary issued share capital closing balance as above of 1 cents each	**5 637 941 689**	**–**	**–**	
Treasury shares	**(171 915 613)**	**–**	**–**	
Total issued share capital attributable to ordinary equityholders	**5 466 026 076**	**–**	**–**	
B variable rate, NCNR preference shares of 1 cent each	**–**	**–**	**45 000 000**	
Total issued share capital attributable to equityholders of the Group	**5 466 026 076**	**–**	**45 000 000**	
Disclosed on the face of the statement of financial position				
Ordinary share capital				
Ordinary share premium				
NCNR preference shares				
Total				

* *Less than R500 000.*
** *The A variable rate cumulative convertible redeemable preference shares are not listed.*
\# *The B preference shares are variable rate NCNR preference shares and are listed on the JSE.*
Dividends on the B preference shares are calculated at a rate of 75.5% of the FNB prime lending rate effective 23 May 2012.
† *The C preference shares are variable rate convertible non-cumulative redeemable preference shares.*

%	2013
The following represents the shareholding of subsidiaries in FirstRand Limited at 30 June	
These shares have been treated as treasury shares.	**0.01**
Share option schemes	
The investment in FirstRand Limited by the share incentive schemes has been treated as treasury shares as set out above.	**3.04**

	2013			
	Number of C preference shares†	Ordinary share capital R million	Share premium R million	Total
	100 000 000	–	–	–
	–	56	7 083	7 139
	–	56	7 083	7 139
	–	*	4 519	4 519
	–	*	4 519	4 519
	–	56	11 602	11 658
	– –	56 (1)	7 083 (1 686)	7 139 (1 687)
	–	55	5 397	5 452
	–	*	4 519	4 519
	–	55	9 916	9 971
				55 5 397 4 519
				9 971

3 SHARE CAPITAL AND SHARE PREMIUM continued

	2012			
	Number of ordinary shares	Number of A preference shares**	Number of B preference shares#	
Authorised				
Number of shares	6 001 688 450	198 311 550	100 000 000	
Issued – fully paid up				
Ordinary shares				
Opening balance	5 637 941 689	–	–	
Closing balance	5 637 941 689	–	–	
B preference shares				
Opening balance	–	–	45 000 000	
Closing balance	–	–	45 000 000	
Total issued share capital and share premium	5 637 941 689	–	45 000 000	
Analysis of total issued share capital closing balance				
Ordinary issued share capital closing balance as above of 1 cents each	5 637 941 689	–	–	
Treasury shares	(175 283 030)	–	–	
Total issued share capital attributable to ordinary equityholders	5 462 658 659	–	–	
B variable rate, NCNR preference shares of 1 cent each	–	–	45 000 000	
Total issued share capital attributable to equityholders of the Group	5 462 658 659	–	45 000 000	
Disclosed on the face of the statement of financial position				
Ordinary share capital				
Ordinary share premium				
NCNR preference shares				
Total				

* *Less than R500 000*
** *The A variable rate cumulative convertible redeemable preference shares are not listed.*
# *The B preference shares are variable rate NCNR preference shares and are listed on the JSE.*
Dividends on the B preference shares are calculated at a rate of 75.5% of the FNB prime lending rate effective 23 May 2012.
† *The C preference shares are variable rate convertible non-cumulative redeemable preference shares.*

%	2012
The following represents the shareholding of subsidiaries in FirstRand Limited at 30 June	
These shares have been treated as treasury shares.	0.02
Share option schemes	
The investment in FirstRand Limited by the share incentive schemes have been treated as treasury shares as set out above.	3.09

2012			
Number of C preference shares†	Ordinary share capital R million	Share premium R million	Total
100 000 000	–	–	–
–	56	7 083	7 139
–	56	7 083	7 139
–	*	4 519	4 519
–	*	4 519	4 519
–	56	11 602	11 658
– –	56 (1)	7 083 (1 867)	7 139 (1 868)
–	55	5 216	5 271
–	*	4 519	4 519
–	55	9 735	9 790
			55 5 216 4 519
			9 790

3 SHARE CAPITAL AND SHARE PREMIUM continued

Preference shares that qualify as Tier 2 capital have been included in Tier 2 liabilities and debt qualifying as capital. Other preference share liabilities have been included in deposits or other liabilities as appropriate. Refer to notes 24, 26 and 27 in the annual financial statements.

R million	2013	2012
Redeemable preference shares		
Authorised		
5 billion redeemable preference shares with a par value of R0.0001 per share		
100 million cumulative redeemable preference shares with a par value of 1 cent per share		
Issued – fully paid up		
1 670 (2012: 1 905) redeemable preference shares with par value of R0.0001 per share	**167**	191
3.5 million (2012: 3.6 million) cumulative redeemable preference shares with a par value of 1 cent per share at various premiums per share*	**1 687**	2 262
Redeemable class R preference shares		
Authorised		
50 000 redeemable preference shares with a par value of R0.0001 per share		
Issued – fully paid up		
8 905 (2012: 7 270) redeemable preference shares with par value of R0.0001 per share issued by FirstRand Bank Limited	**891**	727

* *The amount excludes shares issued within the Group and eliminated upon consolidation of R3 530 million (2012: R4 030 million).*

	Number of redeemable preference shares	Number of cumulative redeemable preference shares	Number of redeemable Class R preference shares
Reconciliation of shares issued			
Shares at 1 July 2011	2 385	1 519 830	2 406
(Redeemed)/issued during the year	(480)	2 037 791	4 864
Shares at 30 June 2012	1 905	3 557 621	7 270
(Redeemed)/issued during the year	**(235)**	**(10 755)**	**1 635**
Shares at 30 June 2013	**1 670**	**3 546 866**	**8 905**

For detail on capital management of the Group please refer to the *capital management and regulatory capital section* of the annual integrated report.

The unissued ordinary shares are under the control of the directors until the next annual general meeting.

1 635 (2012: 4 890) class R redeemable preference shares were issued during the year of which nil shares (2012: 26 shares) were redeemed during the current year. These preference shares bear interest at 66.67% of the FNB prime lending rate and are redeemable after three years and one day after the date of issue.

4 CONTINGENCIES AND COMMITMENTS

R million	2013	2012
Contingencies and commitments		
Guarantees*	**30 137**	22 741
Acceptances	**270**	293
Letters of credit	**8 925**	7 886
Total contingencies	**39 332**	30 920
Irrevocable commitments	**78 783**	69 348
Committed capital expenditure	**3 487**	3 711
Operating lease commitments	**2 514**	3 217
Other	**599**	449
Total contingencies and commitments	**124 715**	107 645

* *Guarantees consist predominantly of endorsements and performance guarantees.*

	2013	2012
Other contingencies		
The Group is exposed to various actual or potential claims.		
Legal proceedings		
There are a number of legal or potential claims against the Group, the outcome of which cannot at present be foreseen. These claims are not regarded as material either on an individual or a group basis. Provision is made for all liabilities that are expected to materialise.	**60**	91
Commitments		
Commitments in respect of capital expenditure and long-term investments approved by directors.		
Capital commitments contracted for at the reporting date but not yet incurred are as follows:		
Property and equipment and intangible assets	**1 585**	1 474
Capital commitments not yet contracted for at reporting date but have been approved by the directors.		
Property and equipment and intangible assets	**1 902**	2 237

Funds to meet these commitments will be provided from the Group's resources.

4 CONTINGENCIES AND COMMITMENTS continued

Commitments under operating leases where the Group is the lessee

The Group's significant operating leases related to property rentals of office premises and the various branch network channels represented by full service branches, agencies, mini branches and ATM lobbies. The rentals are fixed monthly payments, often including a contingent rental based on a percentage contribution of the monthly operating costs of the premises. Escalation clauses are based on market related rates and vary between 8% and 12%.

The leases are usually for a period of one to five years. The leases are non-cancellable and certain of the leases have an option to renew for a further leasing period at the end of the original lease term.

Certain of these assets are subject to contractual restrictions. In terms of these contractual restrictions, these assets may only be used for business purposes.

	2013		
R million	**Within 1 year**	**Between 1 and 5 years**	**More than 5 years**
Office premises	**709**	**1 372**	**43**
Equipment and motor vehicles	**96**	**192**	**102**
Total operating lease commitments	**805**	**1 564**	**145**

	2012		
R million	Within 1 year	Between 1 and 5 years	More than 5 years
Office premises	940	1 928	17
Equipment and motor vehicles	99	233	–
Total operating lease commitments	1 039	2 161	17

Future minimum lease payments under operating leases where the Group is the lessor

The Group owns various assets that are leased to third parties under non-cancellable operating leases as part of the Group's revenue generating operations. The operating leases have various lease terms ranging from three to fifteen years.

