RMH

CONDENSED UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND CASH DIVIDEND DECLARATION

for the six months ended 31 December 2016

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BASIS OF PREPARATION

This report covers the unaudited interim financial results of RMB Holdings Limited (RMH), based on International Financial Reporting Standards (IFRS), for the six months ended 31 December 2016.

The primary results and accompanying commentary are presented on a normalised basis as we believe this most accurately reflects the group's underlying economic performance. The normalised earnings have been derived from the unaudited, IFRS financial results. A reconciliation of the adjustments made to derive normalised earnings is presented in the accompanying schedules. Refer to page 22.

Ellen Marais CA(SA) prepared these financial results under the supervision of Herman Bosman LLM CFA.

FINANCIAL INDICATORS

for the six months ended 31 December 2016

NORMALISED EARNINGS

+6%

to 275.4 cents per share

DIVIDEND

+8%

to 153.0 cents per share

NET ASSET VALUE

+7%

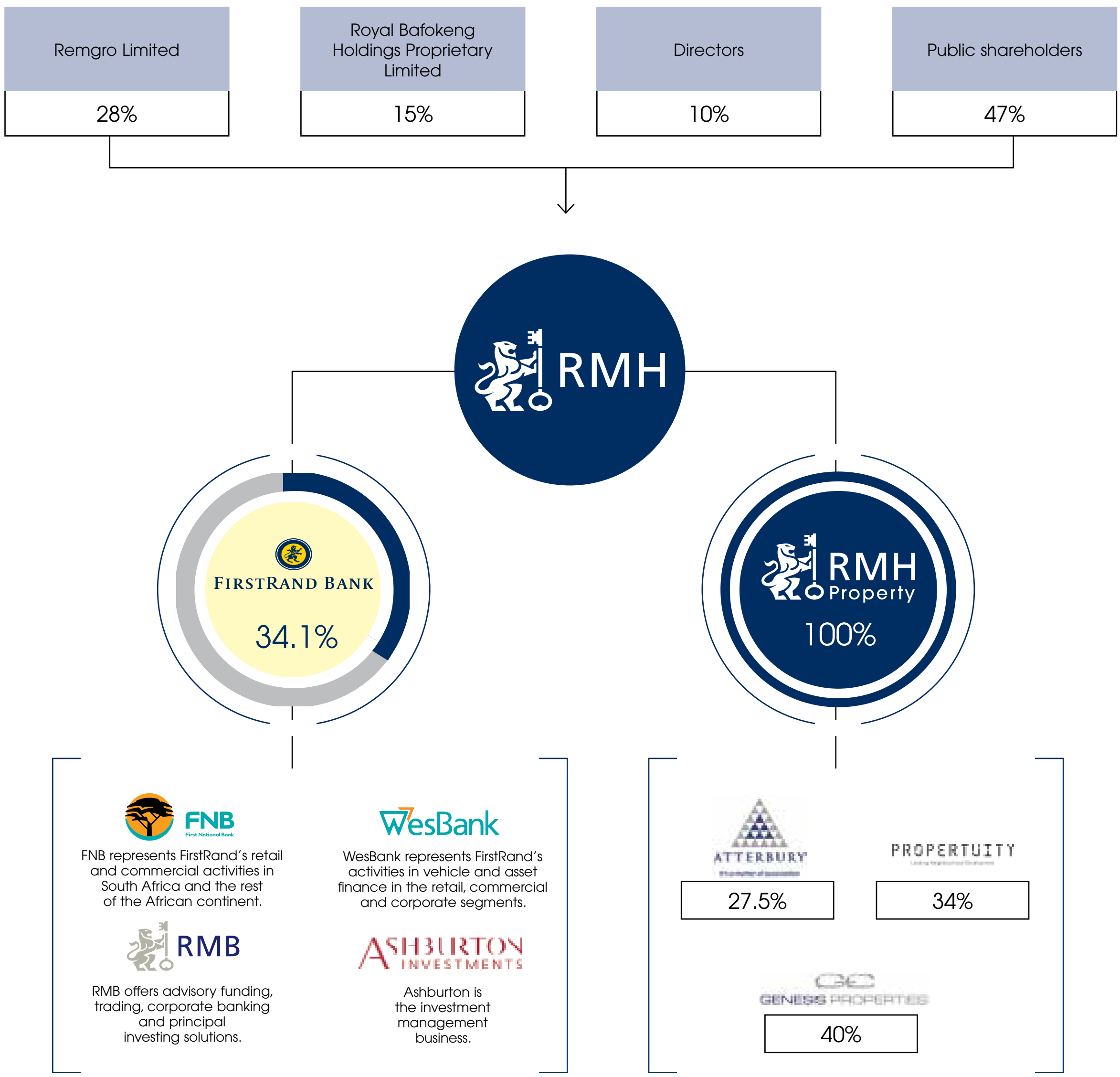
to 2 796.4 cents per share

INTRINSIC VALUE

+26%

to 7 120.7 cents per share

OUR STRUCTURE



RMH has a significant stake in one of South Africa's leading banking and financial services groups, FirstRand, which had a market capitalisation of R298.2 billion at 31 December 2016 (2015: R237.8 billion).

RMH announced last year that it has started to diversify its portfolio into property.

ABOUT RMH

KEY FACTS

for the six months ended and as at 31 December 2016
and comparatives at 31 December 2015

JSE SHARE CODE
RMH

FIRST LISTED
November 1992

MARKET CAPITALISATION
2016: R93.7 billion
2015: R78.5 billion

+19%

INTRINSIC VALUE OF PORTFOLIO
2016: R100.5 billion
2015: R79.9 billion

+26%

DISCOUNT ON INTRINSIC VALUE
7%

NET INCOME
2016: R4.0 billion
2015: R3.5 billion

+14%

HEADLINE EARNINGS
2016: R4.0 billion
2015: R3.5 billion

+14%

NORMALISED EARNINGS
2016: R3.9 billion
2015: R3.7 billion

+6%

CHAIRMAN
GT Ferreira

CHIEF EXECUTIVE
Herman Bosman

WHO WE ARE

RMH IS A TOP 40 JSE-LISTED INVESTMENT HOLDING COMPANY WITH A 34% SHARE IN ONE OF SOUTHERN AFRICA'S LEADING BANKING AND FINANCIAL SERVICES GROUPS, FIRSTRAND

OUR PRIMARY OBJECTIVE IS TO CREATE LONG-TERM VALUE FOR OUR SHAREHOLDERS

RMH was founded by leading South African businessmen GT Ferreira, Laurie Dippenaar and Paul Harris almost 40 years ago. It represents the merger of Rand Consolidated Investments and Rand Merchant Bank, then owned and managed by Johann Rupert of Remgro. Our founding members still play an important role in the decision-making of RMH.

Since its listing in November 1992, RMH has provided shareholders with a vehicle to co-invest with the founders of FirstRand.

