RMH

AUDITED SUMMARY FINAL FINANCIAL RESULTS ANNOUNCEMENT AND CASH DIVIDEND DECLARATION

for the year ended 30 June 2019

Contents

Basis of preparation

This report covers the audited summary final financial results of RMB Holdings Limited (RMH), based on International Financial Reporting Standards (IFRS), for the year ended 30 June 2019.

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 audited IFRS financial results. A reconciliation of the adjustments made to derive normalised earnings is presented in the accompanying schedules. Refer to page 23.

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

The directors take full responsibility and confirm that this information has been correctly extracted from the audited consolidated annual financial statements from which the summary consolidated financial statements were derived.

The artwork in this announcement

RMH commissioned sculptor Ndabuko Ntuli to create an artwork referencing its lion and key motif in his own way.

Ndabuko makes a living from his home in Alexandra township, without any formal training and his sculptures find expression from plastic waste gathered from the streets – bottle tops, computer parts, timber and bones are given a second chance. Ndabuko is also an accomplished Maskandi musician with several albums to his name, in addition to being a traditional healer. His work is deeply personal, speaking to his calling and practice as a healer as well as to his roots in Zulu culture. In recent years, his work has taken him as far afield as New York for the Harlem Fine Arts Show, to London and to the Chicago Art Fair with a successful solo exhibition at Johannesburg's Melrose Gallery.

By re-purposing what others choose to discard, Ndabuko is investing in the sustainability of the planet and conserving the environment for future generations.

More information about Ndabuko and the creation of the artwork, which is displayed in RMH's registered office, can be found on the RMH website, **www.rmh.co.za.**

Enduring value created

for the year ended 30 June 2019

RMH is an investment holding company with a proud track record of investing in disruptive and entrepreneurial financial services businesses. This performance has been achieved by partnering with exceptional management teams for the long term.

We create sustainable and enduring value for stakeholders, built on strong, ethical and enduring values.

Intrinsic value of portfolio (R billion)	+7%	130.8 (2018: 121.9)
Market capitalisation (R billion)	+11%	119.1 (2018: 106.9)
Net income (R billion)	+18%	10.4 (2018: 8.8)
Headline earnings (R billion)	+6%	9.4 (2018: 8.9)
Normalised earnings (R billion)	+7%	9.4 (2018: 8.8)
Dividend per share (cents)	+7%	376 (2018: 351)

About RMH

RMH was listed on the JSE in 1992 as a vehicle for shareholders to co-invest with the founders of Rand Merchant Bank (RMB). The group has established numerous successful businesses, including FirstRand, Discovery and OUTsurance. RMH is proud of its role in growing these businesses. It also provided independence to these businesses, whilst retaining significant shareholdings as the group's continued strategic input is valued by the underlying businesses and their management teams.

In 2011, RMH's insurance interests (Discovery, Momentum Metropolitan and OUTsurance) were separately listed as Rand Merchant Investment Holdings Limited (RMI). In 2016, RMH expanded its investment strategy to include a property investment business, comprising scalable entrepreneur-led businesses with proven track records in managing and building out property partnerships.

Investment portfolio

FIRSTRAND

RMH is the founding and biggest shareholder in FirstRand, one of Southern Africa's leading financial services groups, with a 34% stake.

FirstRand is listed separately and has a market capitalisation of R384.5 billion as at 30 June 2019 (2018: R358.4 billion).

First National Bank (FNB)
the retail and commercial bank

Rand Merchant Bank (RMB)
the corporate and investment bank

WesBank
the instalment finance business

Aldermore
the UK-based bank

Ashburton Investments
the group's investment management business

RMH PROPERTY

RMH's property investments are housed in a majority owned subsidiary, RMH Property Holdings Proprietary Limited (RMH Property), managed by a dedicated investment team. During the financial year, the intrinsic value of RMH Property increased from R722 million to R748 million (up 4%).

Atterbury
a leading South African property group

Atterbury Europe
a European property group

Integer
a mezzanine debt and equity funding business

Divercity
an urban renewal fund

Investment policy

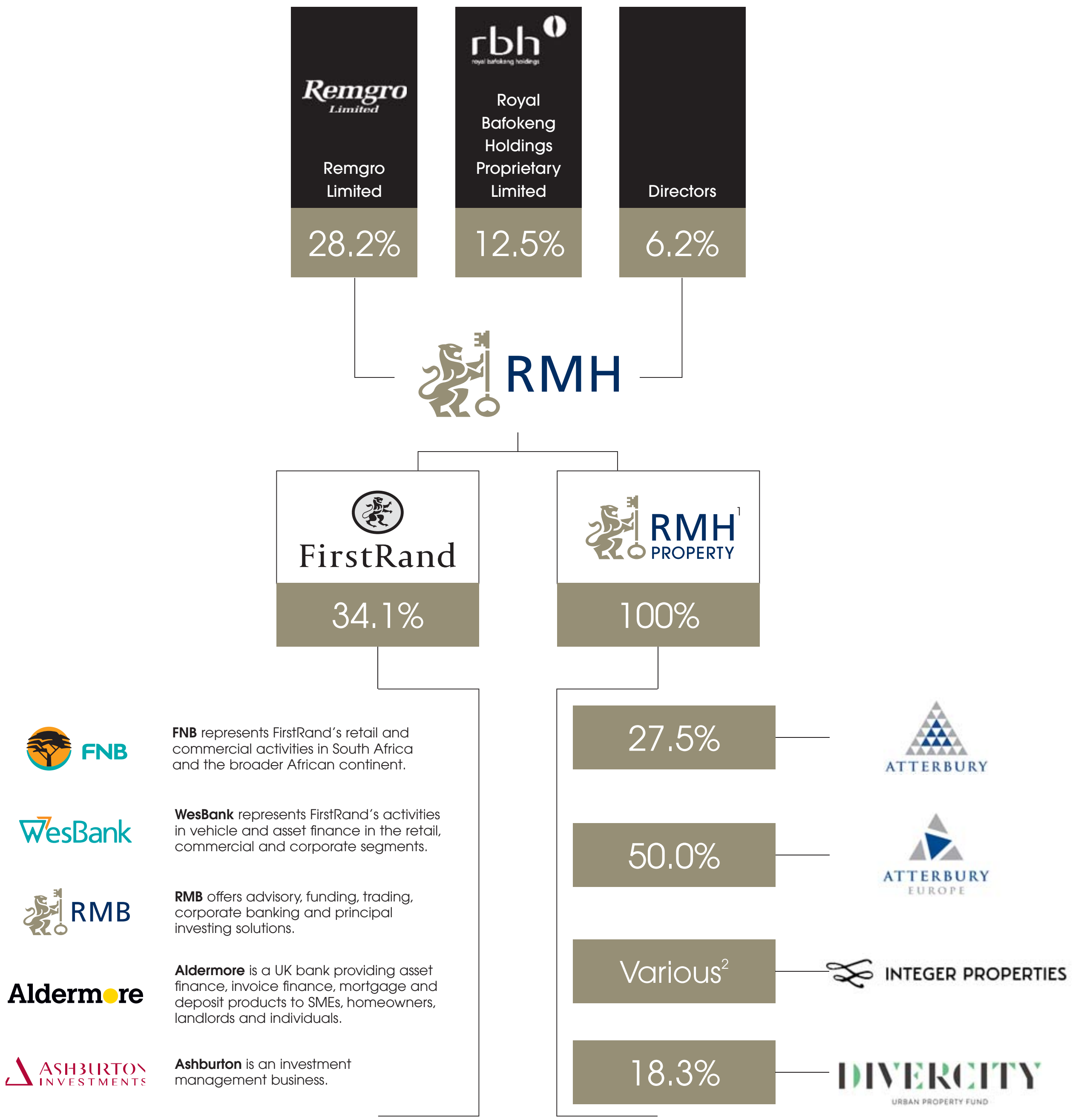
RMH positions itself as a value-adding, stable and aspirational shareholder.

RMH invests in businesses that can deliver superior earnings, dividend growth and sustained long-term capital growth. We specifically target businesses and industries complementary to our current portfolio.

Dividend policy

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.

Group structure



1. *The simplified group and shareholding structure is based on direct shareholdings. Some indirect shareholding exists due to cross-shareholdings in the underlying property group entities.*
2. *The investment in Genesis properties consists of the following shareholdings:*

9%	*Integer Properties 1 Proprietary Limited*
20%	*Integer Properties 2 Proprietary Limited*
50%	*Integer Properties 3 Proprietary Limited*

Our strategy

RMH is defined by its value-adding shareholding in FirstRand. This core asset provides RMH with exposure across the universal Southern African financial services landscape and should deliver a sound balance between capital and dividend returns.

RMH's stake in FirstRand holds significant structural and financing value. It is recognised that RMH's market value may trade at a discount to its underlying value from time to time. However, this must be evaluated in light of the value of the long-term optionality the structure provides, and has provided, over the past decades. RMH will continue to dynamically evaluate this position.