The minimum future lease payments receivable under non-cancellable operating leases on investment properties and other assets where the Group is the lessor:

	2013		
R million	**Within 1 year**	**Between 1 and 5 years**	**More than 5 years**
Properties	**55**	**200**	**134**
Motor vehicles	**755**	**1 869**	**429**
Total operating lease commitments	**810**	**2 069**	**563**

	2012		
R million	Within 1 year	Between 1 and 5 years	More than 5 years
Properties	76	167	138
Motor vehicles	523	1 305	951
Total operating lease commitments	599	1 472	1 089

5 FAIR VALUE OF FINANCIAL INSTRUMENTS

During the prior year an amount of R34 million was transferred from level 2 into level 1 and an amount of R770 million was transferred out of level 1 into level 2. The transfer into level 1 was as a result of certain entities in which the Group holds an investment becoming listed for the first time during the prior year. The transfer out of level 1 was as a result of the market in which certain instruments are listed, becoming inactive during the prior year.

Advances to the value of R349 million were transferred out of level 2 to level 3. This transfer was as a result of certain unobservable inputs becoming significant to the calculation of fair value in the current year. The inclusion of these advances in level 3 of the fair value hierarchy is therefore more appropriate.

Investment securities to the value of R14 million were transferred out of level 3 and into level 1 as these were previously unlisted shares which listed during the current year.

Derivative financial liabilities to the value of R200 million were transferred out of level 3 and into level 2 as a result of a change in input into the valuation techniques used to value these derivatives. The inputs around volatility are based on observable market inputs.

There were no transfers of financial instruments out of or into level 3 during the prior year.

6 SEGMENT INFORMATION

6.1 Reportable segments

Set out below is information about the reportable segments of the FirstRand Group, the details of the various products and services provided by each of the reportable segments, its major customers and the basis of preparation of segment information.

FNB

FNB represents FirstRand's retail and commercial activities in South Africa and the broader African continent. FNB offers a diverse set of financial products and services to market segments including consumer, small business, agricultural, medium corporate, parastatals and government entities. FNB's products include mortgage loans, credit and debit cards, personal loans and investment products. Services include transactional and deposit taking, card acquiring, credit facilities and distribution channels (namely the branch network, ATMs, call centres, cellphone and internet). This full range of products and services is also provided by FNB's subsidiaries in Namibia, Botswana, Lesotho, Swaziland, Zambia, Mozambique and Tanzania. FNB's primary segments are Retail, Commercial and Africa.

RMB

RMB is the corporate and investment banking arm of FirstRand and offers advisory, funding, trading, corporate banking and principal investing solutions. RMB has a deal footprint across 35 African countries and offices in Namibia, Botswana, Nigeria, Angola and Kenya, and also operates in the UK, India, China and the Middle East. RMB's business units include Global Markets, Investment Banking, Private Equity and Corporate Banking.

WesBank

WesBank represents the Group's activities in vehicle and asset finance in the retail, commercial and corporate segments operating primarily through alliances and JVs with leading motor manufacturers. WesBank also manages an unsecured lending business, driven through the Direct Axis marketing origination channel in South Africa and a vehicle finance business in the UK, MotoNovo.

Corporate Centre

The Corporate Centre includes various centralised risk and finance functions, including Group Treasury (capital and liquidity), Financial Resource Management, Group Finance, IT, Enterprise Risk Management, Regulatory Risk Management and Group Internal Audit.

Major customers

In terms of IFRS 8, a customer is regarded as a major customer if the revenue from transactions with this customer exceeds 10% or more of the entity's revenue. The FirstRand Group has no major customer as defined and is, therefore, not reliant on the revenue from one or more major customers.

Basis of preparation of segment information

The segmental analysis is based on the information reported to management for the respective segments. The information is prepared in terms of IFRS with the exception of certain adjustments that are made to the segment results in order to eliminate the effect of non-taxable income and other segment specific items that impact certain key ratios reviewed by the chief operating decision maker when assessing the operating segments' performance.

In order to ensure that the total segment results, assets and liabilities agree to the amounts reported in terms of IFRS, the aforementioned amounts are adjusted in the IFRS adjustments column.

6 SEGMENT INFORMATION continued

6.2 Description of normalised adjustments

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

IFRS 2 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 are 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. SIC 12 requires that these share trusts 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 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 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.

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, the TRS is accounted for as a derivative instrument at fair value, with the full fair value change recognised in profit and 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 purposes of calculating normalised earnings, the Group defers 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.

6 SEGMENT INFORMATION continued

6.2 Description of normalised adjustments continued

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, 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, upstream and downstream profits are eliminated when equity accounting is applied, and, in terms of IAS 32, 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 on FirstRand shares are, 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 fair value of client trading positions is recognised in profit or loss. However, because of the rules relating to treasury shares and elimination of upstream and downstream profits, the corresponding fair value changes (or the Group's portion of the fair value changes) in 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 earnings, 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 itself 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.

In accordance with IFRS, operating costs of consolidated private equity subsidiaries are included in profit or loss as part of operating expenses. 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.

Realisations on the sale of private equity subsidiaries

In terms of *Circular 2/2013 Headline Earnings per Share* (circular), 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.

6 SEGMENT INFORMATION continued

6.3 Geographical segments

Refer to the reportable segment information for a description of the divisions.

Segment	Countries included	Franchises included
South Africa	South Africa	FNB RMB WesBank Corporate Centre
Other Africa	Namibia Botswana Swaziland Lesotho Zambia Mozambique Tanzania Nigeria	FNB RMB WesBank
United Kingdom	England	FNB RMB WesBank
Australasia	Australia	RMB
Other	Asia (India, China) Middle East (U.A.E) Mauritius Brazil Ireland	FNB RMB

The following significant exchange rates were used to convert the statement of financial position. Foreign-denominated assets and liabilities are converted at the closing rate of exchange.

	2013	2012
GBP	**15.22**	12.83
EUR	**13.04**	10.37
USD	**10.01**	8.19
AUD	**9.17**	8.38
BRL	**4.50**	4.06
INR	**0.17**	0.15

6 SEGMENT INFORMATION continued

6.4 Reportable segments

	2013	
R million	FNB	FNB Africa
Net interest income before impairment of advances	13 175	2 375
Impairment of advances	(2 863)	(190)
Net interest income after impairment of advances	10 312	2 185
Non-interest income	16 166	1 793
Net income from operations	26 478	3 978
Operating expenses	(16 225)	(2 353)
Share of profit from associates and joint ventures after tax	38	2
Income before tax	10 291	1 627
Indirect tax	(388)	(55)
Profit for the year before tax	9 903	1 572
Income tax expense	(2 624)	(462)
Profit for the year	7 279	1 110
The income statement includes:		
Depreciation	(1 151)	(123)
Amortisation	(64)	(13)
Impairment charges	(188)	–
The statement of financial position includes:		
Investments in associates and joint ventures	234	4
Total assets	249 743	47 662
Total liabilities	240 493	42 090

* *Other includes FirstRand company, consolidation of treasury shares and related consolidation entries.*

Geographical segments

	2013					
R million	South Africa	Other Africa	United Kingdom	Australasia	Other	Total
Net interest income	17 023	2 384	375	14	107	19 903
Non-interest income*	29 243	2 353	955	(62)	(51)	32 438
Total assets	787 372	53 483	21 566	4 521	2 727	869 669
Non-current assets**	18 901	1 544	95	1 439	(37)	21 942
Total liabilities	716 926	46 327	21 955	3 334	1 499	790 041

* *Includes share of profit from associates and joint ventures after tax.*
** *Excludes financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.*

	2013						
	RMB						
	Investment Banking	Corporate Banking	WesBank	Corporate Centre	Consolidation and IFRS adjustments	Other*	Total
	412	607	6 852	1 364	61	(131)	24 715
	(83)	(44)	(1 632)	–	–	–	(4 812)
	329	563	5 220	1 364	61	(131)	19 903
	9 721	1 148	3 200	1 912	(2 597)	271	31 614
	10 050	1 711	8 420	3 276	(2 536)	140	51 517
	(5 326)	(1 389)	(4 446)	(3 536)	1 559	230	(31 486)
	861	–	261	–	(345)	7	824
	5 585	322	4 235	(260)	(1 322)	377	20 855
	(60)	(33)	(219)	111	–	(1)	(645)
	5 525	289	4 016	(149)	(1 322)	376	20 210
	(1 464)	(77)	(1 064)	39	1 220	(100)	(4 532)
	4 061	212	2 952	(110)	(102)	276	15 678
	(287)	(35)	(354)	(92)	(4)	–	(2 046)
	(23)	–	(31)	(5)	2	–	(134)
	(83)	(248)	(21)	(261)	–	–	(801)
	5 865	–	919	1	(31)	–	6 992
	350 244	5 331	145 585	124 545	(110 746)	57 305	869 669
	342 027	4 912	141 103	72 438	(53 513)	491	790 041

Reconciliation of profit for the year to normalised earnings

R million	2013
Profit for the year (per above)	**15 678**
NCNR preference equityholders	**(297)**
Non-controlling interests	**(842)**
Attributable earnings to ordinary equityholders	**14 539**
Headline earnings adjustments (per page 104)	**575**
Headline earnings to ordinary equityholders	**15 114**
Normalised adjustments	**209**
– IFRS 2 Share-based payment expenses	**43**
– Treasury shares	**39**
– TRS adjustment	**85**
– Private equity subsidiary realisations	**42**
Normalised earnings	**15 323**

For more information about the normalised adjustments refer to pages 47 and 48.