In 2011, all insurance interests were separately listed as Rand Merchant Investment Holdings Limited (RMI). Since then, RMH has been a dedicated investment vehicle into FirstRand.

In 2016 RMH announced the expansion of its investment strategy to include a property investment business alongside its investment in FirstRand. This involves establishing a diversified portfolio of scalable entrepreneur-led businesses with proven track records in managing and building out property portfolios.

OUR PORTFOLIO

RMH is well-known for its entrepreneurship, innovation and value creation. We invest in businesses that can deliver superior earnings, dividend growth and sustained capital growth. RMH specifically targets the wider financial services industry and industries complementary to its current portfolio.

RMH's main interest is its 34% investment in separately listed, FirstRand. The extension of the investment strategy to include property, involved the previously-announced acquisition of a 27.5% interest in Atterbury Property Holdings Proprietary Limited (Atterbury) and a 34% interest in Propertuity, an urban renewal business. In addition, during the period under review, RMH concluded a transaction to acquire 40% of Genesis Properties Three Proprietary Limited (Genesis Properties), a mezzanine debt and equity funding business.

The RMH portfolio comprises:

FirstRand	First National Bank (FNB)	the retail and commercial bank
	Rand Merchant Bank (RMB)	the corporate and investment bank
	WesBank	the instalment finance business
	Ashburton Investments	the group's investment management business

RMH Property	Atterbury	a leading South African property group
	Propertuity	an urban renewal business
	Genesis	a mezzanine debt and equity funding business

RMH is an influential shareholder and partners management in strategic dialogue. The group provides benefits such as broad-based black economic (BBBEE) shareholding, portfolio optimisation and long-term focus.

OUR DIVIDEND POLICY

We seek to achieve a sound balance between providing an attractive yield to shareholders and achieving sustained capital growth. RMH has a stated policy of returning net dividends (after providing for funding and operational costs incurred at the centre) received in the ordinary course of business to shareholders.

OUR PERFORMANCE AND OUTLOOK

ECONOMIC ENVIRONMENT

The macroeconomic environment remained tough during the reporting period, with global and local political and economic uncertainty increasing.

The South African economy was impacted by rising unemployment and inflation, combined with lower business and consumer confidence. This resulted in decreased household and business spending. The inflation rate remained well above the South African Reserve Bank's 6% upper-range, which prevented any interest rate relief.

The Rand was supported by the fall in domestic imports and an increase in export growth as a result of a decrease in the trade deficit and a significant improvement in South Africa's terms of trade.

The continued local political uncertainty negatively impacted local and international investor confidence. This was compounded by increased global political uncertainty in the aftermath of the US election.

The macroeconomic environment in the rest of the sub-Saharan region remained challenging and experienced lower commodity prices, weakened government finances, drought conditions and policy uncertainty.

OVERVIEW OF RESULTS

Despite the challenging economic climate, FirstRand produced a satisfactory performance, increasing normalised earnings by 7% (2015: 9%) and delivering a return on equity (ROE) of 22.9% (2015: 23.4%). The RMH results include the first contribution of R7 million by RMH Property, which was mostly offset by an increase in finance cost due to an increase in funding of R925 million. RMH increased normalised earnings by 6% (2015: 9%) and produced normalised earnings of R3.9 billion (2015: R3.6 billion). Normalised earnings per share amounted to 275.4 (2015: 258.8) cents per share. FirstRand franchises, FNB, RMB and WesBank, all produced resilient operating results. RMH Property delivered results within RMH's investment expectation.

The RMH interim dividend of 153.0 (2015: 142.0) cents per share increased by 8% (2015: 16%). This is in line with RMH's stated policy of returning dividends to shareholders after provision for RMH's funding and administrative costs.

SOURCES OF INCOME

FirstRand's well-diversified income stream is drawn from the full spectrum of banking services and is predominantly sourced from South Africa. RMH's normalised earnings is made up as follows:

R million	For the six months ended 31 December		% change	For the year ended 30 June
	2016	2015		2016
FNB	6 462	6 278	3	12 294
RMB	2 853	2 805	2	6 287
WesBank	1 944	1 786	9	3 927
Other*	387	46	>100	347
FIRSTRAND NORMALISED EARNINGS	11 646	10 915	7	22 855
Attributable to RMH	3 965	3 717	7	7 783
RMH Property	7	-	100	–
RMH's funding and administrative costs	(84)	(63)	(33)	(124)
RMH NORMALISED EARNINGS	3 888	3 654	6	7 659

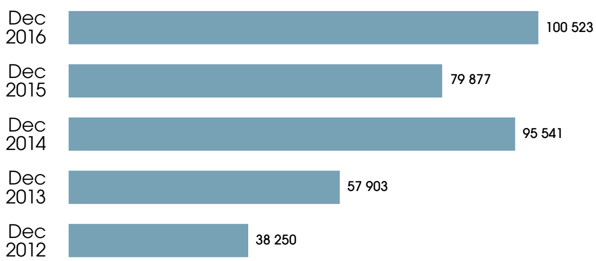
* *Other is the total of FCC including group treasury and the preference dividend paid on non-cumulative, non-redeemable preference shares issued by FirstRand. It includes year-on-year negative accounting mismatches, improvement of interest rate management and improvement in foreign currency liquidity management.*

UNDERLYING INTRINSIC VALUE

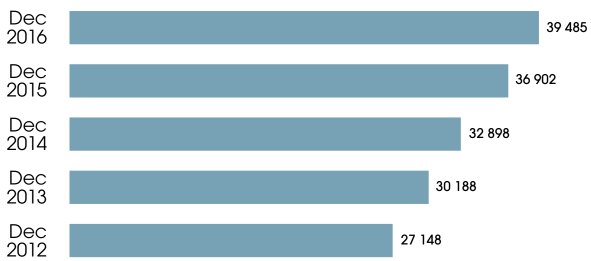
During the six months to 31 December 2016, RMH's market capitalisation increased by 19% year-on-year. At that date, it amounted to R93.7 billion (June 2016: R79.4 billion) or 6 640 cents (June 2015: 5 625 cents) per share. This represented a 7.2% discount (June 2016: 6.1% discount) to RMH's underlying intrinsic value. Net asset value per share increased 7% to 2 796.4 cents (June 2015: 2 709.1) per share.

