for the year ended 30 June 2016

analysis of financial results

FIRSTRAND

ABOUT THIS REPORT

This report covers the audited summarised financial results of FirstRand Limited (FirstRand or the group) based on International Financial Reporting Standards (IFRS) for the year ended 30 June 2016. **The primary results and accompanying commentary are presented on a normalised basis as the group believes this most accurately reflects its economic performance.** The normalised results have been derived from the IFRS financial results.

Normalised results include a summarised consolidated income statement, statement of comprehensive income, statement of financial position, statement of cash flows and a statement of changes in equity. A detailed description of the difference between normalised and IFRS results is provided on pages 95 to 96. Detailed reconciliations of normalised to IFRS results are provided on pages 105 to 111. Commentary is based on normalised results, unless indicated otherwise.

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

FirstRand's annual integrated report will be published on the group's website, www.firstrand.co.za, on or about 4 October 2016.

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

SIMPLIFIED GROUP STRUCTURE

Remgro Limited — 3.9% → FirstRand; 28.2% → RMB Holdings Limited

Directors — 9.9% → RMB Holdings Limited

Royal Bafokeng Holdings (Pty) Ltd — 15.0% → RMB Holdings Limited

RMB Holdings Limited — 34.1% → FirstRand

BEE partners — 4.2% → FirstRand

FIRSTRAND

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

100% FirstRand Bank Limited — Banking

- First National Bank[1]
- Rand Merchant Bank[1]
- WesBank[1]
- FirstRand Bank India[2]
- FirstRand Bank London[2,*]
- FirstRand Bank Guernsey[2,**]
- FirstRand Bank Kenya[3]
- FirstRand Bank Angola[3]
- FirstRand Bank Dubai[3]
- FirstRand Bank Shanghai[3]

100% FirstRand EMA (Pty) Ltd (FREMA) — Africa and emerging markets

58%	FNB Namibia
69%	FNB Botswana
100%	FNB Swaziland
90%	FNB Mozambique
100%	FNB Zambia
100%	FNB Lesotho
100%	FNB Tanzania
100%	First National Bank Ghana
100%	RMB Nigeria
100%	FirstRand International – Mauritius

100% FirstRand Investment Holdings (Pty) Ltd (FRIHL) — Other activities

96%	RMB Private Equity Holdings
93%	RMB Private Equity
100%	RMB Securities
50%	RMB Morgan Stanley
100%	FNB Securities
100%	RentWorks
100%	Direct Axis
81%	MotoVantage
100%	FirstRand International – Guernsey
100%	RMB Australia Holdings
100%	FirstRand Insurance Services Company (FRISCOL)
100%	FirstRand Securities

100% FirstRand Investment Management Holdings Limited — Investment management

100%	Ashburton Fund Managers
100%	Ashburton Investor Services
100%	Ashburton Management Company (RF)
100%	Ashburton Private Equity GP 1
100%	Ashburton Equity Hedge Fund GP 1
100%	Ashburton Investments International Holdings
100%	FNB CIS Management Company (RF)
100%	Atlantic Asset Management

100% FirstRand Insurance Holdings (Pty) Ltd — Insurance

100%	FirstRand Life Assurance

1. Division
2. Branch
3. Representative office
** MotoNovo Finance is a business segment of FirstRand Bank Limited (London Branch).*
*** Trading as FNB Channel Islands.*

Structure shows effective consolidated shareholding

For segmental analysis purposes, entities included in FRIHL and FREMA, FirstRand Investment Management Holdings Limited and FirstRand Insurance Holdings (Pty) Ltd are reported as part of results of the managing franchise. The group's securitisations and conduits are in FRIHL.