The investment in RMH Property will be evaluated in a similar way. Currently, the business is adequately capitalised, providing a foundation to grow and build a critical mass as a potentially independent property investment group.

Delivering enduring value

Our objective is to create a portfolio of businesses which are market leaders and can deliver sustainable earnings, an attractive dividend yield and long-term capital growth.

To deliver on our strategy, we:

Diversify	Optimise	Modernise
the income stream and distribution of assets We are constantly evaluating opportunities to expand the services and reach of our existing investees or add new investments, thereby creating more **enduring value**.	**our established investments** We focus on continuously improving the value our investees provide in order to create **better enduring value** for our shareholders.	**all operations** We are well aware of renewal in our industries and encourage our investees to be future-ready and create **new enduring value**.
Desired outcome		
Expanding into new segments of financial services, under-represented segments as well as diversifying into geographical areas and a focused deployment of capital in established property businesses.	Constantly growing the net asset and intrinsic value of the portfolio.	Unlocking new avenues in order to grow value for shareholders.

Performance and outlook

Commitment to enduring value creation

RMH is committed to creating long-term value for its stakeholders by investing in and remaining influential in businesses that can deliver capital growth and a steady dividend flow. By being a shareholder of influence, RMH can enable sustainable growth and bring and hold businesses together. RMH invests with a view to long-term involvement and enduring value creation. Our investment decisions are influenced by the external environment and can therefore be volatile in the short term.

External environment

RMH's external environment was characterised by the following trends:

Fragile signs of growth

South Africa's economy grew 3.1% in the quarter ending June, driven by a buoyant mining sector from a major rally in metal prices and gold trading at its highest level in six years. The economy was, however, still only 0.9% bigger than a year before. While the country avoided a recession, the outlook for the economy remains bleak. Investment levels remain subdued.

Credit negative Eskom bailout

Eskom's bailout by the South African government will result in higher budget deficits and overall debt. The shortfall will need to be financed through increased borrowing, higher taxes and/or non-core asset sales. Moody's, the only agency with South Africa's sovereign crediting rating still at investment grade, warned that the planned bailout is credit negative.

Tax revenue undershoots

Total gross tax revenue receipts are running significantly below expectations. This is indicative of a weak performing economy.

Worsening levels of unemployment

The unemployment rate increased to a multi-year high of 29% in the second quarter of 2019.

Inflation at midpoint of SARB target

Headline consumer inflation, measured by the consumer price index (CPI), remained unchanged at 4.5% year-on-year in June 2019. Factory-gate inflation, measured by the producer price index (PPI), moderated further to 5.8% year-on-year in June, from 6.5% in April and 6.4% in May.

Easing interest rates

In July, the Monetary Policy Committee of the SARB reduced the repo policy interest rate by 25 bps to 6.50%, with the prime rate declining to 10.00%. This was due to global growth concerns, the continued deterioration in local growth outlook, low inflation and a further decline in inflation expectations. It reverses the 25 bps rate hike in November 2018.

Rand remains under pressure

The Rand remains under pressure due to rising risk aversion amid lingering international factors such as the ongoing USA-China trade war. Domestically, fears regarding the impact of Eskom's debt on the fiscus weigh on the currency.

UK GDP contracts in second quarter

UK GDP contracted unexpectedly for the first time in almost seven years in the second quarter of 2019 as stockpiling activity slowed and Brexit uncertainty intensified. The contraction was driven by a sharp drop in manufacturing output. It is expected that growth will remain weak due to ongoing Brexit uncertainty.

FNB SA economic forecasts

	2016	2017	2018	2019F	2020F	2021F
% Real GDP growth	0.4	1.4	0.7	0.3	1.2	1.2
% Unemployment	26.7	27.5	27.7	29.0		
% CPI average	6.3	5.3	4.6	4.4	4.5	4.6
Rand/Dollar average	14.70	13.30	13.25	14.20	14.80	15.60

Enduring value created

Despite the lack of growth and strained environment outlined above, it was particularly pleasing that RMH managed to produce strong results, in keeping with its commitment to create enduring value:

- **Normalised earnings** increased 7% to R9.4 billion (2018: R8.8 billion). Normalised earnings per share amounted to 665.4 cents per share (2018: 624.4 cents per share);
- RMH's core investment, **FirstRand**, produced a good performance despite the challenging economic climate, increasing normalised earnings by 6% (2018: 8%) and delivering a return on equity (ROE) of 22.8% (2018: 23.0%). FirstRand franchises, FNB, RMB and Aldermore produced resilient operating results, with WesBank impacted by the macroeconomic environment;
- **RMH Property** increased its intrinsic value by 4% to R748 million and delivered a normalised profit of R140 million;
- RMH's **market capitalisation** increased by 11% to R119.1 billion; and
- **Dividends** for the year distributed to shareholders increased by 7% to 376 cents (2018: 351 cents).

Sources of normalised earnings

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 are made up as follows:

	For the year ended 30 June		
R million	2019	2018	% change
FNB	17 637	15 865	11
RMB	7 086	7 353	(4)
WesBank	1 808	1 854	(2)
Aldermore	1 658	276	>100
Other*	(295)	1 063	(>100)
FIRSTRAND NORMALISED EARNINGS	27 894	26 411	6
Attributable to RMH	9 502	8 995	6
RMH Property	140	16	>100
RMH's funding and administrative costs	(248)	(196)	27
RMH NORMALISED EARNINGS	9 394	8 815	7

* *Other is the total of FCC including group treasury, other equity instruments, the capital endowment, the impact of accounting mismatches, interest rate management and foreign currency and liquidity management.*

Intrinsic value of portfolio (R billion)

+7%

130.8

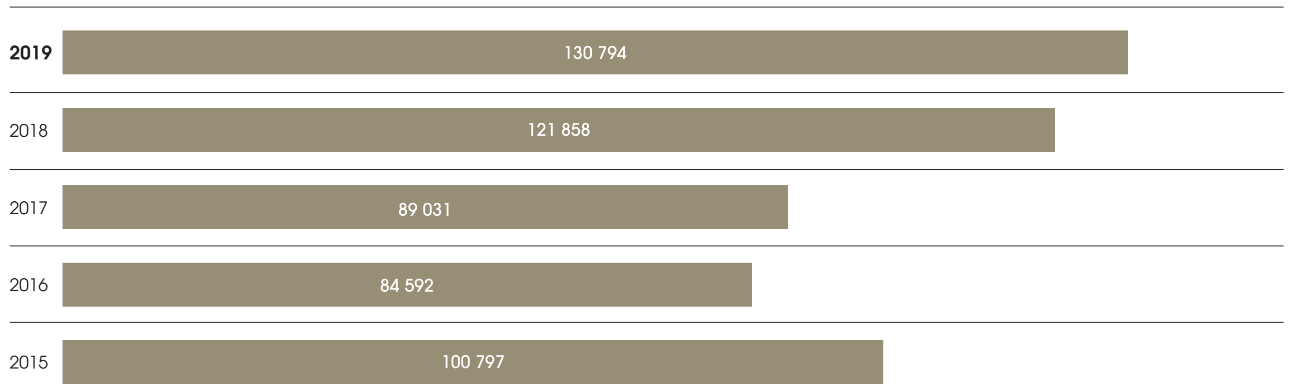
2018: 121.9

Intrinsic value

R million	As at 30 June 2019	2018	% change
Market value of listed interest (FirstRand)	130 960	122 058	7
Book value of RMH Property	748	722	4
Gross value	3 350	2 430	
Property funding	(2 602)	(1 708)	
Net funding	(914)	(922)	(1)
TOTAL INTRINSIC VALUE	130 794	121 858	7
Intrinsic value per share (cents)	9 265.0	8 632.0	7

During the year to 30 June 2019, RMH's intrinsic value increased by 7% to R130.8 billion. During the same period, the market capitalisation increased by 11% to R119.1 billion. This represents an 8.9% (2018:12.1%) discount to RMH's underlying intrinsic value.

INTRINSIC VALUE (R million)



Final dividend payment

The board of RMH has declared a gross final dividend of 198.0 cents per share (2018: 183 cents), bringing the total dividend for the year ending 30 June 2019 to 376.0 cents per ordinary share (2018: 351 cents). The dividend is covered 1.8 times (2018: 1.8 times) by normalised earnings per share and represents a year-on-year increase of 7%.

Changes to the board of directors

Udo Lucht was appointed as alternate non-executive director to Albertinah Kekana on 3 September 2019, replacing David Wilson. Udo is the current Head of Resources and Industrials Investments at Royal Bafokeng. He is a qualified chartered accountant and chartered financial analyst. He spent 13 years at RMB before joining Royal Bafokeng in 2016.