R million	As at 31 December 2016	2015	% change	As at 30 June 2016
Market value of listed interest (FirstRand)	**101 578**	80 945		85 664
Carrying value of RMH Property	**728**	–		–
Net funding	**(1 783)**	(1 068)		(1 072)
TOTAL INTRINSIC VALUE	**100 523**	79 877	26	84 592
Intrinsic value per share (cents)	**7 120.7**	5 658.2	26	5 992.2
Net asset value per share (cents)	**2 796.4**	2 613.5	7	2 709.1
Price-to-book ratio (times)	**2.4**	2.1		2.1

INTRINSIC VALUE (R million)



NET ASSET VALUE (R million)



INTERIM DIVIDEND PAYMENT

RMH's sole source of dividend income is its investment in FirstRand. FirstRand believes, that due to the sustained superior return profile and strong performances from franchises, combined with a strong capital position and low growth in risk-weighted assets for the six months period to December 2016, an increase in dividend above earnings growth was appropriate. As a result, the dividend cover is slightly below FirstRand's stated long-term cover range of 1.8 to 2.2. The range is assessed on an annual basis.

The board is of the opinion that RMH is adequately capitalised and that the company will be able to meet its obligations in the foreseeable future, after payment of the interim dividend.

Having due regard to the interim dividend receivable from FirstRand and applying the dividend practice outlined above, the board of RMH has resolved to declare a gross interim dividend of 153.0 cents per share (2015: 142.0 cents). This dividend is 1.8 times (2015: 1.8 times) covered by normalised earnings per share and represents a year-on-year increase of 8% (2015: 16%).

KING IV

RMH always strives to deliver corporate governance of the highest standard. RMH's values of commitment, integrity, responsibility, innovation and connectivity guide everyone's conduct of their daily duties, both at a corporate and investee level.

The King IV Report on Corporate Governance for South Africa 2016 (King IV) was released on 1 November 2016. In anticipation thereof, we completed an assessment of our practices against the principles of King IV to benchmark our practices against the latest available guidelines and trends. In our 2016 annual integrated report, we detailed the practices implemented and progress made towards achieving the principles and, ultimately, the governance outcomes. The report is available online at **www.rmh.co.za**.

CHANGES TO THE BOARD OF DIRECTORS

In compliance with the JSE Limited Listings Requirements, RMH advises the following changes to its board of directors:

- Jannie Durand was appointed deputy chairman and non-executive director, effective 13 March 2017. He was previously alternate to Faffa Knoetze.
- In turn, Faffa Knoetze resigned as non-executive director from the RMH board effective the same day and was appointed as alternate to Jannie Durand effective 13 March 2017.

UPDATE ON RMH'S STRATEGY

In our annual integrated report at 30 June 2016, we clarified our strategy and depicted our strategic initiatives as follows:

DIVERSIFICATION	**OPTIMISATION**	**MODERNISATION**
Geographic business and product diversification is evaluated and implemented in RMH and across the portfolio.	Established relationships with the boards and management ensure that RMH participates in the strategic dialogue and activity across our portfolio. The group and capital structure is designed to provide optimal returns to shareholders and to create a platform for potential value-adding mergers and acquisitions or fund raising opportunities.	New businesses technologies and industry trends are identified and assessed to complement RMH and its investee companies.

FirstRand, together with RMH, remains committed to growing economic profit on a sustainable basis and will continue to only allocate capital to growth initiatives that maximise shareholder returns. It remains confident that the quality of FirstRand's portfolio of businesses, the strength of its balance sheet, discipline in resource allocation and the strategies it is currently investing in will ensure ongoing growth and superior returns to shareholders. RMH previously announced the expansion of its investment strategy to include property. The property strategy will create a diversified portfolio of superior and scalable entrepreneur-led businesses with proven track records in managing and building out property portfolios. RMH will follow a phased approach to acquire its various property investments.

RMH acquired a 27.5% interest in Atterbury in July 2016 and a 34% interest in Propertuity in November 2016. Both acquisitions were funded through the issue of preference shares, thereby increasing the funding cost at the RMH centre. The net contributions to earnings and dividend pay-outs from these acquisitions are only expected to become material in the long term. In addition to the above previously-announced transactions, RMH acquired a 40% interest in Genesis Properties in December 2016. Genesis Properties is a mezzanine debt and equity funding business which partners with leading developers on individual developments. The CEO, Brian Roberts, has extensive property experience within property structuring and funding through executive roles at Nedbank and Zenprop.

We are optimistic about the growth outlook of our new property business, while it also adds further diversification to RMH's investment portfolio, in line with the group's stated strategy.

OUTLOOK

Based on the FirstRand outlook and current macroeconomic conditions, the group expects economic growth to pick up in the second half of the year. Global and local political uncertainty imposes downside risk.

RMH management will focus on the following during the rest of the year:

DIVERSIFY	**DIVERSIFICATION OF INCOME STREAM AND DISTRIBUTION OF ASSETS:** • Identifying opportunities for our core and specialist portfolio in the newly-created property business. • Evaluate expanding RMH's geographic footprint further, either independently and/or through the existing portfolio.
OPTIMISE	**OPTIMISATION OF OUR ESTABLISHED INVESTMENTS:** • Will continue its strategic dialogue and activity across the portfolio and it will assist with capital planning and provide a funding platform for investee companies.
MODERNISE	**MODERNISATION:** • RMH recognises the technological development in the global financial services industry. • Will continue to assess and invest in new business trends and disruptive technologies, either independently or in partnership with investee companies.

The board is of the opinion that the diversification of the income base of RMH, together with FirstRand's stated intent to continue to deliver ongoing growth and superior returns, will contribute positively to returns for RMH shareholders over the short-, medium- and long-term. RMH has a strong pipeline of potential property investment opportunities spanning a wide variety of niche sub-segments that meet the mandate of RMH's specialist property portfolio. However, given the challenging macroeconomic outlook, RMH remains cautious in terms of deploying large amounts of capital into established property portfolios, preferring to focus on partnering with entrepreneurs who have high levels of intellectual property and track records with less mature property portfolios. There are no imminent transactions at this reporting date.

For and on behalf of the board

GT Ferreira
Chairman

Herman Bosman
Chief executive

Sandton

10 March 2017

INTERIM DIVIDEND DECLARATION

Notice is hereby given that a gross interim dividend of 153.0 cents per share, payable out of income reserves, was declared on 10 March 2017 in respect of the six months ended 31 December 2016.

The dividend will be subject to Dividend Withholding Tax at a rate of 20%, which will result in a net dividend of 122.4 cents per share for those shareholders who are not exempt. The company's tax reference number is 9950/098/71/6. Its issued share capital at the declaration date comprises 1 411 703 218 ordinary shares and 11 800 redeemable preference shares.

Shareholders' attention is drawn to the following important dates:

- Last day to trade in order to participate in this dividend — Tuesday, 28 March 2017
- Shares commence trading ex-dividend on — Wednesday, 29 March 2017
- The record date for the dividend payment will be — Friday, 31 March 2017
- Dividend payment date — Monday, 3 April 2017

No dematerialisation or rematerialisation of share certificates may be done between Wednesday, 29 March 2017 and Friday, 31 March 2017 (both days inclusive).