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

The group's portfolio produced a very **resilient performance**

Normalised EPS **+8%**

DPS **+8%**

ROE **24%**

Normalised NAV per share **+10%**

Normalised earnings **+7%**

FNB First National Bank

Normalised earnings **+8%**

RMB

Normalised earnings **+9%**

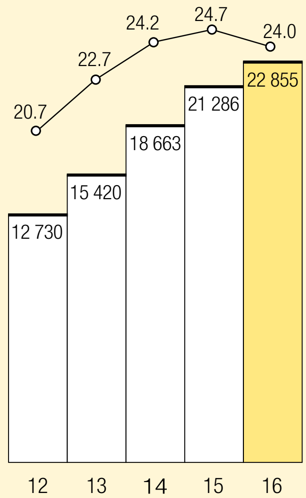
WesBank

Normalised earnings **+22%**

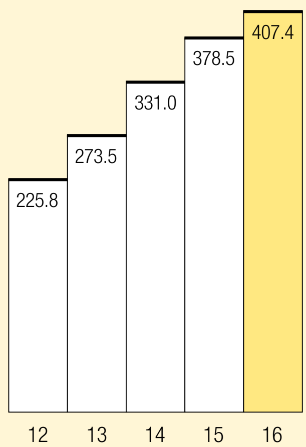
TRACK RECORD

The group's portfolio has delivered **five years of superior growth and returns**

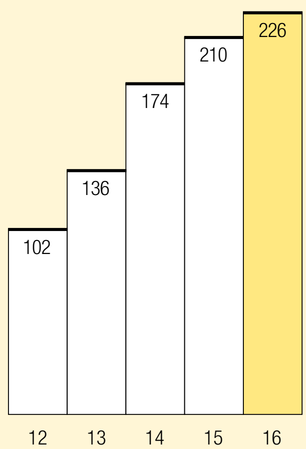
NORMALISED EARNINGS (R million) AND ROE (%)
CAGR 16%



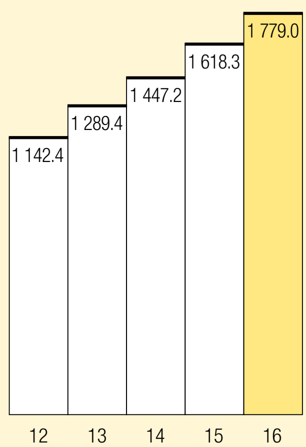
DILUTED NORMALISED EARNINGS PER SHARE (cents)
CAGR 16%



DIVIDEND PER SHARE (cents)
CAGR 22%



NORMALISED NET ASSET VALUE PER SHARE (cents)
CAGR 12%



KEY FINANCIAL RESULTS, RATIOS AND STATISTICS – NORMALISED

R million	**2016**	2015	% change
Earnings performance			
Normalised earnings per share (cents)			
– Basic	**407.4**	378.5	8
– Diluted	**407.4**	378.5	8
Earnings per share (cents) – IFRS			
– Basic	**402.4**	390.1	3
– Diluted	**402.4**	390.1	3
Headline earnings per share (cents)			
– Basic	**399.2**	381.4	5
– Diluted	**399.2**	381.4	5
Attributable earnings – IFRS (refer page 98)	**22 563**	21 623	4
Headline earnings	**22 387**	21 141	6
Normalised earnings	**22 855**	21 286	7
Normalised net asset value	**99 794**	90 778	10
Normalised net asset value per share (cents)	**1 779.0**	1 618.3	10
Tangible normalised net asset value	**98 225**	89 710	9
Tangible normalised net asset value per share (cents)	**1 751.1**	1 599.3	9
Average normalised net asset value	**95 286**	86 184	11
Market capitalisation	**251 529**	299 098	(16)
Ordinary dividend per share (cents)	**226.0**	210.0	8
Dividend cover (times)	**1.8**	1.8	
NCNR B preference dividend – paid (cents per share)*	**730.4**	689.6	6
Capital adequacy – IFRS			
Capital adequacy ratio (%)	**16.9**	16.7	
Tier 1 ratio (%)	**14.6**	14.8	
Common Equity Tier 1 (%)	**13.9**	14.0	
Balance sheet			
Normalised total assets	**1 149 326**	1 059 262	9
Loans and advances (net of credit impairment)	**851 405**	779 171	9
Ratios and key statistics			
ROE (%)	**24.0**	24.7	
ROA (%)	**2.07**	2.12	
Price earnings ratio (times)	**11.0**	14.1	
Price-to-book ratio (times)	**2.5**	3.3	
Average gross loan-to-deposit ratio (%)	**93.1**	92.0	
Diversity ratio (%)	**45.5**	47.0	
Credit impairment charge	**7 159**	5 787	24
NPLs as % of advances	**2.45**	2.21	
Credit loss ratio (%)	**0.86**	0.77	
Specific coverage ratio (%)	**38.6**	40.1	
Total impairment coverage ratio (%)	**77.9**	84.3	
Performing book coverage ratio (%)	**0.99**	1.00	
Cost-to-income ratio (%)	**51.1**	50.5	
Effective tax rate (%)	**21.8**	22.5	
Number of employees	**45 100**	42 263	7