6 SEGMENT INFORMATION continued

6.4 Reportable segments continued

	2012	
R million	FNB	FNB Africa
Net interest income before impairment of advances	11 073	2 132
Impairment of advances	(2 733)	(121)
Net interest income after impairment of advances	8 340	2 011
Non-interest income	14 715	1 708
Net income from operations	23 055	3 719
Operating expenses	(14 414)	(2 061)
Share of profit from associates and joint ventures after tax	24	6
Income before tax	8 665	1 664
Indirect tax	(382)	(47)
Profit for the year before tax	8 283	1 617
Income tax expense	(2 194)	(469)
Profit for the year	6 089	1 148
The income statement includes:		
Depreciation	(1 323)	(108)
Amortisation	(78)	(29)
Impairment charges	–	(5)
The statement of financial position includes:		
Investments in associates and joint ventures	196	4
Total assets	229 266	39 267
Total liabilities	220 878	34 399

* *Other includes FirstRand company, consolidation of treasury shares and related consolidation entries.*

Geographical segments

	2012					
R million	South Africa	Other Africa	United Kingdom	Australasia	Other	Total
Net interest income	14 202	1 981	479	24	131	16 817
Non-interest income*	28 482	2 021	(2)	(6)	119	30 614
Total assets	709 203	40 850	14 022	3 634	2 056	769 765
Non-current assets**	18 848	1 028	70	1 225	14	21 185
Total liabilities	646 433	35 784	14 493	2 289	959	699 958

* *Includes share of profit from associates and joint ventures after tax.*
** *Excludes financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.*

2012						
RMB						
Investment Banking	Corporate Banking	WesBank	Corporate Centre	Consolidation and IFRS adjustments	Other*	Total
438	516	5 849	1 859	114	(99)	21 882
(89)	(273)	(1 100)	10	(759)	–	(5 065)
349	243	4 749	1 869	(645)	(99)	16 817
8 087	1 205	3 347	2 862	(2 424)	(6)	29 494
8 436	1 448	8 096	4 731	(3 069)	(105)	46 311
(4 868)	(1 199)	(3 938)	(3 585)	909	734	(28 422)
1 202	–	239	–	(351)	–	1 120
4 770	249	4 397	1 146	(2 511)	629	19 009
(67)	(15)	(206)	167	1	(2)	(551)
4 703	234	4 191	1 313	(2 510)	627	18 458
(1 246)	(62)	(1 110)	(348)	1 506	(166)	(4 089)
3 457	172	3 081	965	(1 004)	461	14 369
(275)	(44)	(269)	(101)	(3)	–	(2 123)
(61)	–	(48)	(3)	1	–	(218)
(134)	–	(3)	(1)	(36)	–	(179)
5 959	–	732	2	(24)	–	6 869
328 890	3 087	121 610	100 814	(109 859)	56 690	769 765
321 493	2 737	117 110	55 288	(52 262)	315	699 958

Reconciliation of profit for the year to normalised earnings

R million	2012
Profit for the year (per above)	14 369
NCNR preference equityholders	(275)
Non-controlling interests	(898)
Attributable earnings to ordinary equityholders	13 196
Headline earnings adjustments (per page 104)	(554)
Headline earnings to ordinary equityholders	12 642
Normalised adjustments	88
– IFRS 2 Share-based payment expenses	77
– Treasury shares	251
– TRS adjustment	(240)
Normalised earnings	12 730

For information about normalised adjustments refer to pages 47 and 48.

7 ACQUISITION AND DISPOSAL OF SIGNIFICANT SUBSIDIARIES AND ASSOCIATES

Significant acquisitions of subsidiaries

7.1 Significant acquisitions of subsidiaries during the 2013 financial year

Identifiable assets acquired and liabilities assumed at the acquisition date fair value

	2013		
R million	Total	RMB Private Equity	Other
ASSETS			
Cash and cash equivalents	2	–	2
Accounts receivable	132	73	59
Investments in associates and joint ventures	97	97	–
Property and equipment	128	–	128
Investment properties	237	–	237
Total assets acquired	596	170	426
LIABILITIES			
Creditors and accruals	11	2	9
Other liabilities	151	151	–
Amounts due to holding company and fellow subsidiary companies	370	–	370
Total liabilities acquired	532	153	379
Net identifiable asset value as at date of acquisition	64	17	47
Total goodwill is calculated as follows:			
Total cash consideration transferred	84	26	58
Total non-cash consideration transferred	31	–	31
Add: non-controlling interests at acquisition	(72)	(11)	(61)
Less: net identifiable asset value as at date of acquisition	64	17	47
Goodwill	(21)	(2)	(19)

	2013		
R million	Total	RMB Private Equity	Other
Cash flow information			
Discharged by cash consideration	84	26	58
Less: cash and cash equivalents in subsidiary	2	–	2
Cash outflow on acquisition of subsidiaries	82	26	56

RMB Private Equity

During the current financial year, the Group purchased various RMB Private Equity subsidiaries by exercising control over the financial and operating policies of those companies. The primary reason for the purchase was to expand the private equity portfolio of the FirstRand Limited Group by obtaining control of the operations and management of those companies.

Other

The Group entered into other individually insignificant acquisition transactions, including the acquisition of 85% of the issued shares of a company that owns a property that is occupied by Direct Axis, thereby, obtaining ownership of the property.

7 ACQUISITION AND DISPOSAL OF SIGNIFICANT SUBSIDIARIES AND ASSOCIATES continued

Significant disposals of subsidiaries

7.2 Significant disposals of subsidiaries during the 2013 financial year

	2013	
R million	Total	RMB Private Equity
ASSETS		
Non-current assets and disposal groups held for sale	137	137
Intergroup banking accounts	4	4
Total assets disposed of	**141**	**141**
LIABILITIES		
Liabilities directly associated with disposal groups held for sale	145	145
Amounts due to holding company and fellow subsidiary companies	49	49
Total liabilities disposed of	**194**	**194**
Net identifiable asset value as at date of disposal	**(53)**	**(53)**
The gain on disposal is calculated as follows:		
Total non-cash consideration received	59	59
Add: non-controlling share of net asset value at disposal date	(51)	(51)
Less: Group's portion of the net identifiable asset value on disposal	(53)	(53)
Gain on disposal of controlling interest in a subsidiary	**61**	**61**

	2013	
R million	Total	RMB Private Equity
Cash flow information		
Discharged by cash consideration	–	–
Cash inflow on disposal of subsidiaries	**–**	**–**

RMB Private Equity

During August 2012, the Group disposed of the two entities that were classified as disposal groups held for sale at 30 June 2012. The Group lost control of both entities as a result of the transactions but retained joint control of the one entity through a loan agreement and obtained significant influence over the new owner of the other entity. These transactions are included in the acquisitions of investments in associates and joint ventures, refer to the annual financial statements.

7 ACQUISITION AND DISPOSAL OF SIGNIFICANT SUBSIDIARIES AND ASSOCIATES continued

Significant acquisitions during the 2012 financial year

Significant acquisitions of subsidiaries

7.3 Sani Pass Hotel Proprietary Limited

On 1 July 2011, the Group purchased 20% of the issued share capital of Sani Pass Hotel Proprietary Limited from the existing equityholders. On this date, control over Sani Pass Hotel Proprietary Limited was obtained as a result of the Group exercising control over the financial and operating policies of the company. On 1 September 2011, the remaining 80% of the issued share capital was acquired, resulting in the entity becoming a wholly-owned subsidiary. Sani Pass Hotel Proprietary Limited is incorporated in South Africa. The primary reason for the business combination was as a result of the Group swapping its existing impaired advance for a controlling interest in the company. Sani Pass Hotel Proprietary Limited contributed R16 million income to the Group from the date when control was acquired (i.e. 1 July 2011) to reporting date.