In the interest of facilitating safer and faster payment of dividends and other payments by RMH, it has been decided that no further cheques will be issued and all future payments will only be made by electronic transfer into a nominated bank account. RMH's memorandum of incorporation has been amended accordingly. RMH dividends, therefore will no longer be paid by cheque to stakeholders. Shareholders who have not yet provided bank account details to Computershare Investor Services (Pty) Ltd are reminded to contact Computershare on 0861 100 930/933 with their bank account details into which ordinary dividends can be electronically paid.

By order of the board

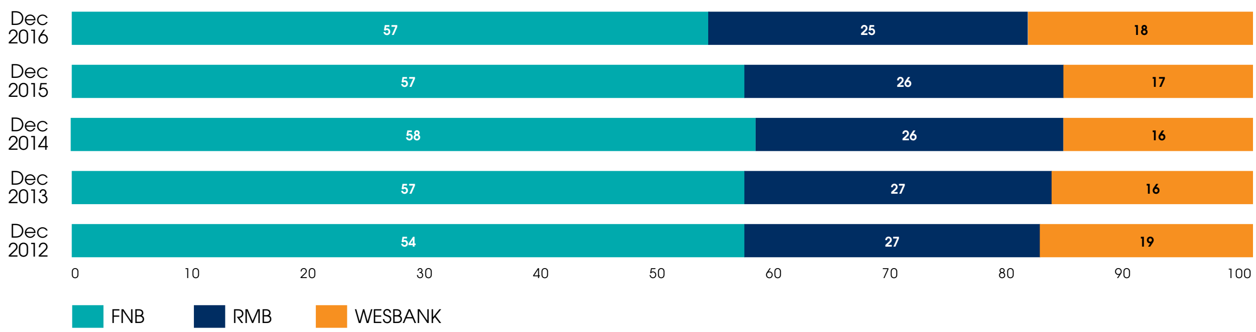
Ellen Marais
Company secretary

10 March 2017

OPERATIONAL REVIEW

FIRSTRAND

CONTRIBUTION TO NORMALISED EARNINGS (%)



FIRSTRAND

FirstRand's operational performance was mainly driven by:

- Net interest income (NII) increasing by 12%, driven by ongoing growth in advances (up 4%) and deposits (up 6%) and, whilst margins in many of the asset-generating businesses continued to come under pressure from higher term funding and liquidity costs, earnings and margins benefited more from the positive endowment effect.
- Non-interest revenue (NIR) growth of 2%, which was satisfactory, given the impact of the timing of private equity realisations, with fee and commission income growth of 8% benefiting from ongoing volume growth, specifically in the electronic channels, together with solid growth in client numbers. Fee and commission income represents 83% (December 2015: 80%) of total operational NIR.
- Insurance revenues grew 23% due to the MMI book transfer, which was effective 1 October 2016, and volume growth in funeral and credit products in FNB. WesBank insurance income also grew by 13%, driven mainly by the MotoVantage acquisition in November 2015.
- Knowledge-based fees at RMB remaining robust, underpinned by solid levels of arranging and underwriting income as well as higher levels of structuring fees due to a strong deal flow.
- Total operating expenses increasing by 8% and continuing to trend above inflation as the group remains committed to investing in its future growth strategies, including building out its insurance and asset management franchises and its footprint in the rest of Africa. Core operating cost growth of 8% was driven by above-inflation salary increases and additional headcount, offset by significantly lower variable staff costs. The cost-to-income ratio increased marginally to 51.3%.
- Credit impairments increasing by 19%, with the credit impairment ratio increasing from 77 bps to 86 bps. Overall, non-performing loans (NPLs) increased by 7%, with retail NPLs increasing 20%. The increase was driven by:
  - the anticipated normalisation of credit experience in retail SA VAF given the credit cycle;
  - new business strain as a result of strong book growth in MotoNovo (UK) and the retail portfolios in FNB (linked to cross-sell and up-sell strategies) and in FNB commercial; and
  - a tough credit environment in certain African territories, particularly Mozambique and Zambia.
- Total coverage reducing marginally to 79.5%, reflecting a change in NPL mix, an increasing proportion of paying debt review retail NPLs and the write-off of certain highly collateralised corporate exposures. However, portfolio provisions and the performing book coverage ratio both increased.

- The performing book coverage ratio of 100 bps increasing marginally from the prior year's of 97 bps, in spite of the partial central overlay release, given the previously-identified risk, manifesting with the NPL formation increasing in some of the underlying franchises, impacted by further increases in portfolio provisions in the franchises.
- The overall credit picture remaining in line with expectations and reflecting both the respective franchise growth strategies and the specific origination actions taken in the different segments of the group's client base throughout the current credit cycle. The group consistently adjusted credit appetite in the high-risk segments of the retail market from as early as 2011. Robust growth has however, been generated on the back of FNB's strategy to focus on lending to its core transactional client base.

Below is a summary of the performance of the franchises:

FNB

FNB increased pre-tax profits by 3% and produced an ROE of 38.5%. The domestic franchise delivered a solid performance although the rest of the African portfolio was significantly hampered by the poor performance in Zambia and Mozambique, which were the result of significant macroeconomic pressures. The performance was impacted by:

- The ongoing strategy to grow and retain core transaction accounts, cross-sell and up-sell into the client base, apply a disciplined origination strategy and provide innovative transactional and savings products, paid off. Overall clients increased 6%. The cross-sell ratio improved from 2.63 to 2.72.
- Growth in NII (11%), due to growth in advances (6%) and deposits (11%), together with the positive endowment effect from the increase in the repo rate.
- As expected, bad debts and NPLs are trending upwards. The NPLs percentage increased from 3.03% in June 2016 to 3.09%. The credit loss ratio increased from 1.08% at the end of June 2016 to 1.15%.
- NIR growth of 6% reflects a mixed picture: The premium and commercial segments showed excellent growth of 16% and 9% respectively. Fee and commission income benefited from an 11% increase in volumes. This was slightly offset by FNB's electronic migration strategy and a decrease in cash-related NIR.
- Cost growth in the South African franchise was contained at 8%, but total costs grew 10% due to further investing in the Africa strategy.
- FNB Africa's net profit before tax declined by 29% due to poor performance in Zambia and Mozambique and further investing in the Africa footprint. FNB Botswana performed well. FNB Namibia delivered a strong operational performance but was impacted by the current investment cycle.

RMB

RMB produced solid results, increasing pre-tax profits by 3% to R4.1 billion and achieving a satisfactory ROE of 21.3%. RMB's results were influenced by the following:

- Investment banking and advisory increased pre-tax profits 28%. This was as a result of a disciplined approach to financial resource allocation in an environment characterised by difficult credit markets and lower economic growth.
- Corporate and transactional banking activity showed solid growth, increasing pre-tax profits by 16%.
- Market and structuring activities also delivered a solid performance, increasing pre-tax profits by 15%.
- The investing activities showed a decrease in pre-tax profit of 54%. This was mainly driven by the timing of the private equity realisation. Private equity remained in a realisation cycle. The unrealised profit of the private equity portfolio amounted to R4.4 billion (2015: R4.5 billion).
- Other investment activities showed a profit, but this was offset by costs associated with the organisational and technological transformation project in the Global Markets business. This project is expected to continue for the next five years.