* *75.56% of FNB prime lending rate.*

SUMMARISED CONSOLIDATED INCOME STATEMENT – NORMALISED

for the year ended 30 June

R million	**2016**	2015	% change
Net interest income before impairment of advances	**43 730**	38 610	13
Impairment of advances	**(7 159)**	(5 787)	24
Net interest income after impairment of advances	**36 571**	32 823	11
Total non-interest revenue	**36 442**	34 208	7
Operational non-interest revenue	**34 989**	32 709	7
Share of profit of associates and joint ventures after tax	**1 453**	1 499	(3)
Income from operations	**73 013**	67 031	9
Operating expenses	**(40 942)**	(36 740)	11
Income before tax	**32 071**	30 291	6
Indirect tax	**(928)**	(884)	5
Profit before tax	**31 143**	29 407	6
Income tax expense	**(6 784)**	(6 626)	2
Profit for the year	**24 359**	22 781	7
Non-controlling interests	**(1 162)**	(1 185)	(2)
NCNR preference shareholders	**(342)**	(310)	10
Normalised earnings attributable to ordinary equityholders of the group	**22 855**	21 286	7

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – NORMALISED

for the year ended 30 June

R million	2016	2015	% change
Profit for the year	**24 359**	22 781	7
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	**118**	(271)	(>100)
Gains/(losses) arising during the year	**144**	(569)	(>100)
Reclassification adjustments for amounts included in profit or loss	**20**	193	(90)
Deferred income tax	**(46)**	105	(>100)
Available-for-sale financial assets	**(504)**	(118)	>100
Losses arising during the year	**(671)**	(207)	>100
Reclassification adjustments for amounts included in profit or loss	**(6)**	71	(>100)
Deferred income tax	**173**	18	(>100)
Exchange differences on translating foreign operations	**567**	406	40
Gains arising during the year	**567**	406	40
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	**87**	(262)	(>100)
Items that may not subsequently be reclassified to profit or loss			
Remeasurements on defined benefit post-employment plans	**(37)**	(33)	12
(Losses)/gains arising during the year	**(52)**	8	(>100)
Deferred income tax	**15**	(41)	(>100)
Other comprehensive income for the year	**231**	(278)	(>100)
Total comprehensive income for the year	**24 590**	22 503	9
Attributable to			
Ordinary equityholders	**23 059**	21 091	9
NCNR preference shareholders	**342**	310	10
Equityholders of the group	**23 401**	21 401	9
Non-controlling interests	**1 189**	1 102	8
Total comprehensive income for the year	**24 590**	22 503	9

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – NORMALISED

as at 30 June

R million	2016	2015
ASSETS		
Cash and cash equivalents	**64 303**	65 567
Derivative financial instruments	**40 551**	34 500
Commodities	**12 514**	7 354
Investment securities	**142 747**	137 448
Advances	**851 405**	779 171
Accounts receivable	**10 152**	7 977
Current tax asset	**428**	109
Non-current assets and disposal groups held for sale	**193**	373
Reinsurance assets	**36**	388
Investments in associates	**4 964**	5 781
Investments in joint ventures	**1 294**	1 234
Property and equipment	**16 909**	16 288
Intangible assets	**1 569**	1 068
Investment properties	**386**	460
Defined benefit post-employment asset	**9**	4
Deferred income tax asset	**1 866**	1 540
Total assets	**1 149 326**	1 059 262
EQUITY AND LIABILITIES		
Liabilities		
Short trading positions	**14 263**	5 685
Derivative financial instruments	**50 782**	40 917
Creditors, accruals and provisions*	**17 285**	17 622
Current tax liability	**270**	351
Liabilities directly associated with disposal groups held for sale	**141**	–
Deposits	**919 930**	865 521
Employee liabilities	**9 771**	9 734
Other liabilities	**8 311**	6 876
Policyholder liabilities	**1 402**	542
Tier 2 liabilities	**18 004**	12 497
Deferred income tax liability	**1 053**	913
Total liabilities	**1 041 212**	960 658
Equity		
Ordinary shares	**56**	56
Share premium	**8 056**	8 056
Reserves	**91 682**	82 666
Capital and reserves attributable to ordinary equityholders	**99 794**	90 778
NCNR preference shares	**4 519**	4 519
Capital and reserves attributable to equityholders of the group	**104 313**	95 297
Non-controlling interests	**3 801**	3 307
Total equity	**108 114**	98 604
Total equity and liabilities	**1 149 326**	1 059 262