Identifiable assets and liabilities acquired

R million	2012 Fair value at acquisition
ASSETS	
Cash and cash equivalents	1
Accounts receivable**	*
Property and equipment	65
Total assets acquired	66
LIABILITIES	
Creditors and accruals	5
Total deferred income tax liabilities	2
Loans from holding company and fellow subsidiary companies	98
Shareholder loans	1
Total liabilities acquired	106
Net identifiable asset value as at date of acquisition	(40)
The goodwill is calculated as follows:	
Add: non-controlling interests at acquisition	(32)
Less: net identifiable asset value as at date of acquisition	(40)
Goodwill	8

* *Amounts less than R500 000.*

** *At acquisition date, the gross contractual amounts of accounts receivable was equal to the fair value of the receivables. It is expected that all contractual cash flows for these receivables will be collected.*

Goodwill arose as a result of acquiring a subsidiary with a negative net asset value for no consideration. None of the goodwill is expected to be deductible for tax purposes.

R million	2012 Total	2012 Sani Pass Hotel Proprietary Limited
Cash flow information		
Discharged by cash consideration	–	–
Less: cash and cash equivalents in subsidiary	1	1
Cash inflow on acquisition of subsidiaries	1	1

7 ACQUISITION AND DISPOSAL OF SIGNIFICANT SUBSIDIARIES AND ASSOCIATES continued

Significant disposals of subsidiaries

7.4 Significant disposals of subsidiaries during the 2012 financial year

	2012				
R million	Total	Ronald Sewells & Associates SA Proprietary Limited	Momentum Life Assurance Namibia Limited	RMB Global Solutions	First Trade Solutions Limited Guernsey
ASSETS					
Cash and cash equivalents	31	–	28	2	1
Accounts receivable	644	–	41	294	309
Amounts due from holding company and fellow subsidiary companies	883	–	–	579	304
Investments in subsidiaries	2	3	–	–	(1)
Policy loans	23	–	23	–	–
Advances	7	–	–	7	–
Investment securities and other investments	1 432	–	1 429	3	–
Property and equipment	4	–	4	–	–
Intangible assets	7	–	7	–	–
Reinsurance assets	34	–	34	–	–
Total assets disposed of	3 067	3	1 566	885	613
LIABILITIES					
Creditors and accruals	39	–	39	–	*
Gross outstanding claims	3	–	3	–	–
Current tax liability	25	–	1	24	–
Provisions	–	–	–	–	*
Employee liabilities	–	–	*	–	–
Amounts due to holding company and fellow subsidiary companies	1 206	1	–	595	610
Policyholder liabilities under insurance contracts	1 088	–	1 088	–	–
Policyholder liabilities under investment contracts	173	–	173	–	–
Total liabilities disposed of	2 534	1	1 304	619	610
Net identifiable asset value as at date of disposal	533	2	262	266	3
The gain/(loss) on disposal is calculated as follows:					
Total cash consideration received	382	10	365	7	–
Add: non-controlling share of net asset value at disposal date	282	*	–	282	*
Less: Group's portion of the net identifiable asset value on disposal	405	2	134	266	3
Gain/(loss) on disposal of controlling interest in a subsidiary	259	8	231	23	(3)

* *Amount less than R500 000.*

7 ACQUISITION AND DISPOSAL OF SIGNIFICANT SUBSIDIARIES AND ASSOCIATES continued

Significant disposals of subsidiaries continued

7.4 Significant disposals of subsidiaries during the 2012 financial year continued

	2012				
R million	Total	Ronald Sewells & Associates SA Proprietary Limited	Momentum Life Assurance Namibia Limited	RMB Global Solutions	First Trade Solutions Limited Guernsey
Cash flow information					
Discharged by cash consideration	375	10	365	–	–
Less: cash and cash equivalents in subsidiary	(27)	–	(28)	–	1
Cash inflow on disposal of subsidiaries	348	10	337	–	1

Ronald Sewells & Associates SA Proprietary Limited

On 1 July 2011, the Group disposed of its 90% shareholding in Ronald Sewells and Associates Proprietary Limited. This disposal resulted in the Group losing control of Ronald Sewells and Associates Proprietary Limited. Therefore, Ronald Sewells and Associates Proprietary Limited is no longer consolidated in the financial statements of the Group.

Momentum Life Assurance Namibia Limited

On 1 July 2011, the Group disposed of its 51% shareholding in Momentum Life Assurance Namibia Limited. However, for the purposes of IFRS the effective date of disposal is the date on which control over a subsidiary is lost. The Group effectively lost control of Momentum Life Assurance Namibia Limited on 30 June 2012. Therefore, Momentum Life Assurance Namibia Limited is no longer consolidated in the financial statements of the Group as of 30 June 2012.

RMB Global Solutions

On 31 May 2012, the Group disposed of its 100% shareholding in RMB Global Solutions. This disposal resulted in the Group losing control of RMB Global Solutions. Therefore, RMB Global Solutions is no longer consolidated in the financial statements of the Group.

First Trade Solutions Limited Guernsey

On 31 May 2012, the Group disposed of its 100% shareholding in First Trade Solutions Limited Guernsey. This disposal resulted in the Group losing control of First Trade Solutions Limited Guernsey. Therefore, First Trade Solutions Limited Guernsey is no longer consolidated in the financial statements of the Group.

7 ACQUISITION AND DISPOSAL OF SIGNIFICANT SUBSIDIARIES AND ASSOCIATES continued

Significant acquisitions of associates

7.5 Significant acquisitions of associates during the 2013 financial year

	2013		
R million	Total	RMB Private Equity Associates	Other
Total cash consideration transferred	**642**	**627**	**15**
– Discharged by cash consideration	**642**	**627**	**15**
– Other consideration	**–**	**–**	**–**

RMB Private Equity associates

During the year the Group acquired various RMB Private Equity associates for a consideration of R627 million. Other significant acquisitions of associates are Diamonds Discount Liquor (Proprietary) Limited which went from a subsidiary to a joint venture on 31 August 2012.

Mvelaphanda Group Limited

During the year, the Group acquired a 28.3% shareholding in Mvelaphanda Group Limited for a consideration of R334 million. Subsequently, Mvelaphanda Group Limited was sold, resulting in a loss of R7 million. The consideration on disposal includes cash and non-cash consideration.

Other insignificant acquisitions

In addition to the above acquisitions, the Group acquired a number of individually insignificant associates during the year.

7.6 Significant acquisitions of associates during the 2012 financial year

There were no significant acquisitions of associates during the 2012 financial year.

7 ACQUISITION AND DISPOSAL OF SIGNIFICANT SUBSIDIARIES AND ASSOCIATES continued

Significant disposals of associates

7.7 Significant disposals during the 2013 financial year

	2013			
R million	Total	RMB Private Equity associates	Crookes Brothers Limited	Other
Carrying amount at the date of disposal	551	243	204	104
Fair value of the consideration received	719	420	194	105
– Discharged by cash	674	381	194	99
– Non-cash consideration	45	39	–	6
Gain/(loss) on disposal of associates	168	177	(10)	1

Loans that form part of the net investment in associates amounting to R466 million were settled during the current year.

RMB Private Equity Associates

During the year, the Group disposed of various RMB Private Equity associates for an amount of R381 million cash consideration and R39 million non-cash consideration.

Crookes Brothers Limited

The effective holding of 30% was sold on 26 September 2012 for a consideration of R194 million.

Mvelaphanda Group Limited

During the year, a 28.3% shareholding was acquired in Mvelaphanda Group Limited for a consideration of R334 million. Subsequently, Mvelaphanda Group Limited was sold, resulting in a loss of R7 million.

Other insignificant disposals

In addition to the above disposals, a number of individually insignificant associates and joint ventures were disposed of during the year.

7 ACQUISITION AND DISPOSAL OF SIGNIFICANT SUBSIDIARIES AND ASSOCIATES continued

7.8 Significant disposals during the 2012 financial year

	2012			
R million	Total	Weston Atlas Fund	RMB Private Equity associates	Other insignificant disposals
Carrying amount at the date of disposal	127	55	68	4
Fair value of the consideration received	202	55	140	7
– Discharged by cash	202	55	140	7
– Non-cash consideration	–	–	–	–
Gain on disposal of associates	75	–	72	3

Weston Atlas Fund

On 30 January 2012, the Group disposed of its shareholding in Weston Atlas Fund to third parties for a consideration of R55 million. Weston Atlas Fund is no longer equity accounted as the Group no longer has significant influence over the entity.