WesBank

WesBank delivered a pleasing performance despite its sensitivity to the local retail credit cycle. WesBank's pre-tax profit increased 9% and a ROE of 19.9% was delivered. WesBank's results were shaped by the following:

- Advances growth was flat due to a decline in new business volumes.
- MotoNovo's volumes continued to track up (+18%) but are slowing due risk appetite being tightened.
- Overall, interest margins showed resilience despite higher funding, liquidity costs and a shift in the mix from fixed- to floating-rate business.
- As anticipated, bad debts are trending upwards but remain within the through-the-cycle thresholds.
- Strong growth of 20% in NIR. This was due to the acquisition of MotoVantage, which increased insurance and VAP-related income, as well as increases in full maintenance lease rental income.
- Core cost grew 10%, mainly driven by new business initiatives and volume-related expenditure in MotoNovo, Direct Axis and the WesBank full maintenance lease book.
- The proposed acquisition of Regent Insurance's VAPS has not yet been concluded.

Ashburton Investments

FirstRand has an organic strategy to grow an asset management and wealth and investment management franchise.

The asset management business, Ashburton Investments (AI), comprises a wide range of component funds.

Overall, assets under management (AUM) have grown 12% to R105 billion, despite some isolated large institutional outflows. The wealth and investment management business includes portfolio management, stock broking, share investing and all investor platform-related administration capabilities. There are two pillars to the strategy, both currently in build phase:

- A direct offering of asset management solutions/funds to the FNB client base, through FNB's banking channels.
- A bespoke offering of tailored portfolio management solutions to FNB's wealth advised clients.

Traction has been satisfactory in the period under review. Highlights of the period included:

- A growth of 19% in asset under administration on the LISP platform.
- Clients increasing to over 23 000.

MANAGEMENT OF FINANCIAL RESOURCES

The management of financial resources, defined as capital, funding and liquidity, and risk appetite, are critical to the achievement of FirstRand's stated growth and return targets, and are driven by the overall risk appetite. The management of financial resources is done by Group Treasury. This ensures that the allocation of financial resources is done within the required level of discipline as well as an alignment between the mandates of Group Treasury with the targets of the franchises. Tight financial and prudential targets are set through different business cycles and scenarios. FirstRand is expected, at a defined confidence level, to deliver on its commitments to the providers of capital.

Given the high levels of uncertainty and volatility in funding markets, FirstRand is exploring strategic options to protect its counterparty status. In addition, access to hard-currency funding will be key to the execution of strategy for the rest of Africa and growing MotoNovo.

CAPITAL

FirstRand has maintained its very strong capital position. FirstRand's total capital requirement is 17.3%, exceeding the regulatory minimum requirement of 10.4% and its internal target of 14.0%. Capital planning is undertaken on a three-year forward-looking basis. The level and composition take into account organic growth, stress-testing and scenario outcomes. External factors such as regulatory and accounting changes, macroeconomic conditions and future outlook are also taken into consideration.

LIQUIDITY POSITION

FirstRand exceeds the 70% minimum liquidity coverage ratio (LCR) as set out by the Basel Committee, with an LCR for the group of 95% (2015: 71%), holding available high quality liquid assets of R158 billion and a further R21 billion in management liquidity.

For a comprehensive, in-depth review of FirstRand's performance, RMH shareholders are referred to **www.firstrand.co.za**.

PROPERTY PORTFOLIO

For the six month period under review, the focus was on concluding various property transactions, including the previously-announced investments into Atterbury and Propertuity. In addition to these transactions, RMH Property also acquired a 40% interest in Genesis Properties, which will provide access to a wider network of property opportunities.

Given that many of these deals were only concluded towards the period end, coupled with limited revaluation of portfolios at the interim stage and the amortisation of intangible assets, earnings from RMH Property were relatively subdued, delivering R7 million of operating profit in the six month period. While still at an early stage, progress across our various property investments was pleasing, with strong development pipelines in place across the portfolio and a number of strategic initiatives underway. RMH Property is actively involved in partnering the various management teams to deliver on these initiatives and in executing and prudently managing the development pipeline.

RMH Property will continue to evaluate further property transactions and remains active in pursuing its strategy to create a diversified portfolio of superior and scalable entrepreneur-led businesses with proven track records in managing and building out property portfolios. Given the challenging operating environment, RMH Property will maintain a measured approach in building out its property investment portfolio, with greater emphasis currently being placed on delivery of shareholder value within the recently acquired property investments.

FINANCIAL REVIEW

The dominant part of RMH's income is its share in the after-tax profits of FirstRand, amounting to R4 049 million (2015: R3 569 million).

CONDENSED CONSOLIDATED INCOME STATEMENT

R million	For the six months ended 31 December 2016	2015	% change	For the year ended 30 June 2016
Share of after-tax profit of associate companies	4 073	3 569	14	7 684
Investment income	6	(5)		7
Net fair value gain/(loss) on financial assets and liabilities	27	(21)		(14)
Net income	4 106	3 543	16	7 677
Administration expenses	(35)	(2)	>(100)	(16)
Income from operations	4 071	3 541	15	7 661
Finance costs	(73)	(43)	(70)	(87)
Profit before tax	3 998	3 498	14	7 574
Income tax expense	(8)	–	(100)	(15)
PROFIT FOR THE PERIOD	3 990	3 498	14	7 559
Attributable to:				
Equity holders of the company	3 990	3 498	14	7 559
PROFIT FOR THE PERIOD	3 990	3 498	14	7 559

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R million	For the six months ended 31 December 2016	2015	% change	For the year ended 30 June 2016
Profit for the period	3 990	3 498	14	7 559
Other comprehensive income, after tax:				
Items that may be reclassified to profit or loss				
Share of other comprehensive income of associates after tax and non-controlling interests	(543)	792		82
Items that may not subsequently be reclassified to profit or loss				
Net loss on available-for-sale financial assets	(13)	–		–
Share of other comprehensive income of associates after tax and non-controlling interests	(28)	(22)		(47)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(584)	770	>(100)	35
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3 406	4 268	(20)	7 594
Total comprehensive income attributable to:				
Equity holders of the company	3 406	4 268	(20)	7 594
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3 406	4 268	(20)	7 594

RMH regards normalised earnings as the appropriate basis to evaluate business performance as it eliminates the impact of non-recurring items and accounting anomalies.