* *In the prior year, provisions were presented in a separate line on the statement of financial position. The prior year has been restated accordingly.*

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – NORMALISED

for the year ended 30 June

	Ordinary share capital and ordinary equityholders' funds				
R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 1 July 2014	56	7 083	**7 139**	(437)	461
Movements relating to the unwind of the share trusts	–	973	**973**	–	–
Net movement relating to the unwind of the share trusts and vesting of shares*	–	(638)	**(638)**	–	–
Shares issued to participants and bought back from unconsolidated trusts**	1	873	**874**	–	–
Share owned by consolidated trusts#	(1)	(1 511)	**(1 512)**	–	–
Other reserve movements relating to the unwind of the share trusts	–	–	**–**	–	–
Reallocation of share-based payment reserve relating to the share trust unwind	–	–	**–**	–	–
Re-issue 35 million shares	–	1 629	**1 629**	–	–
Issue expenses relating to the re-issue of 35 million shares	–	(18)	**(18)**	–	–
Disposal of subsidiaries	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer to general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Total comprehensive income for the year	–	–	**–**	(33)	(271)
Vesting of share-based payments	–	–	**–**	–	–
Balance as at 30 June 2015	56	8 056	**8 112**	(470)	190
Issue of share capital and premium	–	–	**–**	–	–
Proceeds from the issue of share capital	–	–	**–**	–	–
Share issue expenses	–	–	**–**	–	–
Disposal of subsidiaries	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer to general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Total comprehensive income for the year	–	–	**–**	(37)	118
Vesting of share-based payments	–	–	**–**	–	–
Balance as at 30 June 2016	56	8 056	**8 112**	(507)	308

* *The unwind of the share trusts resulted in a net reduction in issued shares of 63 million shares. The 63 million shares are the number of shares bought back from all the trusts and represents the difference between the 151 million shares owned by the consolidated trusts, the 92 million shares vested with the participants and the 4 million shares bought from the unconsolidated trusts.*

** *Relates to 92 million shares which vested with participants of the consolidated trusts less the 4 million shares bought back from the unconsolidated trust based on the original cost of R9.98 per share.*

\# *Relates to the 151 million shares that were owned by the consolidated trusts previously reported as externally issued, based on the original cost of R9.98 per share.*

† *Headline and normalised earnings adjustments are reflected in the movement in other reserves.*

Ordinary share capital and ordinary equityholders' funds								
Share-based payment reserve	Available-for-sale reserve	Foreign currency translation reserve	Other reserves	Retained earnings	**Reserves attributable to ordinary equity-holders**	**NCNR preference shares**	**Non-controlling interests**	**Total equity**
2 482	177	2 352	424	68 992	**74 451**	**4 519**	**3 184**	**89 293**
375	–	–	–	68	**443**	**–**	**–**	**1 416**
–	–	–	–	–	**–**	**–**	**–**	**(638)**
–	–	–	–	–	**–**	**–**	**–**	**874**
–	–	–	–	–	**–**	**–**	**–**	**(1 512)**
–	–	–	–	443	**443**	**–**	**–**	**443**
375	–	–	–	(375)	**–**	**–**	**–**	**–**
–	–	–	–	–	**–**	**–**	**–**	**1 629**
–	–	–	–	–	**–**	**–**	**–**	**(18)**
–	–	–	–	–	**–**	**–**	**(48)**	**(48)**
(606)	–	–	10	(965)†	**(1 561)**	**–**	**(18)**	**(1 579)**
–	–	–	–	(10 724)	**(10 724)**	**–**	**(764)**	**(11 488)**
–	–	–	–	–	**–**	**(310)**	**–**	**(310)**
–	–	–	10	(10)	**–**	**–**	**–**	**–**
–	–	–	–	(28)	**(28)**	**–**	**(149)**	**(177)**
–	(113)	405	(183)	21 286	**21 091**	**310**	**1 102**	**22 503**
(2 230)	–	–	–	1 224	**(1 006)**	**–**	**–**	**(1 006)**
21	64	2 757	261	79 843	**82 666**	**4 519**	**3 307**	**98 604**
–	–	–	–	–	**–**	**–**	**39**	**39**
–	–	–	–	–	**–**	**–**	**24**	**24**
–	–	–	–	–	**–**	**–**	**15**	**15**
–	–	–	–	–	**–**	**–**	**19**	**19**
5	–	–	20	(396)†	**(371)**	**–**	**18**	**(353)**
–	–	–	–	(12 608)	**(12 608)**	**–**	**(761)**	**(13 369)**
–	–	–	–	–	**–**	**(342)**	**–**	**(342)**
–	–	–	18	(18)	**–**	**–**	**–**	**–**
–	–	–	–	(1 077)	**(1 077)**	**–**	**(10)**	**(1 087)**
–	(505)	553	75	22 855	**23 059**	**342**	**1 189**	**24 590**
(17)	–	–	–	30	**13**	**–**	**–**	**13**
9	(441)	3 310	374	88 629	**91 682**	**4 519**	**3 801**	**108 114**