Outlook and future value creation

Management will focus on the following in the year ahead:

Diversify

the income stream and distribution of assets

On a selective basis, RMH may consider investments in businesses where partnerships with entrepreneurial and industry-disruptive management teams can add value to RMH and its shareholders.

Investments with the following attributes will be of particular interest:

- Banking and related industries;
- The ability to form a partnership between the investment, RMH and FirstRand;
- Unlisted;
- Digitally-oriented;
- The ability and possibility of RMH to add value; and
- Relevance in terms of the size of the enterprise and its shareholding.

Optimise

our established investments

We continuously focus on the strategic value we add to our investee companies in order to optimise the enduring value we aim to create for our shareholders.

RMH Property will focus on the implementation of Atterbury Bucharest and the maximisation of the existing partnerships.

RMH will dynamically assess whether investments, other than FirstRand, are optimally housed in RMH.

Modernise

all operations

RMH will continue to support its investee companies in being or becoming future-ready.

RMH remains confident that it will continue to create enduring value for its shareholders over the medium to long term, given the strength of its underlying investments.

For and on behalf of the board

Jannie Durand
Chairman
Sandton
6 September 2019

Herman Bosman
Chief executive officer

Final dividend declaration

Notice is hereby given that a gross final dividend of 198 cents per share, payable out of income reserves, was declared on 6 September 2019 in respect of the year ended 30 June 2019.

The dividend will be subject to Dividend Withholding Tax at a rate of 20%, which will result in a net dividend of 158.4 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
  Monday, 23 September 2019

- Shares commence trading ex-dividend on
  Wednesday, 25 September 2019

- Record date
  Friday, 27 September 2019

- Dividend payment date
  Monday, 30 September 2019

No dematerialisation or rematerialisation of share certificates may be done between Wednesday, 25 September 2019 and Friday, 27 September 2019 (both days inclusive).

By order of the board

(Ms) EJ Marais
Company secretary
6 September 2019

Portfolio review

FirstRand

Why we invest in FirstRand

- Strong track record of superior growth
- Consistent dividend growth for 8 years
- Experienced, ethical leadership
- Innovation
- Client base willingness to adopt change and technology

Performance in 2019

FirstRand's portfolio of businesses produced resilient and high-quality top line growth. The group continued to maintain its balance sheet strength and protect its return profile.

Normalised earnings for the year ended 30 June 2019 increased 6% to R27.9 billion, at a normalised ROE of 22.8% (2018: 23.0%). The group's performance to June 2019 includes a full 12 months' contribution from Aldermore, compared to a three-month contribution in the previous year.

Net interest income (NII) increased 9% (18% including Aldermore), underpinned by strong growth in deposits of 10% and solid advances growth of 9%, partially offset by the negative capital and deposit endowment impact given the 5 bps decline in average interest rates over the year. RMB delivered strong NII growth of 20%, driven by strong advances growth (up 7%), supported by higher margins in the cross-border lending book, higher utilisation of trade and working capital facilities and good growth in deposits (up 8%) in the corporate bank. FNB's NII growth was underpinned by robust advances growth of 9% across all segments and excellent deposit growth of 12%, particularly from the premium and commercial segments. WesBank's subdued NII reflects a tough operating environment, with advances down 2%.

Non-interest revenue (NIR) increased 6%, a resilient performance given the lack of private equity realisations compared to the prior year (realisations were down 80% year-on-year). The main drivers were strong fee and commission income growth of 9%, supported by higher volumes across FNB's digital and electronic channels and increased customer numbers. Insurance revenue increased 5%, benefiting from volume growth of 8% and 10%, respectively, in funeral and credit life policies at FNB, resulting in the in-force annual premium equivalent (APE) increasing 26% year-on-year. In addition, RMB's markets business delivered a strong performance growing income 14%. Fee, commission and insurance income represents 82% of group operational NIR.

Total cost growth of 8% (14% including Aldermore) continues to trend above inflation due to ongoing investment in insurance and asset management activities and platforms to extract further efficiencies, investment and integration costs in the UK, as well as the build-out of the group's footprint in the rest of Africa. The amortisation of intangible assets following the Aldermore acquisition contributed approximately 0.6% to overall operating cost growth. The group's cost-to-income ratio increased from 51.2% to 51.8%.

FirstRand adopted *IFRS 9* on 1 July 2018 and (as permitted under the accounting standard) did not restate prior period financial information. Non-performing loans (NPLs) increased 23% or R7 835 million since 1 July 2018, reflecting strong book growth in certain unsecured portfolios, as well as macro pressures in certain industries affecting WesBank corporate, and drought-related impacts in FNB commercial's agricultural portfolio. *IFRS 9*-related changes contributed materially to the growth in NPLs, driven mainly by the lengthening of the write-off period. The increase in operational NPLs is within expectations and trend rate, given growth in underlying advances. The group's credit loss ratio of 99 bps (88 bps including Aldermore) increased 18% (excluding Aldermore) on the back of strong advances growth in the unsecured portfolios and reflects increasing macro pressures in South Africa but remains below the group's through-the-cycle range of 100 – 110 bps. Most of the group's lending books are trending in line with expectations.

Overall balance sheet portfolio provisions increased 6%. Increases in retail portfolio impairments reflect ongoing book growth and, in the RMB investment banking portfolio, reflect the increased watchlist and the general deterioration in the South African macroeconomic environment. The group's performing book coverage ratio reduced marginally but, at 131 bps, remains comfortably above the current financial year impairment charge.

Strategy

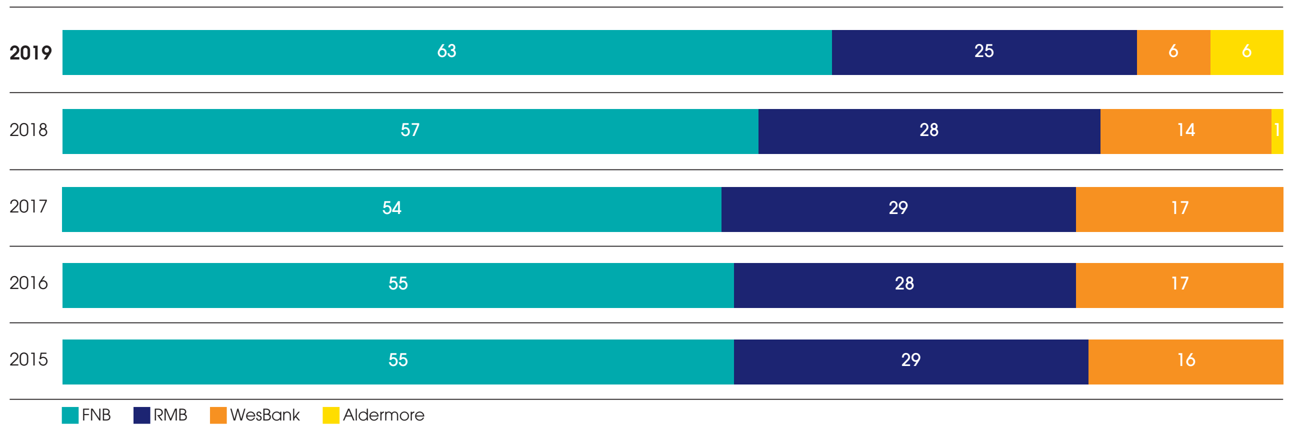
FirstRand's strategy accommodates a broad set of growth opportunities across the entire financial services universe from a product, market, segment and geographic perspective. Its ambition is to deliver a fully-integrated financial services value proposition across its portfolio, built on a customer-centric focus and underpinned by leading digital platforms and capabilities.

Group earnings remain significantly tilted towards South Africa and are mainly generated by FirstRand's large lending and transactional franchises, which have resulted in deep and loyal customer bases. The group's strategy outside of its domestic market includes growing its presence and offerings in certain key markets in the rest of Africa, where it believes it can organically build competitive advantage and scale over time.

In the UK, the integration of MotoNovo with Aldermore was completed in May 2019, and the business is now focused on scaling its existing offerings and unlocking synergies between MotoNovo and Aldermore.

The group's financial resource management methodology has also been introduced with the objective to optimise capital and funding deployment for growth in economic profits and sustainable returns.

CONTRIBUTION TO NORMALISED EARNINGS (%)



FirstRand's franchises performed as follows:

FNB

FNB's results reflect another strong operating performance from its domestic franchise, driven by healthy NIR growth on the back of ongoing customer gains and increased transactional volumes, and high-quality NII growth, particularly from deposit generation. The performance of FNB's rest of Africa portfolio improved significantly.