RMB Private Equity associates

During the year, various RMB Private Equity associates, were disposed of to third parties for a consideration of R140 million.

Other insignificant disposals

In addition to the above disposals, a number insignificant associates were disposed of during 2012.

Definitions

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 the income statement expressed as a percentage of average advances (average between the opening and closing balance for the year).
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 the income statement divided by the profit before tax per the income statement.
Exposure at default (EAD)	Gross exposure of a facility upon default of a counterparty.
Loan-to-deposit ratio	Average advances expressed as a percentage of average deposits.
Loss given default (LGD)	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.
Net income after capital charge (NIACC)	Normalised earnings less the cost of equity multiplied by the 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 page 47 and 48 for a detailed description of the difference between normalised and IFRS results.
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by the 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 30 June divided by basic normalised earnings per share.
Price-to-book (times)	Closing share price on 30 June divided by normalised net asset value per share.

Probability of default (PD)	Probability that a counterparty will default within the next year (considering the ability and willingness of the counterparty to repay).
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 the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk 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	Common Equity Tier 1 capital plus Additional Tier 1 capital.
Tier 2 capital	Qualifying subordinated 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 capital 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.

ABBREVIATIONS

AIRB	Advanced internal ratings based approach
AMA	Advanced measurement approach
AVC	Asset value correlation
BIA	Basic indicator approach
BPRMF	Business performance and risk management framework
CVA	Credit value adjustment
ICR	Individual capital requirement
LCR	Liquidity coverage ratio
NOFP	Net open forward position in foreign exchange
NSFR	Net stable funding ratio
TSA	The standardised approach
VaR	Value-at-Risk

Shareholders' information

SIMPLIFIED GROUP STRUCTURE

REMGRO LIMITED	3.9% (in FirstRand); 27.9% (in RMB Holdings Limited)
DIRECTORS AND MANAGEMENT	10.4% (in RMB Holdings Limited)
ROYAL BAFOKENG HOLDINGS (PTY) LTD	15% (in RMB Holdings Limited)
RMB HOLDINGS LIMITED	33.9% (in FirstRand)
BEE TRUSTS	8.1% (in FirstRand)

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

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 Kenya[3]
100%	FirstRand Bank Angola[3]
100%	FirstRand Bank Dubai[3]
100%	FirstRand Bank Shanghai[3]

Africa and emerging markets

59%	FNB Namibia
70%	FNB Botswana
100%	FNB Swaziland
90%	FNB Mozambique
100%	FNB Zambia
100%	FNB Lesotho
100%	FNB Tanzania
100%	RMB Nigeria
100%	FirstRand International – Mauritius

Other activities**

96%	RMB Private Equity Holdings
93%	RMB Private Equity
100%	RMB Securities
50%	RMB Morgan Stanley
100%	Rentworks
65%	Direct Axis
100%	FirstRand International – Guernsey (includes RMB Australia Holdings)

Investment management

100%	Ashburton Fund Managers (Pty) Ltd
100%	Ashburton Investor Services (Pty) Ltd
100%	Ashburton Management Company (Pty) Ltd
100%	FNB International Wealth Management Holdings Ltd
100%	RMB CIS Management Company (Pty) Ltd

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.

ANALYSIS OF ORDINARY SHAREHOLDERS
as at 30 June 2013

	Number of shareholders	Shares held (thousands)	%
Shareholders holding more than 5%			
RMB Holdings Limited		1 910 433	33.9
Public Investment Commissioner		501 702	8.9
FirstRand empowerment trust and related parties		457 355	8.1
Financial Securities Limited (Remgro)		219 805	3.9
Subtotal		3 089 295	54.8
Other		2 548 647	45.2
Total		5 637 942	100.0
Shareholder type			
Corporates (RMB Holdings and Remgro)		2 130 239	37.8
Pension funds		916 113	16.3
Insurance companies and banks		258 556	4.6
Unit trusts		920 365	16.3
Individuals		40 581	0.7
Empowerment trusts		285 954	5.1
Employee share trusts		171 401	3.0
Other		914 733	16.2
Total		5 637 942	100.0
Public and non-public shareholders			
Public	43 351	3 020 973	53.6
Non-public			
– corporates (RMB Holdings and Remgro)	2	2 130 239	37.8
– directors and prescribed officers	11	29 375	0.5
– empowerment trusts	1	285 954	5.1
– employee share trusts	3	171 401	3.0
Total	43 368	5 637 942	100.0
Geographic ownership			
South Africa		4 175 053	74.0
International		1 087 393	19.3
Unknown/unanalysed		375 496	6.7
Total		5 637 942	100.0

ANALYSIS OF B PREFERENCE SHAREHOLDERS

as at 30 June 2013

	Number of shareholders	Share held (thousands)	%
Public and non-public shareholders			
Public	**7 180**	**44 418**	**98.7**
Non-public			
– directors	**2**	**582**	**1.3**
Total	**7 182**	**45 000**	**100.0**

PEFORMANCE ON THE JSE

as at 30 June

	2013	2012
Number of shares in issue (thousands)	**5 637 942**	5 637 942
Market price (cents per share)		
Closing	**2 893**	2 639
High	**3 359**	2 819
Low	**2 515**	2 074
Weighted average	**2 957**	2 203
Closing price/net asset value per share	**2.18**	2.30
Closing price/earnings (headline)	**10.46**	11.40
Volume of shares traded (millions)	**3 398**	1 723
Value of shares traded (R million)	**99 406**	42 242
Market capitalisation (R billion)	**163.11**	148.79

COMPANY INFORMATION

DIRECTORS

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

SECRETARY AND REGISTERED OFFICE

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4 Merchant Place, Corner Fredman Drive and Rivonia Road
Sandton 2196
PO Box 650149, Benmore 2010
Tel: +27 11 282 1808
Fax: +27 11 282 8088
Website: www.firstrand.co.za

JSE SPONSOR

Rand Merchant Bank (a division of FirstRand Bank Limited)
Corporate Finance
1 Merchant Place, Corner Fredman Drive and Rivonia Road
Sandton 2196
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
Tel: +27 11 370 5000
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	FRBI07	ZAG000055849
	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	FRJ13	ZAG000079823
	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	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	FRS61	ZAG000090523
	FirstRand Bank Limited	FRS62	ZAG000090614
	FirstRand Bank Limited	FRS63	ZAG000091513
	FirstRand Bank Limited	FRS64	ZAG000092529
	FirstRand Bank Limited	FRS72	ZAG000096033
	FirstRand Bank Limited	FRS75	ZAG000096363
	FirstRand Bank Limited	FRS77	ZAG000097361
	FirstRand Bank Limited	FRS78	ZAG000097916
	FirstRand Bank Limited	FRS79	ZAG000100397
	FirstRand Bank Limited	FRS80	ZAG000100801
	FirstRand Bank Limited	FRS81	ZAG000100892
	FirstRand Bank Limited	FRS82	ZAG000101601
	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	FRS89	ZAG000106337
	FirstRand Bank Limited	FRS90	ZAG000106410
	FirstRand Bank Limited	FRS91	ZAG000106477
	FirstRand Bank Limited	FRS92	ZAG000106709
	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	FRX23	ZAG000104969
	FirstRand Bank Limited	FRX24	ZAG000073693
	FirstRand Bank Limited	FRX31	ZAG000084195
	FirstRand Bank Limited	FRX45	ZAG000076480