FLOW OF FUNDS ANALYSIS – NORMALISED

R million	**June 2016 vs June 2015 12-month movement**	June 2015 vs June 2014 12-month movement
Sources of funds		
Capital account movement (including profit and reserves)	**9 510**	9 311
Working capital movement	**(445)**	5 353
Short trading positions and derivative financial instruments	**12 392**	4 039
Investments	**(5 104)**	505
Deposits and long-term liabilities	**59 916**	97 801
Total	**76 269**	117 009
Application of funds		
Advances	**(72 234)**	(83 992)
Cash and cash equivalents	**1 264**	(4 811)
Investment securities	**(5 299)**	(28 206)
Total	**(76 269)**	(117 009)

OVERVIEW OF RESULTS

"This performance is very pleasing for a number of reasons. Following five years of outperformance the group continues to show good growth in earnings off a very high base, so given all the economic and regulatory headwinds we face, 8% growth in earnings per share and a 24% ROE is a very good outcome. This performance was also achieved whilst the group is investing heavily in future growth strategies that will ensure outperformance over the longer term. All of this demonstrates the quality of the group's portfolio of businesses, combined with our ability to allocate capital to maximise shareholder returns.

The group has consistently stated that it will not chase earnings growth at the expense of ROE and I believe these results strike an appropriate balance between growth, prudent risk management and investment for the future, whilst ensuring sustainable, premium returns".

JOHAN BURGER
CEO

INTRODUCTION

The impact of Brexit to global financial markets, coupled with the heightened risk aversion it has brought about, has resulted in ever tighter financial conditions globally. This allied with increased economic uncertainty has pushed global growth even lower than had been initially anticipated.

At the same time, South Africa's economy remains fragile due to continuing low domestic growth, which is forecast to prevail over the next few years. This has been further exacerbated by rising unemployment, still high double deficits and the significant foreign ownership of South Africa's bond and equity markets. Low growth combined with weaker balance sheets of some state-owned enterprises (SOEs) has added fiscal risk which is likely to result in a sovereign downgrade by the end of 2016.

The South African consumers' disposable income in certain segments of the market, particularly those exposed to high inflation, remained under pressure.

Across the broader region, certain African countries still face significant growth headwinds as the commodity cycle unwinds.

OVERVIEW OF RESULTS

Despite this challenging economic backdrop, for the year to June 2016 FirstRand's portfolio produced a very resilient performance, growing normalised earnings per share 8% and producing an ROE of 24%.

The table below shows a breakdown of sources of normalised earnings from the operating franchises.

SOURCES OF NORMALISED EARNINGS

R million	**2016**	**% composition**	2015	% composition	% change
FNB	**12 282**	**53**	11 385	53	8
RMB	**6 287**	**28**	5 758	27	9
WesBank	**3 941**	**17**	3 221	15	22
FCC (including Group Treasury) and other*,**	**687**	**3**	1 232	6	(44)
NCNR preference dividend	**(342)**	**(1)**	(310)	(1)	10
Normalised earnings	**22 855**	**100**	21 286	100	7

* *Includes FirstRand Limited (company).*

** *Includes year-on-year negative accounting mismatches primarily reflected in the nominal NII growth of the group.*

Note: The group refined the franchise segmentation of its operations in the rest of Africa to more accurately reflect the respective franchise contributions. Comparative numbers have been restated.