COMPUTATION OF HEADLINE AND NORMALISED EARNINGS

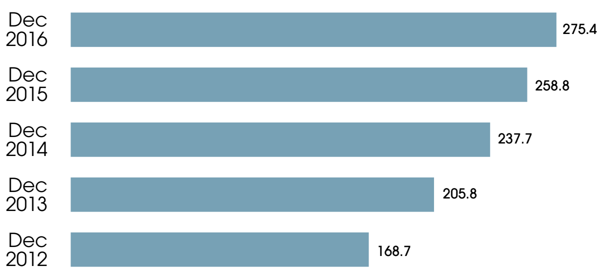
R million	For the six months ended 31 December 2016	For the six months ended 31 December 2015	% change	For the year ended 30 June 2016
Earnings attributable to equity holders	3 990	3 498	14	7 559
Adjustment for:				
RMH's share of adjustments made by associates:				
Gain on disposal of investment securities and other investments of a capital nature	-	(2)		(2)
(Gain)/Loss on disposal of available-for-sale assets	(22)	1		(2)
Loss on disposal of investments in associates or joint ventures	1	-		-
Loss/(Gain) on disposal of investment in subsidiaries	2	-		(28)
Loss/(Gain) on the disposal of property and equipment	3	(27)		(50)
Fair value of investment properties	-	-		7
Impairment of goodwill	-	-		3
Impairment of assets in terms of IAS 36	-	-		16
Tax effects of adjustments	5	-		(7)
Non-controlling interests adjustment	-	-		3
RMH's own adjustments:				
(Gain)/Loss on deemed sale of associate due to change in effective shareholding	(18)	6		4
HEADLINE EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS	3 961	3 476	14	7 503
RMH's share of adjustments made by FirstRand:				
Treasury shares	2	–		(2)
Total Return Swap adjustment	(57)	194		168
IAS 19 adjustment	(18)	(18)		(35)
Private equity subsidiary realisations	–	–		28
Adjustment for:				
RMH shares held by associate[1]	–	3		1
Group treasury shares[2]	–	(1)		(4)
NORMALISED EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS	3 888	3 654	6	7 659

1 RMH shares held for client trading activities by FirstRand.
2 Adjustment to reflect earnings impact based on actual RMH shareholding in FirstRand, i.e. reflecting treasury shares as if they are non-controlling interests.

COMPUTATION OF EARNINGS PER SHARE

R million	For the six months ended 31 December 2016	2015	% change	For the year ended 30 June 2016
Earnings attributable to equity holders	**3 990**	3 498	14	7 559
Headline earnings attributable to equity holders	**3 961**	3 476	14	7 503
Normalised earnings for the period	**3 888**	3 654	6	7 659
Net asset value	**39 485**	36 902	7	38 244
Number of shares in issue (millions)	**1 412**	1 412		1 412
Weighted average number of shares in issue (millions)	**1 411**	1 411		1 411
Diluted weighted average number of shares in issue (millions)	**1 411**	1 411		1 411
Weighted average number of shares in issue (millions) for normalised earnings	**1 412**	1 412		1 412
Earnings per share (cents)	**282.8**	247.9	14	535.7
Diluted earnings per share (cents)	**282.8**	247.9	14	535.7
Headline earnings per share (cents)	**280.7**	246.4	14	531.7
Diluted headline earnings per share (cents)	**280.7**	246.4	14	531.7
Normalised earnings per share (cents)	**275.4**	258.8	6	542.5
Diluted normalised earnings per share (cents)	**275.4**	258.8	6	542.5
Net asset value per share (cents)	**2 796.4**	2 613.5	7	2 709.1

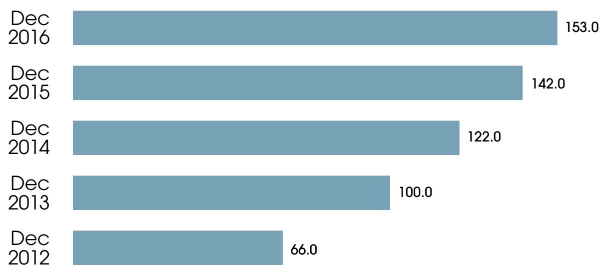
NORMALISED EARNINGS PER SHARE (cents)



DIVIDEND PER SHARE

R million	For the six months ended 31 December 2016	2015	% change	For the year ended 30 June 2016
Dividend per share (cents)				
Interim	153.0	142.0	8	142.0
Final	–	–		153.0
TOTAL	153.0	142.0	8	295.0
Dividend cover (relative to headline earnings)	1.8	1.7		1.8
Dividend cover (relative to normalised earnings)	1.8	1.8		1.8

DIVIDEND PER SHARE (cents)



The investment in associates increased with RMH's share of after-tax profits of R4 049 million (2015: R3 569 million) and RMH's share of associates' other reserves of R5 million (2015: R367 million). This was offset by dividends received of R2 254 million (2015: R2 235 million).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	As at 31 December 2016	As at 31 December 2015	As at 30 June 2016
ASSETS			
Cash and cash equivalents	**21**	16	18
Loans and receivables	**3**	2	3
Investment securities	**413**	209	223
Derivative financial instruments	**25**	14	12
Taxation receivable	**7**	–	1
Investment in associates	**41 281**	37 970	39 316
TOTAL ASSETS	**41 750**	38 211	39 573
EQUITY			
Share capital and premium	**8 825**	8 813	8 825
Reserves	**30 660**	28 089	29 419
TOTAL EQUITY	**39 485**	36 902	38 244
LIABILITIES			
Financial liabilities	**2 137**	1 217	1 218
Derivative financial instruments	**15**	24	29
Trade and other payables	**86**	54	62
Long-term liabilities	**1**	12	10
Provisions	**13**	2	1
Deferred tax liability	**13**	–	9
TOTAL LIABILITIES	**2 265**	1 309	1 329
TOTAL EQUITY AND LIABILITIES	**41 750**	38 211	39 573

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R million	for the six months ended 31 December 2016	2015	For the year ended 30 June 2016
Net cash generated from operating activities	**2 246**	2 179	4 273
Dividends paid	**(2 160)**	(2 174)	(4 178)
Net cash outflow in investment activities	**(929)**	–	–
Net cash in/(out)flow in financing activities	**846**	(5)	(93)
Net decrease in cash and cash equivalents	**3**	–	2
Cash and cash equivalents at the beginning of the period	**18**	16	16
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**21**	16	18