FNB's normalised earnings increased 11% to R17.6 billion. ROE increased from 38.8% to 41.9%. This was impacted by:

- NII increased 10%, driven by strong volume growth in both advances (up 9%) and deposits (up 12%) arising from the focus on customer acquisition and cross-selling into the core transactional retail and commercial customer bases;
- NIR was driven by growth in transactional volumes across all segments. Premium saw particularly strong growth in card transactional volumes, lending NIR and digital volumes. The banking app volumes increased by 45%;
- Insurance revenue increased 7%, benefiting from good volume growth of 8% and 10% in funeral and credit life policies, respectively;
- New business annual premium equivalent (APE) increased 34% to R2.1 billion and was achieved across all portfolios;
- Revenues in investment management (WIM) were up 8% for the year, benefiting from improved contributions from the fiduciary business and the FNB share investing areas;
- Cost growth continues to trend above inflation at 8% but is in line with expectations given the level of ongoing investment in platform technology, the insurance, WIM and rest of Africa growth strategies, and above-inflation wage settlements. Despite these pressures, the overall cost-to-income ratio improved from 52.0% to 50.9%;
- FNB recorded an increase of 32% in NPLs since 1 July 2018, in part reflecting the impact of the adoption of *IFRS 9* (extension of write-off periods for unsecured advances and more stringent rehabilitation rules); and
- The rest of Africa portfolio's performance continues to improve on the back of better top line growth and reducing impairments. Profitability was impacted by tough macros and ongoing investment in the organic build-out strategies.

RMB

RMB's results were impacted year-on-year by the non-repeat of significant private equity realisations in the second half of the year to June 2018, however, the rest of its portfolio delivered a resilient performance driven by growth in earnings and solid operational leverage.

RMB's normalised earnings decreased by 4% to R7.1 billion and its ROE reduced from 25.3% to 21.7%. The results entail:

- Investment banking and advisory grew pre-tax profits by 8%, with solid lending income, underpinned by prior year advances growth and higher margin income;
- Corporate and transactional banking delivered solid results from both SA and the rest of Africa, with pre-tax profit up 12% year-on-year. This performance was underpinned by the continued focus on leveraging platforms to grow product offerings;
- Markets and structuring delivered a strong performance, up 24% year-on-year off a subdued base. The business was well-positioned to capture the increased flows and structuring opportunities offered by an uplift in market activity and volatility in the fourth quarter; and
- Investing activities produced lower results, with an expected lower realisation income in the current year resulting in a 54% decline in earnings. Prior period realisations, coupled with weak macroeconomic conditions, have also impacted equity-accounted earnings from the portfolio. The quality and diversification of the portfolio is reflected in the unrealised value of the portfolio of R3.5 billion (2018: R3.7 billion).

WesBank

WesBank delivered a subdued performance.

Normalised earnings were down 2% to R1.8 billion, reflecting an ROE of 18.5% (2018: 17.4%). WesBank's results were influenced by the following:

- Retail SA vehicle asset finance (VAF) reduced pre-tax profits by 5%, while corporate VAF increased by 14%;
- WesBank's credit loss ratio showed a marginal improvement at 1.46% (2018: 1.47%), reflecting the risk cuts in new origination;
- Retail VAF NPLs also increased due to elevated consumer stress and protracted collection timelines;
- The corporate VAF business experienced further deterioration in credit quality emanating from ongoing stress in the transport and construction sectors;
- As a result of the cuts in high-risk categories, advances declined 2% year-on-year. Margin pressure continued, partly due to increased competitive activity and WesBank's current focus on originating lower-risk business, which is generally written at lower margins, and a significant shift in new business origination mix from fixed- to floating-rate business;
- Total WesBank NIR – mainly insurance and fleet revenues – also declined marginally. Insurance revenues reflect the decline in book growth. Rental revenues benefited from growth of 10% in the full maintenance leasing book; and
- WesBank continues to control operational expenditure and invest in process improvements and, whilst the cost-to-income ratio has deteriorated from 46.6% to 47.4% due to top line pressure, the cost containment has resulted in cost growth tracking below inflation at 1%.

Aldermore

FirstRand acquired **Aldermore** effective 1 April 2018. Aldermore delivered a solid operational performance, contributing normalised earnings of R1.7 billion for the 12 months (2018: R0.3 billion for the three months) at an ROE of 13.1% (2018: 12.1%), characterised by:

- Strong loan growth of 18% to £10.6 billion was driven by business finance (up 12%) and retail finance (up 14%) with approximately £370 million of origination from MotoNovo;
- Customer deposits grew 15% to £8.3 billion;
- NII increased to £318 million
- New customers grew 11% (44% including MotoNovo);
- The Common Equity Tier 1 (CET1) ratio strengthened to 14.9%;
- Aldermore's credit loss ratio increased to 24 bps following the transition to *IFRS 9*, the inclusion of MotoNovo and a small number of specific individual provisions in business finance; and
- The cost-to-income ratio of 52.1% (2018: 52.5%) reflects continued investment and the inclusion of the MotoNovo operational cost base including staff, property and other costs since May. Margin and cost-to-income are still tracking ahead of FirstRand's original expectations when it acquired Aldermore.

Ashburton Investments

Ashburton's assets under management increased marginally to R103 billion. Whilst there were good flows into the fixed income range due to the market cycle, this was offset by outflows in the offshore multi-asset range as well as structured products. These products are in the process of being restructured to further align to client needs in current markets.

The private markets business continues to deliver inflows on the back of winning new mandates. Despite a tough year for local financial markets, investment performance continues to show resilience, with most funds delivering solid performances relative to peer groups.

Management of financial resources

The management of the group's financial resources is executed through Group Treasury and is independent of the operating businesses. This ensures the required level of discipline is applied in the allocation and pricing of financial resources. This also ensures that Group Treasury's mandate is aligned with the portfolio's growth, return and volatility targets to deliver shareholder value. The group continues to monitor and proactively manage a fast-changing regulatory environment, competitive landscape and ongoing macroeconomic challenges.

The group adopts a disciplined approach to the management of its foreign currency balance sheet. The framework for the management of external debt considers sources of sovereign risk and foreign currency funding capacity, as well as the macroeconomic vulnerabilities of South Africa. The group employs a self-imposed structural borrowing limit and a liquidity risk limit more onerous than required in terms of regulations.

Capital

The group's CET1 ratio strengthened significantly from 11.5% to 12.1% over the past year, driven primarily by the increase in the bank's CET1 position from 12.7% to 13.4%.

Capital planning is undertaken on a three-year forward-looking basis, and the level and composition of capital is determined considering businesses' organic growth plans, corporate transactions and stress-testing scenario outcomes. In addition, the group considers external issues that could impact capital levels, which include regulatory, accounting and tax changes, as well as macroeconomic conditions and outlook.

Liquidity position

FirstRand exceeds the 100% (2018: 90%) minimum liquidity coverage ratio (LCR) requirement set out by the Basel Committee for Banking Supervision (BCBS) with its LCR at 122% (2018: 115%). At 30 June 2019, the group's average available high-quality liquid assets (HQLA) sources of liquidity per the LCR amounted to R249 billion (2018: R203 billion).

The net stable funding ratio (NSFR) came into effect on 1 January 2018 with a regulatory requirement of 100%. At 30 June 2019, FirstRand's NSFR was 118% (2018: 112%).

Outlook

Given the structural nature of South Africa's challenges, the group believes that domestic economic activity will remain under pressure for the foreseeable future. FirstRand remains optimistic that despite this difficult backdrop it is executing on appropriate strategies to deliver ongoing growth in earnings and sustainable superior returns to shareholders.

FNB's momentum is expected to continue, on the back of customer and volume growth, and cross-sell and up-sell strategies will deliver higher insurance revenues and good deposit and advances growth.

RMB's client franchises are expected to remain resilient and the business has the benefit of an earnings rebase to grow off in the coming financial year.

In the rest of Africa, there are signs that economic activity is improving in some of the other sub-Saharan African countries in which FirstRand operates, and the group expects its portfolio to continue to show an incrementally improved performance.

Given the macro uncertainty in the UK and ongoing investment in systems and processes, particularly digital strategies for the next 12 to 18 months, Aldermore's growth trajectory is expected to slow marginally.

FirstRand continues to target real growth in earnings (real GDP plus CPI) and expects its ROE to remain at the top end of its range of 18% to 22%.

RMH PROPERTY

RMH PROPERTY

As part of its diversification strategy, RMH identified the property industry as one where value can be unlocked by partnering with specialist property entrepreneurs. In August 2017, RMH appointed a dedicated specialist team to execute the RMH property strategy.