	Issuer	Bond code	ISIN code
Inflation-linked bonds	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	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	FRC119	ZAG000096298
	FirstRand Bank Limited	FRC120	ZAG000096306
	FirstRand Bank Limited	FRC121	ZAG000096314
	FirstRand Bank Limited	FRC122	ZAG000096322
	FirstRand Bank Limited	FRC123	ZAG000096272
	FirstRand Bank Limited	FRC124	ZAG000096579
	FirstRand Bank Limited	FRC125	ZAG000096678
	FirstRand Bank Limited	FRC126	ZAG000096934
	FirstRand Bank Limited	FRC127	ZAG000096942
	FirstRand Bank Limited	FRC128	ZAG000096959
	FirstRand Bank Limited	FRC129	ZAG000096967
	FirstRand Bank Limited	FRC130	ZAG000096975
	FirstRand Bank Limited	FRC131	ZAG000096983
	FirstRand Bank Limited	FRC132	ZAG000096991
	FirstRand Bank Limited	FRC133	ZAG000097007
	FirstRand Bank Limited	FRC134	ZAG000097056
	FirstRand Bank Limited	FRC135	ZAG000097122
	FirstRand Bank Limited	FRC136	ZAG000097106
	FirstRand Bank Limited	FRC137	ZAG000097114
	FirstRand Bank Limited	FRC138	ZAG000097130
	FirstRand Bank Limited	FRC139	ZAG000097148
	FirstRand Bank Limited	FRC140	ZAG000097155
	FirstRand Bank Limited	FRC141	ZAG000097189
	FirstRand Bank Limited	FRC142	ZAG000097445
	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	FRC157	ZAG000101973
	FirstRand Bank Limited	FRC158	ZAG000101981
	FirstRand Bank Limited	FRC159	ZAG000101999
	FirstRand Bank Limited	FRC160	ZAG000102013

	Issuer	Bond code	ISIN code
Credit-linked notes	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
Senior unsecured callable bonds	FirstRand Bank Limited	FR002U	ZAG000042748
	FirstRand Bank Limited	FR003U	ZAG000042755
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	OILRMB	ZAG000152732
	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

NOTICE OF ANNUAL GENERAL MEETING

FIRSTRAND LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1966/010753/06)
Share Code: (JSE): FSR ISIN: ZAE000066304
JSE B preference share code: FSRP ISIN: ZAE000060141
NSX ordinary share code: FST
(FirstRand or the company or FSR)

Notice is hereby given to all holders of ordinary shares in the company (shareholders) that the seventeenth annual general meeting (the meeting) of FirstRand will be held in the Auditorium, FNB Conference and Learning Centre, 114 Grayston Drive, Sandton, on Tuesday, 3 December 2013, at 09:00, to deal with such business as may lawfully be dealt with at the meeting and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended (the Act), as read with the Listings Requirements of the JSE Limited (JSE).

The record date in terms of section 59 of the Act for shareholders to be recorded in the securities register of the company in order to be able to attend, participate and vote at the meeting, is Friday, 22 November 2013. Accordingly, the last day to trade in order to be able to attend, participate and vote at the annual general meeting is Friday, 15 November 2013. This notice will be sent to all shareholders who are recorded as such in the company's securities register on Friday, 18 October 2013.

Kindly note that participants at the meeting (including shareholders and proxies) will be required to provide reasonably satisfactory identification before being entitled to attend or participate in the meeting. Forms of identification include valid identity documents, drivers' licences and passports.

AGENDA

1. Annual financial statements

Presentation of the consolidated audited annual financial statements of the company as approved by the board of directors of the company (directors or board), including the reports of the external auditor, audit committee and directors for the financial year ended 30 June 2013, all of which are included in the annual integrated report 2013 and the summarised financial statements 2013 (annual report), of which this notice forms part, distributed as required to shareholders.

2. Ordinary resolution number 1

Re-election of directors by way of separate resolutions

To re-elect, by way of separate resolutions, directors of the company in accordance with the Act and in terms of clause 25.7.1 of the company's Memorandum of Incorporation (MOI). The directors proposed, being eligible and having been recommended by the board, have offered themselves for re-election:

1.1 Paul Kenneth Harris
Non-executive director
Date of appointment: 1 July 1992
Educational qualifications
MCom
Board committees
Directors' affairs and governance

1.2 William Rodger Jardine
Independent non-executive director
Date of appointment: 1 July 2010
Educational qualifications
BSc (Physics)
MSc (Radiological Physics)
Board committees
Directors' affairs and governance – chairman
Large exposures

1.3 Ethel Gothatamodimo Matenge-Sebesho
Independent non-executive director
Date of appointment: 1 July 2010
Educational qualifications
MBA (Brunel University of London)
CAIB (SA)
Board committees
Directors' affairs and governance
Audit

1.4 Amanda Tandiwe Nzimande
Non-executive director
Date of appointment: 28 February 2008
Educational qualifications
BCom
CTA (UCT)
CA(SA)
H Dip Law (Wits)
Board committees
Directors' affairs and governance
Remuneration
Transformation

Biographical details of these directors are set out in the annual report.

The percentage of voting rights required for each ordinary resolution contained under this point 2 of the notice to be adopted is more than 50% (fifty percent) of the voting rights exercised on each resolution.

Election of directors by way of separate resolutions

In terms of clause 26.9.2 of the company's MOI, a non-executive director should vacate office at the first annual general meeting of the company after reaching age 70, provided that the board has discretion to extend that age on one or more occasions for an additional one-year period in each instance. Directors Mr VW Bartlett and Mr JJH Bester have reached age 70.

To re-elect the following directors in accordance with the Act and in terms of clause 25.7.1 of the company's MOI.

1.5 Vivian Wade Bartlett
Independent non-executive director
Date of appointment: 27 May 1998
Educational qualifications
AMP (Harvard), FIBSA
Board committees
Audit
Directors' affairs and governance
Large exposures
Remuneration
Credit portfolio review

Mr Bartlett reached age 70 on 12 April 2013. The board has considered and has unanimously approved the extension of his tenure as a director.

Accordingly, being eligible for re-election and having been recommended by the board, Mr Bartlett offers himself for re-election.

1.6 Jurie Johannes Human Bester
Independent non-executive director
Date of appointment: 1 July 2010
Educational qualifications
BSc Eng Elect (Pret)
ISMP (Harvard)
Board committees
Audit
Directors' affairs and governance
Remuneration
Risk, capital management and compliance – chairman
Large exposures – chairman

Mr Bester reached age 71 on 25 February 2013. The board, having previously extended his term of service, considered and unanimously approved the further extension of his tenure as a director.

Accordingly, being eligible for re-election and having been recommended by the board, Mr Bester offers himself for re-election.

The percentage of voting rights required for each ordinary resolution contained under points 1.5 and 1.6 of the notice to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution.

Vacancies filled by the directors

To elect the following director who was appointed by the board on 23 October 2012 to fill a temporary vacancy and is now recommended by the board for election by shareholders:

1.7 Jan Jonathan Durand
Non-executive director
Date of appointment: 23 October 2012
Educational qualifications
CA(SA)
Board committees
Directors' affairs and governance
Remuneration

To elect the following director who was appointed by the board on 1 January 2013 to fill a temporary vacancy and is now recommended by the board for election by shareholders:

1.8 Grant Glenn Gelink
Independent non-executive director
Date of appointment: 1 January 2013
Educational qualifications
CA(SA)
Board committees
Audit
Directors' affairs and governance
Risk, capital management and compliance

To elect the following alternate director who was appointed by the board on 9 July 2013 as alternate to Mr Paul Kenneth Harris and is now recommended by the board for election by shareholders:

1.9 Peter Cooper
Alternate non-executive director
Date of appointment: 9 July 2013
Educational qualifications
BCom (Hons)
CA(SA)
H Dip Tax
Board committees
Directors' affairs and governance

The percentage of voting rights required for each ordinary resolution contained under points 1.7 to 1.9 of the notice to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution.

3. Ordinary resolution number 2

Appointment of joint auditors and the individual registered auditors jointly responsible for the audit of the company

2.1 Resolved that as recommended by the audit committee of the company, Deloitte & Touche be appointed auditors of the company until the next annual general meeting and that Mr Kevin Black be appointed as the individual registered auditor responsible for the audit for the company for the ensuing year.

2.2 Resolved that as recommended by the audit committee of the company, PricewaterhouseCoopers Inc. be appointed auditors of the company until the next annual general meeting and that Mr Tom Winterboer be appointed as the individual registered auditor responsible for the audit for the company for the ensuing year.

The company's audit committee has recommended and the directors have endorsed the proposed appointments. It is proposed that the aforementioned appointments be made on a joint basis. If either resolution 2.1 or resolution 2.2 is not passed, the resolution passed shall be effective.

The remuneration of the company's auditors and the audit terms of reference are determined by the audit committee pursuant to the Act.

The percentage of voting rights required for each ordinary resolution contained under points 2.1 and 2.2 of the notice to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution.

4. Endorsement of remuneration policy

Resolved, by way of a non-binding advisory vote, that the company's remuneration policy (excluding the remuneration of the non-executive directors and the members of board committees for their services as directors and members of committees) be and is hereby endorsed.

The company's remuneration report is set out in the annual report.