CONDENSED STATEMENT OF CHANGES IN EQUITY

R million	Share capital and premium	Total reserves	Total equity holders' funds	Non-controlling interest	Total equity
Balance as at 1 July 2015	8 815	26 359	35 174	–	35 174
Total comprehensive income for the period	–	4 268	4 268	–	4 268
Dividend paid	–	(2 174)	(2 174)	–	(2 174)
Reserve movements relating to associate	–	(367)	(367)	–	(367)
Movement in treasury shares	(2)	3	1	–	1
BALANCE AS AT 31 DECEMBER 2015	8 813	28 089	36 902	–	36 902
Balance as at 1 July 2015	8 815	26 359	35 174	–	35 174
Total comprehensive income for the period	–	7 594	7 594	–	7 594
Dividend paid	–	(4 178)	(4 178)	–	(4 178)
Reserve movements relating to associate	–	(356)	(356)	–	(356)
Movement in treasury shares	10	–	10	–	10
BALANCE AS AT 30 JUNE 2016	8 825	29 419	38 244	–	38 244
Balance as at 1 July 2016	**8 825**	**29 419**	**38 244**	**–**	**38 244**
Total comprehensive income for the period	**–**	**3 406**	**3 406**	**–**	**3 406**
Dividend paid	**–**	**(2 160)**	**(2 160)**	**–**	**(2 160)**
Reserve movements relating to associates	**–**	**(5)**	**(5)**	**–**	**(5)**
BALANCE AS AT 31 DECEMBER 2016	**8 825**	**30 660**	**39 485**	**–**	**39 485**

BASIS OF PREPARATION OF RESULTS

The accompanying condensed results for the six months ended 31 December 2016 reflect the operations of RMH and its proportionate interests in its associates, which have been equity accounted.

The report is prepared in accordance with:

- International Financial Reporting Standards (IFRS), including *IAS 34: Interim Financial Reporting*;
- The requirements of the South African Companies Act, 71 of 2008;
- *SAICA Financial Reporting Guide*, as issued by the Accounting Practices Committee;
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council; and
- The Listings Requirements of the JSE Limited.

The results are prepared in accordance with the going concern principle under a historical cost basis, as modified by the fair value accounting of certain assets and liabilities, where required or permitted by IFRS. This announcement is the responsibility of the directors. The information contained in this announcement, including any forward-looking statements, do not constitute an earnings forecast and has not been reviewed and reported on by the company's external auditor.

ACCOUNTING POLICIES

These summarised results incorporate accounting policies that are consistent with those used in preparing the financial results for the year ended 30 June 2016.

There were no new or amended IFRS standards and interpretations which became effective for the first time in the current financial period.

NORMALISED RESULTS

RMH believes that normalised earnings more accurately reflect its operational performance. Headline earnings are adjusted to take into account the following non-operational and accounting anomalies:

1. RMH's portion of normalised adjustment made by its associate, FirstRand Limited, which have a financial impact:
    - the Total Return Swap, which is an economic hedge against the share-based payment obligation;
    - FirstRand shares held for client trading activities;
    - *IAS 19* measurement of plan asset; and
    - the consolidation of private equity subsidiaries, which is excluded from the Rule 1 exemption of *Circular 2/2015, Headline Earnings per Share*.
2. RMH shares held for client trading activities by FirstRand.
3. Adjustment to reflect earnings impact based on the actual RMH shareholding in FirstRand.

OTHER DISCLOSURES

FAIR VALUE MEASUREMENTS

VALUATION METHODOLOGY

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

The fair value of publicly traded derivatives is based on quoted bid prices for assets held or liabilities to be issued and current offer prices for assets to be acquired and liabilities held. The fair value of non-traded derivatives is based on discounted cash flow models and option pricing models, as appropriate. The group recognises derivatives as assets when the fair values are positive and as liabilities when the fair values are negative. The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the group recognises profits or losses on day one. Where fair value is determined using valuation techniques whose variables include non-observable market data, the difference between the fair value and the transaction price (the day one profit or loss) is not recognised in the statement of financial position. These differences are, however, monitored for disclosure purposes. If observable market factors that market participants would consider in setting a price subsequently become available, the balance of the deferred day one profit or loss is released to profit or loss.

Fair value measurements are determined on both a recurring and non-recurring basis.

RECURRING FAIR VALUE MEASUREMENTS

Recurring fair value measurements are those for assets and liabilities that IFRS requires or permit to be recognised at fair value and are recognised in the statement of financial position at the reporting date. This includes financial assets, financial liabilities and non-financial assets.

Financial instruments

When determining the fair value of a financial instrument, where the financial instrument has a bid or ask price, RMH uses the bid price for financial assets or the ask/offer price for financial liabilities, where this best represents fair value.

Non-financial assets

When determining the fair value of a non-financial asset, a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use, is taken into account. This includes the use of the asset that is physically possible, legally permissible and financially feasible. In determining the fair value of the group's investment properties and commodities, the highest and best use of the assets was their current use.

NON-RECURRING FAIR VALUE MEASUREMENTS

Non-recurring fair value measurements are those triggered by particular circumstances and include the classification of assets *and liabilities as non-current* assets or disposal groups held for sale under *IFRS 5*, where fair value less costs to sell is the recoverable amount, *IFRS 3 Business Combinations*, where assets and liabilities are measured at fair value at acquisition date, and *IAS 36 Impairments of Assets*, where fair value less costs to sell is the recoverable amount. These fair value measurements are determined on a case-by-case basis as they occur within each reporting period.

OTHER FAIR VALUE MEASUREMENTS

Other fair value measurements include assets and liabilities not measured at fair value but for which fair value disclosures are required in terms of another IFRS, for example financial instruments at amortised cost. The fair value for these items is determined by using observable quoted market prices, where these are available, or in accordance with generally acceptable pricing models such as a discounted cash flow analysis.

Valuations based on observable inputs include:

Level 1 – fair value is based on quoted market prices (unadjusted) in active markets for identical instruments, as measured on the reporting date. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Level 2 – fair value is determined through valuation techniques based on observable market inputs. These valuation techniques maximise the use of observable market data, where it is available, and rely as little as possible on entity-specific estimates.

Valuations based on unobservable inputs include:

Level 3 – fair value is determined through valuation techniques that use significant unobservable inputs.

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

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs
Derivative financial instruments – equity derivative	Level 2	Industry standard model	The models calculate fair value based on input parameters such as stock prices and interest rates.	Market interest rates and prices
Investment securities – unlisted equity investments	Level 3	Discounted cash flows	The models calculate fair value based on input parameters such as rental per square meter and interest rates.	Interest rates and prices
Investment securities – unlisted investments	Level 3	Discounted cash flows	The debt securities accrue interest at a variable interest rate.	Interest rates
Financial assets and liabilities not measured at fair value but for which fair values are disclosed	Level 2	Discounted cash flows	The future cash flows are discounted using a market-related interest rate and curves adjusted for credit inputs.	Market interest rates and curves

R million	Level 1	Level 2	Level 3	Total
As at 31 December 2016				
Recurring fair value measurements				
Financial asset				
Equity instruments				
– at fair value through profit or loss	223	–	190	413
Derivative financial instruments	–	25	–	25
Investment in associates	101 578	–	–	101 578
FINANCIAL ASSET RECOGNISED AT FAIR VALUE	101 801	25	190	102 016
Recurring fair value measurements				
Financial liabilities				
Financial liabilities	–	2 137	–	2 137
Derivative financial instruments	–	15	–	15
FINANCIAL LIABILITIES RECOGNISED AT FAIR VALUE	–	2 152	–	2 152
				2016
Reconciliation of level 3 assets				
Balance at the beginning of the period				–
Additions in the current period				204
Fair value movement				(14)
Balance at the end of the period				190