The principal objectives of RMH's property strategy are to:

- DIVERSIFY RMH's earnings base beyond banking, across the breadth of the property value chain
- PARTNER with entrepreneurs in line with RMH's investment ethos, track record and expertise
- Neither dilute RMH's FirstRand focus nor reduce FLEXIBILITY of RMH's capital structure
- ENHANCE RMH's total return with a focus on net asset value growth, whilst balancing yield
- RETAIN a dedicated specialist team that independently identifies and manages property assets
- CREATE portfolios that can be listed or monetised separately

RMH Property currently owns the following investments:

	CORE PARTNERSHIPS		SATELLITE PARTNERSHIPS	
	Atterbury Office, retail and industrial property	**Atterbury Europe** Retail and office property	**Integer Properties** (Previously Genesis Properties) Mezzanine debt and equity funding business	**Diversity** Urban renewal fund
% HELD	27.5	50.0	Various	18.3
DATE ACQUIRED	July 2016	February 2018	December 2016 and September 2018	October 2018

Rationale for core partnerships

- Best-of-breed management team
- Scalable development operation diversified across traditional property asset categories (office, retail, industrial)
- Sizeable capital base in an unlisted vehicle providing scope and opportunity to increase development potential of the partnership
- Liquid vehicle to potentially monetise property interest in the future

Rationale for satellite partnerships

- Ability to partner with best-of-breed specialist developers on a portfolio and/or asset-specific basis in key niches of the property market
- Allows for diversification of RMHP's portfolio
- Satellite partnerships may achieve higher yields / faster NAV growth than the more traditional core partnership

Atterbury is RMH Property's core African and European property partner. Atterbury targets traditional areas of African property (principally retail, office and industrial property in South Africa, Namibia and Mauritius) and European property (principally retail and office property in Cyprus, Romania and Serbia).

During the period, RMH Property entered into a joint venture opportunity with Atterbury Europe B.V. in Bucharest (Atterbury Bucharest) to develop a new hub for business, entertainment, retail and residential living. In November 2018, RMH Property invested R698 million of funding into Atterbury Bucharest, with a further R1.8 billion committed for deployment in 2019-2021, subject to certain conditions being met. In addition, the direct interest in Atterbury Europe increased to 50% (2018:43.8%) due to an internal group restructure.

Satellite partnerships include partnerships with best-of-breed specialist developers on a portfolio and asset-specific basis in key niches of the property market. These partnerships are aimed at achieving higher yields and faster net asset value growth than the more traditional core portfolio.

Divercity is RMH Property's latest satellite partner. In October 2018, a R150 million of equity capital was invested. Divercity invests in residential, commercial and retail assets in dense urban nodes, with a focus on human-centred design and integrated public space. Divercity holds a c. R2 billion portfolio, jointly seeded with assets from leading property companies.

Performance for the year

RMH Property's normalised earnings is made up as follows:

	For the year ended 30 June		
R million	2019	2018	% change
Core partnerships	211	152	39
Satellite partnerships	(56)	(124)	(55)
RMH Property	(15)	(12)	25
RMH PROPERTY NORMALISED EARNINGS	140	16	>100

Earnings from the core partnership remained stable due to a robust operational performance and further debt reductions in Europe; despite sluggish domestic performance. The loss in the satellite portfolio reduced due to the voluntary liquidation of Propertuity in October 2018. Good progress has been made in finalising the liquidation, but it has not been concluded as at 30 June 2019.

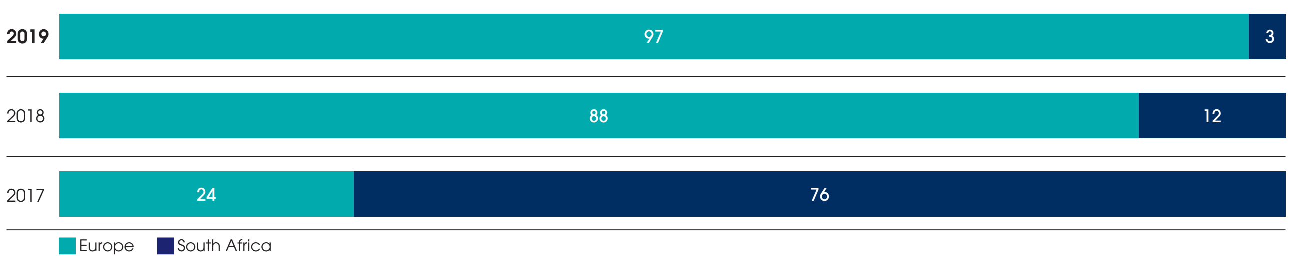
Intrinsic value

	As at 30 June		
R million	2019	2018	% change
Core partnerships	3 068	2 342	31
Satellite partnerships	268	80	>100
Holding company net assets	14	8	75
RMH Property funding	(2 602)	(1 708)	52
RMH PROPERTY INTRINSIC VALUE	**748**	722	4

The increase in the gross value of the core partnerships was due to an increase in the investment in Atterbury Bucharest, together with the strong operational performance of and further debt reduction in Atterbury Europe. This was offset by the decrease in value of the domestic core partnership due to strong economic headwinds that exerted downward pressure on property valuations.

The increase in the gross value of the satellite partnerships was mainly attributable to the investment in Divercity and the broadening of the investment into the Integer Properties Group (previously Genesis Properties).

GEOGRAPHICAL DISTRIBUTION OF PROPERTY PORTFOLIO (%)



Subsequent events

On 17 July 2019, the shareholders of Pareto Limited subscribed for 25% of the issued share capital of Atterbury Europe for Euro 100 million, diluting RMH Property's shareholding from 50% to 37.5%. The investment provides Atterbury Europe with an additional strategic shareholder and more development capital to expand its European operation.

Update on strategy and outlook

RMH Property, with approximately R4 billion in investments after the completion of the deployment to Atterbury Bucharest, is adequately capitalised, providing a foundation to enter a period of consolidation for future growth. In collaboration with its core partner, Atterbury, as well as the satellite partners, the focus of RMH Property will shift to value maximisation from the existing partnerships. No further investments are contemplated by RMH Property for the foreseeable future.

RMH Property will maintain existing balance sheet support for its partnership companies with approximately R1.4 billion of committed guarantees to facilitate medium-term development growth in these companies.

Considering the committed equity capital set out above and based on current funding rates, less than 2% of the dividends received from FirstRand will be utilised to service funding for RMH Property.

The RMH board continues to dynamically assess options for its interest in RMH Property that may include a structural liberation of RMH Property from RMH at the appropriate time.

Financial review

BASIS OF PRESENTATION OF RESULTS

The summary consolidated financial statements contained in this booklet are prepared in accordance with the JSE Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

This report is prepared in accordance with:

- The framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS), including interpretations issued by the IFRS Interpretations Committee;
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council;
- SAICA Financial Reporting Guide as issued by the Accounting Practices Committee; and
- As a minimum, the information required by *IAS 34: Interim Financial Reporting*.

The directors take full responsibility and confirm that this information has been correctly extracted from the audited consolidated annual financial statements from which the summary consolidated financial statements were derived.

Accounting policies

These summary results incorporate accounting policies that are consistent with those used in preparing the financial results for the year ended 30 June 2019.

The audited consolidated annual financial statements, from which these summary consolidated financial statements are extracted, are prepared in accordance with the going concern principle under the historical cost basis, as modified by the fair value accounting of certain assets and liabilities, where required or permitted by IFRS.

IFRS 9: Financial Instruments (IFRS 9) and IFRS 15: Revenue from Contracts with Clients (IFRS 15) became effective in the current year. *IFRS 9*, which replaces *IAS 39: Financial Instruments: Recognition and Measurement (IAS 39)*, had the most significant impact on the group. *IFRS 9* introduced a principle-based approach for classifying financial assets based on the group's business model and changed the way impairments are calculated on financial assets at amortised cost from the incurred loss model to the expected loss model.

IFRS 15, which contains a single model that is applied when accounting for contracts with clients, replaced revenue recognition guidance previously included *IAS 18: Revenue (IAS 18) and IFRIC 13: Customer Loyalty Programmes (IFRIC 13)*.

The adoption of *IFRS 9* and *IFRS 15* impacted the group's results on the date of initial adoption, being 1 July 2018. The most significant impact was the flow-through of FirstRand's results on the equity accounting of FirstRand. FirstRand prepared an *IFRS 9* Transitional Report, on which a reasonable assurance audit report was provided by its external auditors. The *IFRS 9* Transitional Report is available on **www.firstrand.co.za/InvestorCentre/IFRS 9**. Rather than duplicating this report, a summary of the impact on the equity accounted reserves and the investment in associate relating to *IFRS 9* and *IFRS 15* can be found on page 27. The remainder of the RMH group was not significantly impacted by *IFRS 9* and *IFRS 15*.

No other new or amended IFRS became effective for the year ended 30 June 2019 that impacted the group's reported earnings, financial position, reserves or accounting policies.

Auditor's report

The summary consolidated financial statements for the year ended 30 June 2019 contained in this booklet have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon in terms of *ISA 810* (revised), refer to page 21.

The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which the summary consolidated financial statements were derived. Unless the financial information in this booklet is specifically stated as audited, it should be assumed to be unaudited.

A copy of the auditor's report on the consolidated annual financial statements is available for inspection at RMH's registered office, 2 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, together with the financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in these summary consolidated financial statements. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should review the auditor's report together with the accompanying financial information from the issuer's registered office.