In terms of King III, every year, the company's remuneration policy should be tabled for a non-binding advisory vote at the annual general meeting. The essence of this vote is to enable the shareholders to express their views on the remuneration policies adopted and on their implementation. Shareholders are accordingly requested to endorse the company's remuneration policy.

5. Ordinary resolution number 3

Place the unissued ordinary shares under the control of the directors

Resolved that the authorised but unissued ordinary shares in the capital of the company be and are hereby placed under the control and authority of the directors and that the directors be and are hereby generally authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of the Act, the Banks Act 94 of 1990 as amended (the Banks Act), the MOI and the Listings Requirements of the JSE and the Namibian Stock Exchange (NSX), when applicable.

Shareholders are asked to note that at 363 746 761 ordinary shares, the unissued ordinary share capital of the company, represents approximately 6% of the entire authorised share capital of the company.

The percentage of voting rights required for ordinary resolution number 3 to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution.

6. Ordinary resolution number 4

General authority to issue authorised but unissued ordinary shares

Resolved that, subject to the passing of ordinary resolution number 3, the directors be and are hereby authorised:

1. By way of a renewable general authority, to issue all or any of the authorised but unissued equity securities in the capital of the company for cash as and when they in their discretion deem fit, subject to the Act, the Banks Act, the MOI and the Listings Requirements of the JSE and NSX, when applicable, on the basis that:

- this authority shall be valid until the company's next annual general meeting or for 15 months from the date that this resolution is passed, whichever period is shorter;
- the ordinary shares must be issued to public shareholders as defined by the Listings Requirements of the JSE and the NSE and not to related parties;
- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- in respect of securities which are the subject of the general issue of shares for cash:
  - in the aggregate in any one financial year the ordinary shares may not exceed 5% (281 897 084) of the company's relevant number of equity securities in issue of that class, as at the date of this notice:
    - any equity securities issued under this authority during the period contemplated must be deducted from such number;
    - in the event of a subdivision or consolidation of issued equity securities during the period contemplated, the existing authority must be adjusted to represent the same allocation ratio;
- a maximum discount at which the ordinary shares may be issued is 10% of the weighted average traded price of the company's ordinary shares measured over 30 business days prior to the date that the price of the issue is determined or agreed by the directors and the party subscribing for the securities;
- any such general issues are subject to exchange control regulations and approval at that point in time; and

- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of ordinary shares in issue prior to that issue, in terms of the Listings Requirements of the JSE.

2. To issue shares required to be issued to support the conversion and/or exchange (as the case may be) of Basel III compliant additional Tier 1 and Tier 2 instruments issued by FSR or FirstRand Bank Limited as contemplated in the regulations published pursuant to the Banks Act, 1990 (published on 12 December 2012 as No. R. 12 1029 in Government Gazette No. 35950) (the Regulations) into FSR ordinary shares upon the occurrence of a trigger event as specified in writing by the Registrar of Banks or such other regulatory body in South Africa that has the authority to make such decisions.

   Basel III requires that the terms and conditions of additional Tier 1 and Tier 2 capital instruments contain a provision that such instruments, at the option of the Registrar of Banks, either be written off or converted into ordinary shares upon the occurrence of a trigger event. The Regulations further require that FSR must at all times maintain all prior authorisations necessary to immediately issue the relevant number of ordinary shares specified in the terms and conditions of the additional Tier 1 and Tier 2 capital instruments and/or in terms of the provisions of the Banks Act, 1990 and the Regulations dealing with additional Tier 1 and/or Tier 2 capital should the relevant trigger event occur. It is FSR's intention to issue additional Tier 1 and/or Tier 2 capital instruments and the purpose of part 2 of this resolution is to give effect to these requirements.

   The percentage of voting rights required for ordinary resolution 4 to be adopted, is more than 50% (fifty percent) of the voting rights exercised on the resolution, provided that in accordance with the Listings Requirements of the JSE this ordinary resolution shall not be capable of being implemented without achieving a 75% (seventy five percent) majority of the votes exercised on the resolution.

7. Special resolution number 1

Authority to repurchase ordinary shares

Resolved, as a special resolution of the company, that the company and/or its subsidiaries be and are hereby generally authorised, in terms of a general authority contemplated in section 48 of the Act, read with sections 46, 114 and 115, as amended, to acquire the company's issued shares from time to time on such terms and conditions and in such amounts as the directors may from time to time decide, but always subject to the approval, to the extent required, of the Registrar of Banks, the provisions of the Act, the Banks Act, the MOI and the Listings Requirements of the JSE and NSX, and subject to the following conditions:

- this general authority will be valid only until the company's next annual general meeting, provided that it will not extend beyond 15 months from the date of the passing of this special resolution, whichever is shorter;
- the repurchase of securities will be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the repurchase of such securities by the company is effected;
- the acquisitions of ordinary shares shall in the aggregate in any one financial year, not exceed 10% of the company's issued ordinary share capital as at the beginning of the financial year, provided that the number of shares purchased and held by a subsidiary/ies of the company shall not exceed 10% in aggregate of the number of issued shares in the company at the relevant times;
- neither the company nor its subsidiaries will repurchase securities during a prohibited period, as defined in paragraph 3.67 of the Listings Requirements of the JSE, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement on the JSE Stock Exchange News Service (SENS) prior to the commencement of the prohibited period;
- a resolution having been passed by the board of directors confirming that the board has authorised the repurchase, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the company;
- any such general repurchases are subject to exchange control regulations and approval at that point in time;
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement shall be published on SENS and in the financial press; and
- at any point in time the company shall appoint only one agent to effect any repurchase(s) on its behalf.

The percentage of voting rights required for this special resolution number 1 to be adopted is at least 75% (seventy five percent) of the voting rights exercised on the resolution.

Additional Information in respect of special resolution number 1

The reason for special resolution number 1 is to grant the company's directors a general authority, up to and including the date of the following annual general meeting of the company, to approve the company's purchase of shares in itself, or to permit a subsidiary of the company to purchase shares in the company.

The directors have no immediate intention to use this authority to repurchase company shares. However, the directors are of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future.

The directors undertake that the company will not commence a general repurchase of shares as contemplated above unless the following can be met:

- the company and the Group will be in a position to repay its debts in the ordinary course of business for a period of 12 months after the date of the general repurchase of shares in the open market;
- the assets of the company and the Group will be in excess of the liabilities of the company and the Group for a period of twelve months after the date of the general repurchase of shares in the open market, for which purpose the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Act;
- the ordinary capital and reserves of the company and the Group will be adequate for ordinary business purpose for the twelve months after the general repurchase of shares in the open market;
- the available working capital will be adequate to continue the operations of the company and the Group for a period of 12 months after the repurchase of shares in the open market; and
- upon entering the market to proceed with the general repurchase, the company's sponsor has confirmed the adequacy of the company and the Group's working capital for the purposes of undertaking a general repurchase of shares, in writing to the JSE.

8. Special resolution number 2.1

Financial assistance to directors and prescribed officers as employee share scheme beneficiaries

Resolved, as a special resolution of the Company in terms of sections 44 and 45 of the Act, that the directors may, subject to compliance with the requirements of the MOI, the Act and the JSE and NSE, when applicable, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance (as contemplated in sections 44 and 45 of the Act) to, *inter alia*, any director or prescribed officer of the company or of a related or interrelated company on such terms and conditions as the directors may determine from time to time in order to facilitate the participation by such director or prescribed officer in any employee share incentive scheme, provided that nothing in this approval will limit the provision by the company of financial assistance that does not require approval by way of a special resolution of the share-holders in terms of sections 44 and 45 of the Act or falls within the exemptions contained in those sections.

The percentage of voting rights required for this special resolution number 2.1 to be adopted is at least 75% (seventy five percent) of the voting rights exercised on the resolution.

Additional information in respect of special resolution number 2.1

The company may elect to fund the long-term incentive schemes in which executive directors, prescribed officers and identified staff of the company and related and interrelated companies participate.

8. Special resolution number 2.2

Financial assistance to related and interrelated companies

Resolved, as a special resolution of the company in terms of sections 44 and 45 of the Act, that the directors may, subject to compliance with the requirements of the MOI, the Act and the JSE and NSE, when applicable, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance (as contemplated in sections 44 and 45 of the Act) to, *inter alia*, any related or interrelated company or corporation on such terms and conditions as the directors may determine from time to time, provided that nothing in this approval will limit the provision by the company of financial assistance that does not require approval by way of a special resolution of the shareholders in terms of sections 44 and 45 of the Act or falls within the exemptions contained in those sections.