R million	Level 1	Level 2	Level 3	Total
As at 31 December 2015				
Recurring fair value measurements				
Financial assets				
Equity instruments				
– at fair value through profit or loss	209	–	–	209
Derivative financial instruments	–	14	–	14
Investment in associate	80 945	–	–	80 945
FINANCIAL ASSET RECOGNISED AT FAIR VALUE	81 154	14	–	81 168
Recurring fair value measurements				
Financial liabilities				
Financial liabilities	–	1 176	–	1 176
Derivative financial instruments	–	24	–	24
FINANCIAL LIABILITIES RECOGNISED AT FAIR VALUE	–	1 200	–	1 200
As at 30 June 2016				
Recurring fair value measurements				
Financial assets				
Equity instruments				
– at fair value through profit or loss	223	–	–	223
Derivative financial instruments	–	12	–	12
Investment in associate	85 664	–	–	85 664
FINANCIAL ASSET RECOGNISED AT FAIR VALUE	85 887	12	–	85 899
Recurring fair value measurements				
Financial liabilities				
Financial liabilities	–	1 184	–	1 184
Derivative financial instruments	–	29	–	29
FINANCIAL LIABILITIES RECOGNISED AT FAIR VALUE	–	1 213	–	1 213

CONTINGENCIES AND COMMITMENTS

	As at 31 December		As at 30 June
R million	2016	2015	2016
Contingencies and commitments			
Guarantees	645	–	321
Balance at the end of the period	645	–	321

SEGMENTAL REPORT

R million	FNB	RMB	WesBank	FCC and other	Total FirstRand	RMH Property	Other	Total RMH
Six months ended 31 December 2016								
Share of after-tax profit of associates	2 201	972	662	214	4 049	6	18	4 073
Investment income	–	–	–	–	–	1	5	6
Net fair value loss on financial assets	–	–	–	–	–	1	26	27
Net income	2 201	972	662	214	4 049	8	49	4 106
Administration expenses	–	–	–	–	–	–	(35)	(35)
Income from operations	2 201	972	662	214	4 049	8	14	4 071
Finance costs	–	–	–	–	–	(1)	(72)	(73)
Profit before tax	2 201	972	662	214	4 049	7	(58)	3 998
Income tax expense	–	–	–	–	–	–	(8)	(8)
PROFIT FOR THE PERIOD	2 201	972	662	214	4 049	7	(66)	3 990
Headline earnings	2 201	972	662	203	4 038	7	(84)	3 961
Normalised earnings	2 201	972	662	130	3 965	7	(84)	3 888
Assets	–	–	–	–	–	–	469	469
Associates	–	–	–	–	40 553	728	–	41 281
TOTAL ASSETS	–	–	–	–	40 553	728	469	41 750
TOTAL LIABILITIES	–	–	–	–	–	–	2 265	2 265
Six months ended 31 December 2015								
Share of after-tax profit of associate	2 139	956	608	(133)	3 570	–	(1)	3 569
Investment income	–	–	–	–	–	–	(5)	(5)
Net fair value loss on financial assets	–	–	–	–	–	–	(21)	(21)
Net income	2 139	956	608	(133)	3 570	–	(27)	3 543
Administration expenses	–	–	–	–	–	–	(2)	(2)
Income from operations	2 139	956	608	(133)	3 570	–	(29)	3 541
Finance costs	–	–	–	–	–	–	(43)	(43)
Profit before tax	2 139	956	608	(133)	3 570	–	(72)	3 498
Income tax expense	–	–	–	–	–	–	–	–
PROFIT FOR THE PERIOD	2 139	956	608	(133)	3 570	–	(72)	3 498
Headline earnings	2 139	956	608	(159)	3 543	–	(67)	3 476
Normalised earnings	2 139	956	608	14	3 717	–	(63)	3 654
Assets	–	–	–	–	–	–	241	241
Associate	–	–	–	–	37 970	–	–	37 970
TOTAL ASSETS	–	–	–	–	37 970	–	241	38 211
TOTAL LIABILITIES	–	–	–	–	–	–	1 309	1 309

SEGMENTAL REPORT

R million	FNB	RMB	WesBank	FCC and other	Total FirstRand	RMH Property	Other	Total RMH
Year ended 30 June 2016								
Share of after-tax profit of associate	4 189	2 142	1 338	19	7 688	–	(4)	7 688
Investment income	–	–	–	–	–	–	7	7
Net fair value loss on financial assets	–	–	–	–	–	–	(14)	(14)
Net income	4 189	2 142	1 338	19	7 688	–	(11)	7 677
Administration expenses	–	–	–	–	–	–	(16)	(16)
Income from operations	4 189	2 142	1 338	19	7 688	–	(27)	7661
Finance costs	–	–	–	–	–	–	(87)	(87)
Profit before tax	4 189	2 142	1 338	19	7 688	–	(114)	7 574
Income tax expense	–	–	–	–	–	–	(15)	(15)
PROFIT FOR THE PERIOD	4 189	2 142	1 338	19	7 688	–	(129)	7 559
Headline earnings	4 189	2 142	1 338	(41)	7 628	–	(125)	7 503
Normalised earnings	4 187	2 141	1 337	118	7 783	–	(124)	7 659
Assets	–	–	–	–	–	–	257	257
Associate	–	–	–	–	39 316	–	–	39 316
TOTAL ASSETS	–	–	–	–	39 316	–	257	39 573
TOTAL LIABILITIES	–	–	–	–	–	–	1 329	1 329

GEOGRAPHICAL SEGMENTS

RMH does not have multiple geographic segments as all its associates are viewed as South African entities.

ADMINISTRATION

RMB HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)

Registration number: 1987/005115/06
JSE Ordinary share code: RMH
ISIN code: ZAE000024501

DIRECTORS
GT Ferreira (chairman), Herman Bosman (chief executive), Johan Burger, Peter Cooper, Sonja De Bruyn Sebotsa, Laurie Dippenaar, Jan Dreyer, Pat Goss, Paul Harris, Albertinah Kekana, Faffa Knoetze, Per Lagerström, Murphy Morobe and Khehla Shubane

Alternate directors: Jannie Durand and Obakeng Phetwe

SECRETARY AND REGISTERED OFFICE
Ellen Marais

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SPONSOR
(in terms of JSE Limited Listings Requirements)

Rand Merchant Bank
(a division of FirstRand Bank Limited)

Physical address: 1 Merchant Place, corner of Fredman Drive and Rivonia Road, Sandton, 2196

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited

Physical address:	Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
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