The forward-looking information has not been commented or reported on by the group's external auditor. RMH's board of directors takes full responsibility for the preparation of this booklet.

Normalised results

RMH believes that normalised earnings more accurately reflect operational performance.

Headline earnings in terms of *Circular 4/2018: 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 cash-settled share-based payment;
   - *IFRS 2* share-based payment expense in terms of the BBBEE transaction;
   - 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 4/2018: Headline Earnings*.
2. RMH shares held for client trading activities by FirstRand's addition, in terms of *IAS 28: Investments in Associates*, upstream and downstream profits are eliminated when equity accounting is applied, and, in terms of *IAS 32*, profits or losses cannot be recognised on an entity's own equity instruments. For the statement of comprehensive income, RMH's portion of the fair value change in RMH shares by FirstRand is, therefore, deducted from equity accounted earnings and the investment recognised using the equity accounted method.
3. Adjustment to reflect earnings impact based on actual RMH shareholding in FirstRand based on actual number of shares issued by FirstRand.

Normalised earnings presented in these summary financial results constitutes pro forma financial information. The pro forma financial information is the responsibility of the directors and is presented for illustrative purposes. Because of its nature, the pro forma financial information may not fairly present RMH's financial position, changes in equity, results of operations or cash flows. An assurance report has been prepared and issued by our auditor, PricewaterhouseCoopers Inc., on the pro forma financial information included in this report. It is available at the registered office of RMH.

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF RMB HOLDINGS LIMITED

Opinion

The summary consolidated financial statements of RMB Holdings Limited, set out on page 19 and pages 22 to 34, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 30 June 2019, the summary consolidated income statement, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated annual financial statements of RMB Holdings Limited for the year ended 30 June 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated annual financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the basis of presentation to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary 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 summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated annual financial statements and the auditor's report thereon.

The audited consolidated annual financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated annual financial statements in our report dated 6 September 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual financial statements of the current period.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the basis of presentation to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated annual financial statements based on our procedures, which were conducted in accordance with *International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.*

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Johannes Grosskopf
Director
Registered Auditor
Johannesburg
6 September 2019

AUDITED SUMMARY CONSOLIDATED INCOME STATEMENT

The dominant part of RMH's income is its share in the after-tax profits of FirstRand, amounting to R10 290 million (2018: R9 043 million). This was identified as a key audit matter (KAM) by our auditor.

R million	For the year ended 30 June 2019	2018	% change
Investment income	26	26	
Share of after-tax profit of associates and joint venture companies	10 391	9 059	15
Revenue	10 417	9 085	15
Fee income	67	18	
Net fair value gain/(loss) on financial assets and liabilities	57	15	
Net impairment losses on financial assets	(143)	(307)	
Net income	10 398	8 811	18
Administration expenses	(149)	(56)	>100
Income from operations	10 249	8 755	17
Finance costs	(253)	(173)	46
Profit before tax	9 996	8 582	16
Income tax expense	(18)	(22)	(18)
PROFIT FOR THE YEAR	9 978	8 560	17

AUDITED SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R million	For the year ended 30 June 2019	2018	% change
Profit for the year	9 978	8 560	17
Other comprehensive income, after tax:			
Items that may be reclassified to profit or loss			
Share of other comprehensive income of associate after tax and non-controlling interests*	65	250	
Available-for-sale financial assets	–	21	
– Profits arising during the year	–	27	
– Deferred income tax	–	(6)	
Exchange difference on translating foreign operations	(3)	94	
Items that may not subsequently be reclassified to profit or loss			
Share of other comprehensive (loss)/income of associate after tax and non-controlling interests	(78)	13	
Other comprehensive (loss)/income	(16)	378	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	9 962	8 938	11

* *Large movement due to translation of FirstRand's foreign operations.*

AUDITED COMPUTATION OF HEADLINE EARNINGS

R million	For the year ended 30 June 2019	2018	% change
Earnings attributable to equity holders	9 978	8 560	17
Adjusted for:			
RMH's share of adjustments made by FirstRand			
– Gain on disposal of investment securities and other investments of a capital nature	(657)	(10)	
– Loss on disposal of available-for-sale assets	–	31	
– Transfer (from)/to foreign currency translation reserve	(24)	37	
– Gain on disposal of investments in non-private equity associates	(369)	–	
– Impairment of non-private equity associates	11	–	
– Gain on disposal of investments in subsidiaries	(2)	(33)	
– Gain on disposal of property and equipment	(18)	(21)	
– Fair value movement on investment properties	–	(10)	
– Impairment of goodwill	–	4	
– Impairment of assets in terms of *IAS 36*	42	14	
– Gain from a bargain purchase	–	(14)	
– Other	–	(10)	
– Tax effects of adjustments	225	–	
RMH's share of adjustments made by RMH Property			
– Fair value gain on investment properties	(6)	–	
– Loss on change of effective shareholding of associate	47	–	
– Impairment of assets in terms of *IAS 36*	36	61	
– Impairment of associates	135	247	
– Tax effects of adjustments	2	–	
RMH's own adjustments			
– Loss on change of effective shareholding of associate	(10)	(5)	
HEADLINE EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS	9 390	8 851	6

UNAUDITED COMPUTATION OF NORMALISED EARNINGS

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

R million	For the year ended 30 June 2019	2018	% change
Headline earnings attributable to equity holders	9 390	8 851	6
RMH's share of adjustments made by FirstRand			
– TRS and *IFRS 2* liability remeasurement	27	(18)	
– Treasury shares	–	6	
– *IAS 19* adjustment	(33)	(37)	
– Private equity subsidiary realisations	9	16	
Adjusted for			
– Group treasury shares[1]	1	(3)	
NORMALISED EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS	9 394	8 815	7

1. *Adjustment to reflect earnings impact based on actual RMH shareholding in FirstRand i.e. reflecting treasury shares as if they are non-controlling interests.*

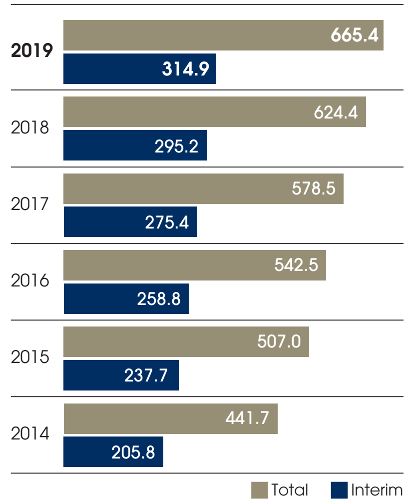
AUDITED COMPUTATION OF PER SHARE INFORMATION

	For the year ended 30 June		
R million	2019	2018	% change
Earnings attributable to equity holders	9 978	8 560	17
Headline earnings attributable to equity holders	9 390	8 851	6
Net asset value	49 303	46 323	6
Number of shares in issue (millions)	1 412	1 412	–
Weighted average number of shares in issue (millions)	1 412	1 411	–
Diluted weighted average number of shares in issue (millions)	1 412	1 411	–
Earnings per share (cents)	706.9	606.5	17
Diluted earnings per share (cents)	706.9	606.5	17
Headline earnings per share (cents)	665.2	627.1	6
Diluted headline earnings per share (cents)	665.2	627.1	6
Net asset value per share (cents)	3 492.4	3 281.4	6

UNAUDITED COMPUTATION OF NORMALISED EARNINGS PER SHARE INFORMATION

	For the year ended 30 June		
R million	2019	2018	% change
Normalised earnings attributable to equity holders	9 394	8 815	7
Number of shares in issue (millions)	1 412	1 412	–
Weighted average number of shares in issue (millions) for normalised earnings	1 412	1 412	–
Normalised earnings per share (cents)	665.4	624.4	7
Diluted normalised earnings per share (cents)	665.4	624.4	7

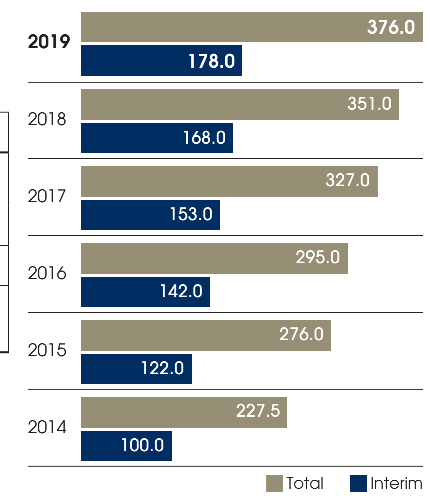
NORMALISED EARNINGS PER SHARE (cents)



AUDITED DIVIDEND PER SHARE

	For the year ended 30 June		
Cents	2019	2018	% change
Dividend per share			
– Interim	178.0	168.0	6
– Final	198.0	183.0	8
TOTAL DIVIDEND PER SHARE	376.0	351.0	7
Dividend cover (relative to headline earnings)	1.8	1.8	
Dividend cover (relative to normalised earnings)	1.8	1.8	

DIVIDEND PER SHARE (cents)



AUDITED SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The investment in associates increased with RMH's share of after-tax profits of R10 391 million (2018: R9 059 million) and RMH's share of associates' other reserves, comprehensive income and impairments of negative R124 million (2018: R942 million). This was offset by dividends received of R5 431 million (2018: R5 082 million).