The percentage of voting rights required for this special resolution number 2.2 to be adopted is at least 75% (seventy five percent) of the voting rights exercised on the resolution.

Additional information in respect of special resolution number 2.2

Companies within the Group receive and provide loan financing and other support to one another in the normal and ordinary course of business from time to time.

9. **Special resolution number 3**

Remuneration of non-executive directors with effect from 3 December 2013

Resolved to approve as a special resolution in terms of section 66(9) of the Act that non-executive directors' remuneration (due to the applicable directors for services rendered by them in their capacities as such) be paid as follows:

Rand	Current annual fee	**Proposed annual fee with effect 3 December 2013**
Board		
Chairman*	3 600 000	**4 000 000**
Director	390 000	**417 300**
Audit committee		
Chairman	540 000	**594 000**
Member	212 000	**233 200**
Risk, capital management and compliance committee		
Chairman	540 000	**594 000**
Member	212 000	**233 200**
Remuneration committee		
Chairman	270 000	**300 000**
Member	121 000	**130 000**
Directors' affairs and governance committee		
Chairman	92 400	**101 640**
Member	46 200	**50 820**
Large exposures committee		
Chairman		
Member		
(per meeting payment on an hourly basis for preparation and attendance at the *ad hoc* work fee)		
Transformation monitoring committee		
Chairman	120 000	**132 000**
Member	60 000	**66 000**
Ad hoc* work*		
Chairman	6 600	**7 300**
Member	3 300	**3 650**

* *The chairman will be paid a single fee covering his activities as board chairman and for his activities on board committees.*

** *For work of an ad hoc nature on an hourly basis, or for work on an ad hoc committee or attendance at advisory/subsidiary board or committee meeting where no other fee is specifically approved, hourly on a preparation and attendance basis.*

Directors resident outside of South Africa be paid double the approved fee for South African resident directors, in the foreign currency of the country in which they are resident.

The percentage of voting rights required for this special resolution number 3 to be adopted is at least 75% (seventy five percent) of the voting rights exercised on the resolution.

For the purposes of considering special resolution number 1 and in compliance with Rule 11.26 of the JSE Listings Requirements, the information listed below has been included in annual report to shareholders for the year ended 30 June 2013:

- directors and prescribed officers;
- major shareholders;
- directors' interest in securities;
- share capital of the company;
- the directors, whose names are set out in the annual report, collectively and individually accept full responsibility for the accuracy of the information contained in the special resolutions and certify to the best of their knowledge and belief that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries in this regard; and that this resolution contains all information required by the JSE Listings Requirements; and
- litigation – save as reported in the annual report, in terms of section 11.26 of the JSE Listings Requirements, the directors, whose names are given in the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened, that may have or have had in the previous 12 months, a material effect on the Group's financial position.

Other than the facts and developments reported on in the annual report, there have been no material changes in the financial position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.

10. Social and ethics committee report

The FirstRand social and ethics committee report is set out in the annual report, in terms of Regulation 43 (5) (c) of the Act.

Important notes regarding attendance at the annual general meeting

General

Shareholders wishing to attend the meeting have to ensure beforehand with the transfer secretaries of the company that their shares are in fact registered in their name.

Certificated shareholders and own name dematerialised shareholders

Shareholders who have not dematerialised their shares, who have dematerialised their shares with own name registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder.

Proxy forms must be forwarded to reach the registered office of the company's transfer secretaries by 09:00 on Friday, 29 November 2013. Before a proxy exercises any rights of a shareholder at the annual general meeting, such form of proxy must be so delivered. Any forms of proxy not lodged by this time must be handed to the chairman of the meeting immediately prior to the annual general meeting.

Dematerialised shareholders other than with own name registration

Shareholders who have dematerialised their shares, other than those members who have dematerialised their shares with own name registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Voting will be by way of a poll and every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Shares held by a FirstRand share trust or scheme, treasury shares and unlisted shares will not have their votes at the meeting taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

Proof of identification required

In compliance with section 63 of the Act, kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, drivers' licences and passports.

Summary of shareholder rights

In compliance with the provisions of section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Act, is set out immediately below:

- **A shareholder entitled to attend and vote at the annual general meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not be a shareholder of the company.**
- **A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the meeting.**
- **A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointment the proxy.**
- **The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.**

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Act or the company's MOI to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the notes to the form of proxy.

By order of the board

BW Unser
Company secretary

9 September 2013

Transfer secretaries
Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg
2001

FIRSTRAND

FIRSTRAND LIMITED
(Incorporated in the Republic of South Africa) (Registration number: 1966/010753/06) Share code: (JSE): FSR ISIN: ZAE000066304
JSE B preference share code: FSRP ISIN: ZAE000060141 NSX ordinary share code: FST (FirstRand or the company or FSR)

Only for use by shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration.

All other dematerialised shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance at the annual general meeting.

For completion by the aforesaid registered shareholders who hold ordinary shares of the company and who are unable to attend the 2013 annual general meeting of the company to be held in the Auditorium, FNB Conference and Learning Centre, 114 Grayston Drive, on Tuesday, 3 December 2013 at 09:00 (the annual general meeting).

I/We, ______________________________

Of (address) ______________________________

Being the holder/s of ______________ ordinary shares in the company, hereby appoint (see notes overleaf)

1. ______________ or, failing him/her
2. ______________ or, failing him/her
3. the chairman of the annual general meeting, as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the annual general meeting of the company and at any adjournment thereof, as follows (see notes overleaf).

	Insert an X or the number of votes exercisable (one vote per ordinary share)		
	In favour of	**Against**	**Abstain**
Ordinary resolution numbers 1.1 to 1.4 Re-election of directors by way of separate resolutions: 1.1 PK Harris			
1.2 WR Jardine			
1.3 EG Matenge-Sebesho			
1.4 AT Nzimande			
Ordinary resolution numbers 1.5 to 1.6 To elect directors who have reached age 70:			
1.5 VW Bartlett			
1.6 JJH Bester			
Ordinary resolution numbers 1.7 to 1.9 To elect directors appointed by the directors to fill vacancies:			
1.7 JJ Durand			
1.8 GG Gelink			
To elect an alternate director appointed by the directors:			
1.9 P Cooper			
Ordinary resolution numbers 2.1 and 2.2 Appointment of auditors and the individual registered auditors:			
2.1 Deloitte & Touche, K Black			
2.2 PricewaterhouseCoopers, T Winterboer			
Advisory endorsement of remuneration policy Endorsement of remuneration policy			
Ordinary resolution number 3 Place the unissued ordinary shares under the control of the directors			
Ordinary resolution number 4 General authority to issue authorised but unissued ordinary shares			
Special resolution number 1 Authority to repurchase ordinary shares			
Special resolution number 2.1 Financial assistance to directors and prescribed officers as employee share scheme beneficiaries			
Special resolution number 2.2 Financial assistance to related and interrelated companies			
Special resolution number 3 Remuneration of non-executive directors with effect from 3 December 2013			

Signed at ______________ on ______________ 2013

Signature/s ______________________________

Assisted by ______________________________
(where applicable)

PLEASE SEE NOTES ON REVERSE SIDE OF THE FORM

NOTES

Use of proxies

A shareholder who holds ordinary shares (shareholder) is entitled to attend and vote at the annual general meeting and to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the company.

Every shareholder present in person or by proxy and entitled to vote at the annual general meeting of the company shall, on a show of hands, have one vote only, irrespective of the number of shares such shareholder holds, but in the event of a poll, every ordinary share in the company shall have one vote.

Instructions on signing and lodging the proxy form:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholders' choice in the space/s provided overleaf, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. Should this space be left blank, the chairman of the annual general meeting will exercise the proxy. The person whose name appears first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder's voting instructions to the proxy must be indicated by the insertion of the number of votes exercisable by that shareholder in the appropriate spaces provided overleaf. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting, as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder of his/her proxy.

3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

4. To be valid the completed proxy forms must be forwarded to reach the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), fax number (011) 688 5238 or in Namibia to Transfer Secretaries (Pty) Ltd, PO Box 2401, Windhoek, Namibia, fax number +264 6124 8531 by no later than 09:00 on Friday, 29 November 2013. Proxy forms may only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration.

5. Documentary evidence establishing the authority of a person signing a proxy form in a representative capacity must be attached to the proxy form unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.

6. The completion and lodging of this proxy form shall not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

7. The completion of any blank spaces overleaf need not be initialled. Any alternations or corrections to this proxy form must be initialled by the signatory/ies.

8. The chairman of the annual general meeting may reject of accept any proxy form which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

STUDIO 5

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