	As at 30 June	
R million	2019	2018
Assets		
Cash and cash equivalents	117	43
Loans and receivables	848	57
Investment securities	184	523
Taxation receivable	1	4
Derivative financial instruments	70	55
Investment in associates and joint ventures	52 038	48 590
TOTAL ASSETS	53 258	49 272
Equity		
Share capital and premium	8 825	8 825
Reserves	40 478	37 498
TOTAL EQUITY	49 303	46 323
Liabilities		
Trade and other payables	190	232
Taxation payable	3	–
Financial liabilities	3 697	2 692
Derivative financial instruments	19	–
Long-term liabilities	26	–
Deferred tax liability	20	25
TOTAL LIABILITIES	3 955	2 949
TOTAL EQUITY AND LIABILITIES	53 258	49 272

AUDITED SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flow consists largely of the dividends received of R5 431 million (2018: R5 082 million), less dividends paid of R5 095 million (2018: R4 828 million).

R million	For the year ended 30 June 2019	2018
Cash flow from operating activities		
Cash generated from operations	5 204	5 201
Income tax paid	(17)	(8)
NET CASH GENERATED FROM OPERATING ACTIVITIES	5 187	5 193
Cash flow from investing activities		
Investment in associates	(470)	(397)
Loans to associates	(746)	–
Proceeds from sale of/(additions to) investments securities	387	(157)
Additions to derivatives	–	(11)
NET CASH USED IN INVESTMENT ACTIVITIES	(829)	(565)
Cash flow from financing activities		
Preference shares issued	150	372
Notes issued	850	–
Borrowings drawn	15	5
Interest paid	(14)	(5)
Dividends paid on preference shares in issue	(190)	(168)
Dividends paid to equity holders	(5 095)	(4 828)
NET CASH OUTFLOW IN FINANCING ACTIVITIES	(4 284)	(4 624)
Net increase in cash and cash equivalents	74	4
Cash and cash equivalents at the beginning of the year	43	39
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	117	43

AUDITED SUMMARY STATEMENT OF CHANGES IN EQUITY

R million	Share capital and premium	Equity accounted reserves	Available-for-sale reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total equity holders' funds
Balance as at 1 July 2017	8 825	29 359	(14)	–	333	2 878	41 381
Total comprehensive income for the year	–	263	21	94	–	8 560	8 938
Dividends paid	–	–	–	–	–	(4 828)	(4 828)
Income of associates retained	–	3 971	–	–	–	(3 971)	–
Reserve movements relating to associates	–	832	–	–	–	–	832
BALANCE AS AT 30 JUNE 2018	8 825	34 425	7	94	333	2 639	46 323
Adoption of *IFRS 9* and *IFRS 15*	–	(1 868)	(7)	–	–	7	(1 868)
Balance as at 1 July 2018	8 825	32 557	–	94	333	2 646	44 455
Total comprehensive income for the year	–	(13)	–	(3)	–	9 978	9 962
Dividends paid	–	–	–	–	–	(5 095)	(5 095)
Income of associates retained	–	5 102	–	–	–	(5 102)	–
Reserve movements relating to associates	–	(19)	–	–	–	–	(19)
BALANCE AS AT 30 JUNE 2019	8 825	37 627	–	91	333	2 427	49 303

AUDITED ADOPTION OF *IFRS 9* AND *IFRS 15*

RMH adopted *IFRS 9* and *IFRS 15* during the current period. The group, as permitted by these standards, elected not to restate any comparative information. Accordingly, the impact of adopting the revised requirements has been applied prospectively with an adjustment to RMH's 1 July 2018 opening reserves. Reported information for the financial year 30 June 2018 was unaffected by the application of *IFRS 9* and *IFRS 15*.

R million	As reported at 30 June 2018	*IFRS 9* adjustment – FirstRand Note 1	*IFRS 15* adjustment – FirstRand Note 2	*IFRS 9* adjustment – RMH Property Note 3	Restated 1 July 2018
ASSETS					
Cash and cash equivalents	43	–	–	–	43
Loans and receivables	57	–	–	–	57
Investment securities	523	–	–	–	523
Taxation receivable	4	–	–	–	4
Derivative financial instruments	55	–	–	–	55
Investment in associates	48 590	(1 843)	(25)	–	46 722
TOTAL ASSETS	49 272	(1 843)	(25)	–	47 404
EQUITY					
Share capital and premium	8 825	–	–	–	8 825
Reserves	37 498	(1 843)	(25)	–	35 630
– Equity accounted reserves	34 425	(1 843)	(25)	–	32 557
– Available-for-sale reserve	7	–	–	(7)	–
– Foreign currency translation reserve	94	–	–	–	94
– Other reserves	333	–	–	–	333
– Retained earnings	2 639	–	–	7	2 646
TOTAL EQUITY	46 323	(1 843)	(25)	–	44 455
LIABILITIES					
Trade and other payables	232	–	–	–	232
Financial liabilities	2 692	–	–	–	2 692
Deferred tax liability	25	–	–	–	25
TOTAL LIABILITIES	2 949	–	–	–	2 949
TOTAL EQUITY AND LIABILITIES	49 272	(1 843)	(25)	–	47 404

Note	Requirement	Description of change	Impact
1	*IFRS 9* Impact on FirstRand		
1.1	*IFRS 9* introduced a principle-based approach for the classification of financial assets based on the business model of the group.	Reclassification and remeasurement of certain advances, deposits, investment securities and net interest in the post-retirement employee liability.	An increase of R305 million in equity accounted reserves and investment in associates.
1.2	*IFRS 9* introduced the principle of an expected credit loss ratio (ECL) which includes the incorporation of forward-looking information for impairment of financial assets.	Reclassification of certain assets as well as the measurement of underlying financial assets.	A decrease of R2 295 million in equity accounted reserves and investment in associates.
1.3	In terms of *IAS 39*, interest in suspense (ISP) was not capitalised to advances and interest suspended was tracked and managed separately off-balance sheet. In terms of *IFRS 9*, interest revenue is calculated by applying the effective interest rate to the amortised cost of financial assets classified in stage 3 (a financial asset is classified at stage 3, when it becomes credit impaired since initial recognition with ECL measured on a lifetime basis). The difference between the contractual interest and the interest recognised in line with *IFRS 9* is therefore suspended. This suspended interest is capitalised to the advance and immediately impaired.	Gross-up of advances and the remeasurement of ISP on certain advances reclassified to amortised cost.	An increase of R147 million in equity accounted reserves and investment in associates.
2	*IFRS 15* impact on FirstRand		
	IFRS 15 contains a single model that is applied when accounting for contracts with clients. The model specifies that revenue is recognised as and when control of goods or services is transferred to a client and that revenue is recognised at the amount that an entity expects to receive. Depending on certain criteria, revenue is recognised at a point in time or over time.	The transition to *IFRS 15* resulted in the deferral of revenue relating to value added products and services provided to clients by WesBank.	A decrease of R25 million in equity accounted reserves and investment in associates.
3	*IFRS 9* impact on RMH Property		
	IFRS 9 introduced a principle-based approach for the classification of financial assets based on the business model of the group.	Certain equity securities were previously designated as available-for-sale under *IAS 39*. As the underlying nature of the equity securities changed, management believes a reclassification to fair value through profit and loss to be more appropriate.	A decrease of R7 million in the available-for-sale reserve and an increase in retained earnings.

AUDITED OTHER REQUIRED DISCLOSURES

Fair value measurements and analysis of assets and liabilities

This note provides information regarding the determination of the fair values of instruments, which includes judgements and an explanation on the uncertainty estimation involved.

VALUATION METHODOLOGY APPLIED

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 group 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 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 value is positive and as liabilities when the fair value is 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 MEASUREMENT

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

Recurring fair value measurements

Recurring fair value measurements are those measurements for assets and liabilities that IFRS requires or permits 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, RMH uses the most representative price.

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 measurements of assets and liabilities not measured at fair value but for which fair value disclosures are required under another IFRS, e.g. 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.

Fair value hierarchy and measurements

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; and
- 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 by valuation techniques which 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 assets and liabilities in the fair value hierarchy:

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs
Derivative financial instruments – Equity derivative	Quoted market closing price less market-related interest rate times the number of units	The models calculate fair value based on input parameters such as closing share price on valuation date and the interest rate charged on the overdraft facility.	Market interest rates and prices
Financial assets and liabilities not measured at fair value but for which fair values are disclosed	Discounted cash flows	The future cash flows are discounted using a market-related interest rate and curves adjusted for credit inputs (which are not considered a significant input).	Market interest rates and curves
Derivative financial instruments – Forward exchange contract	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market-projected forward value.	Spot price of underlying instrument, interest rate curves and dividend yield

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

Instrument	Valuation technique	Description of valuation technique and main assumptions	Unobservable inputs
Financial guarantee contracts	Discounted cash flows	Present value of the assessment of the probability of default times the exposure at default	Probability of default
Long-term liabilities	Discounted cash flows	The carrying value of the underlying investment less the notional outstandings	Carrying value of unlisted investment

	Level 1	Level 2	Level 3	Total
As at 30 June 2019				
Recurring fair value measurements				
Financial assets measured at fair value				
Investment securities: equity instruments	184	–	–	184
Loans and receivables	–	693	–	693
Derivative financial instruments	–	70	–	70
Assets for which fair value are disclosed				
Investment in associates	130 960	–	–	130 960
FAIR VALUE OF FINANCIAL ASSETS	131 144	763	–	131 907
Recurring fair value measurements				
Financial liabilities measured at fair value				
Financial liabilities	–	3 697	–	3 697
Long-term liabilities	–	–	26	26
Derivative financial instruments	–	19	–	19
FAIR VALUE OF FINANCIAL LIABILITIES	–	3 716	26	3 742
As at 30 June 2018				
Recurring fair value measurements				
Financial assets measured at fair value				
Investment securities: equity instruments	202	–	151	353
Investment securities: debt instruments	–	–	170	170
Derivative financial instruments	–	36	–	36
Assets for which fair value are disclosed				
Investment in associates	122 058	–	–	122 058
FAIR VALUE OF FINANCIAL ASSETS	122 260	36	321	122 617
Recurring fair value measurements				
Financial liabilities measured at fair value				
Financial liabilities	–	2 531	161	2 692
FAIR VALUE OF FINANCIAL LIABILITIES	–	2 531	161	2 692

Reconciliation of Level 3 financial assets measured at fair value

R million	For the year ended 30 June 2019	2018
Balance at the beginning of the year	321	123
Additions in the current year	–	156
Disposals during the current year	(388)	–
Fair value movement recognised in profit	67	14
Fair value movement recognised in other comprehensive income	–	28
BALANCE AT THE END OF THE YEAR	–	321

Reconciliation of Level 3 financial liabilities measured at fair value

R million	For the year ended 30 June 2019	2018
Balance at the beginning of the year	161	–
Disposals during the current year	(177)	–
Fair value movement recognised in profit	42	161
BALANCE AT THE END OF THE YEAR	26	161

Effect of changes in significant unobservable assumption of Level 3 instruments

R million	Description of valuation technique and main assumptions	Changes to significant unobservable data	Fair value	Using more progressive assumptions	Using more negative assumptions
Liabilities **As at 30 June 2019** Long-term liabilities	Discounted cash flows	Reduced and increased underlying value by 10%	26	29	23
Assets **As at 30 June 2018** Equity instruments	The net asset value of the underlying entity is used as basis of calculation. The net asset value is then adjusted for non-tangible liabilities such as deferred tax and future development profit not included in the net asset value	Reduced and increased underlying value by 10%	151	182	122
Debt instruments	Accrued value at current market rates	Reduced and increased underlying value by 10%	170	165	164
Liabilities **As at 30 June 2018** Financial guarantee contract	Discounted cash flows	Reduced and increased the probability of default by the counterparty from stage 1 to none and from stage 1 to stage 2	161	144	161

AUDITED CONTINGENCIES AND COMMITMENTS

R million	As at June 2019	As at June 2018
Contingencies and commitments		
Guarantees	3 881	2 833
BALANCE AT THE END OF THE YEAR	3 881	2 833

AUDITED SUBSEQUENT EVENTS

On 17 July 2019, the shareholders of Pareto Limited subscribed for 25% of the issued share capital of Atterbury Europe for Euro 100 million, diluting RMH Property's shareholding from 50% to 37.5%. The investment provides Atterbury Europe with an additional strategic shareholder and more development capital to expand its European operation.

AUDITED SEGMENTAL REPORT

R million	FNB	RMB	WesBank	Aldermore	FCC and other	FirstRand	RMH Property	Other	RMH
Year ended 30 June 2019									
Investment income	–	–	–	–	–	–	16	10	26
Share of after-tax profit of associates and joint ventures	6 007	2 413	616	565	689	10 290	91	10	10 391
Revenue	6 007	2 413	616	565	689	10 290	107	20	10 417
Fee income	–	–	–	–	–	–	–	67	67
Net fair value loss on financial assets	–	–	–	–	–	–	42	15	57
Net impairment losses on financial assets	–	–	–	–	–	–	(143)	–	(143)
Net income	6 007	2 413	616	565	689	10 290	6	102	10 398
Administration expenses	–	–	–	–	–	–	(79)	(70)	(149)
Income from operations	6 007	2 413	616	565	689	10 290	(73)	32	10 249
Finance costs	–	–	–	–	–	–	(6)	(247)	(253)
Profit before tax	6 007	2 413	616	565	689	10 290	(79)	(215)	9 996
Income tax expense	–	–	–	–	–	–	5	(23)	(18)
PROFIT FOR THE YEAR	6 007	2 413	616	565	689	10 290	(74)	(238)	9 978
Headline earnings	6 007	2 413	616	565	(103)	9 498	140	(248)	9 390
Normalised earnings	6 007	2 413	616	565	(99)	9 502	140	(248)	9 394
As at 30 June 2019									
Investment in associates	–	–	–	–	–	49 503	2 535	–	52 038
Other assets	–	–	–	–	–	–	815	405	1 220
TOTAL ASSETS	–	–	–	–	–	49 503	3 350	405	53 258
TOTAL LIABILITIES	–	–	–	–	–	–	1 268	2 687	3 955
Year ended 30 June 2018									
Investment income	–	–	–	–	–	–	18	8	26
Share of after-tax profit of associates	5 404	2 505	632	94	408	9 043	11	5	9 059
Revenue	5 404	2 505	632	94	408	9 043	29	13	9 085
Fee income	–	–	–	–	–	–	–	18	18
Net fair value loss on financial assets	–	–	–	–	–	–	7	8	15
Net impairment losses on financial assets	–	–	–	–	–	–	(307)	–	(307)
Net income	5 404	2 505	632	94	408	9 043	(271)	39	8 811
Administration expenses	–	–	–	–	–	–	(10)	(46)	(56)
Income from operations	5 404	2 505	632	94	408	9 043	(281)	(7)	8 755
Finance costs	–	–	–	–	–	–	(5)	(168)	(173)
Profit before tax	5 404	2 505	632	94	408	9 043	(286)	(175)	8 582
Income tax expense	–	–	–	–	–	–	(6)	(16)	(22)
PROFIT FOR THE YEAR	5 404	2 505	632	94	408	9 043	(292)	(191)	8 560
Headline earnings	5 404	2 505	632	94	395	9 030	16	(195)	8 851
Normalised earnings	5 403	2 504	631	94	363	8 995	16	(196)	8 815
As at 30 June 2018									
Investment in associates	–	–	–	–	–	46 557	2 033	–	48 590
Other assets	–	–	–	–	–	–	397	285	682
TOTAL ASSETS	–	–	–	–	–	46 557	2 430	285	49 272
TOTAL LIABILITIES	–	–	–	–	–	–	363	2 586	2 949

AUDITED GEOGRAPHICAL SEGMENTS

R million	South Africa	United Kingdom	Europe	RMH
Year ended 30 June 2019				
Share of after-tax profit of associates	9 623	565	203	10 391
Profit for the year	9 210	565	203	9 978
As at 30 June 2019				
Investment in associates	43 506	6 709	1 823	52 038
Year ended 30 June 2018				
Share of after-tax profit of associates	8 921	94	44	9 059
Profit for the year	8 422	94	44	8 560
As at 30 June 2018				
Investment in associates	42 224	4 644	1 722	48 590

Administration

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

Registration number:
1987/005115/06

JSE ordinary share code: RMH
ISIN code: ZAE000024501

DIRECTORS
JJ Durand (chairman), HL Bosman (chief executive officer and financial director), JP Burger, P Cooper, (Ms) SEN De Bruyn, LL Dippenaar, PK Harris, (Ms) A Kekana, P Lagerström, (Ms) MM Mahlare, MM Morobe, RT Mupita, O Phetwe and JA Teeger

Alternate directors: DA Frankel, F Knoetze and UH Lucht

SECRETARY AND REGISTERED OFFICE
(Ms) EJ Marais

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SPONSOR
(in terms of JSE Limited Listings Requirements)

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(a division of FirstRand Bank Limited)

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TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited

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

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RMH

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