The group's NII increased 13% driven by ongoing growth in advances (9%) and deposits (6%). Whilst margins in many of the asset generating businesses continued to come under pressure from higher term funding and liquidity costs, earnings benefited from the positive endowment effect of an average 68 bps increase in the repo rate for the year.

Group NIR growth of 7% was robust, and especially impressive at FNB given the regulatory impact of interchange. NIR also benefited from RMB's investing activities and knowledge-based fees and WesBank's insurance businesses.

Total operating expenses increased 11% and continue 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% reflects lower variable costs as well as lower share-based payment expenses given the negative movement in the group's share price during the year.

The cost-to-income ratio increased marginally to 51.1% (2015: 50.5%).

As predicted, given the current cycle, the credit impairment ratio increased from 77 bps to 86 bps, which remains below the group's through-the-cycle charge of 100 to 110 bps.

This was driven by:

- the anticipated normalisation of credit experience in the retail portfolios, i.e. mortgages, card and VAF;
- new business strain as a result of strong book growth in unsecured retail portfolios in FNB, linked to cross-sell and up-sell strategies, and in FNB Commercial;
- the tough credit environment in certain African markets, particularly Zambia, Mozambique and Botswana.

As a result, NPLs have increased, however, the overall credit picture remains in line with expectations and reflects both the respective franchise growth strategies and specific origination actions taken in the different segments of the group's customer 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, but has seen robust growth on the back of FNB's strategy to focus on lending to its core transactional customer base.

The performing book coverage ratio of 99 bps reduced marginally from the prior year's 100 bps. This was largely as a result of the partial central overlay release given the previously identified risk manifesting with NPL formation increasing in some of the underlying franchises and products resulting in higher specific impairments.

FRANCHISE PERFORMANCE REVIEW

As outlined in its interim results announcement, FirstRand has adjusted its stated strategic framework to accommodate a broader set of growth opportunities, from a product, market, segment and geographic perspective. The group believes this approach will ensure sustainable and superior returns for shareholders.

FirstRand's portfolio of leading financial services franchises provides a universal set of transactional, lending, investment and insurance products and services. The franchises operate in markets and segments where they can deliver competitive and differentiated client-centric value propositions, leveraging the relevant distribution channels, product skills, licences and operating platforms of the wider group. Strategy is executed on the back of disruptive and innovative thinking, underpinned by an owner-manager culture combined with the disciplined allocation of financial resources.

Execution on this new framework has resulted in a fundamental shift in the way the group utilises its operating platforms. Through the adoption of a "franchise neutral" business model, the customer-facing operating franchises have started to leverage group-wide technology platforms, customer bases, distribution channels, licences and skills.

As covered in the operational reviews below, better utilisation of these resources has enabled the group to protect and further grow its large and very successful lending and transactional franchises. At the same time it has incrementally increased its share of the savings and investment profit pools where it is currently underrepresented, which is a particularly compelling opportunity in the South African market where its brands are market leading and have a proven track record of delivering differentiated and compelling customer value propositions.

Below is a brief overview of the financial and operational performance of the group's major operating franchises.

FNB

FNB represents FirstRand's activities in the retail and commercial segments in South Africa, the broader African continent and India. It is growing its franchise strongly in both existing and new markets on the back of a compelling customer offering that provides a broad range of innovative financial services products. This offering is delivered through efficient and cost effective delivery channels, particularly electronic and digital platforms.

FNB FINANCIAL HIGHLIGHTS

R million	2016	2015	% change
Normalised earnings	**12 282**	11 385	8
Normalised profit before tax	**17 864**	16 536	8
Total assets	**382 732**	350 028	9
Total liabilities	**366 272**	334 956	9
NPLs (%)	**3.03**	2.63	
Credit loss ratio (%)	**1.08**	0.79	
ROE (%)	**38.6**	39.7	
ROA (%)	**3.36**	3.43	
Cost-to-income ratio (%)	**54.0**	54.5	
Advances margin (%)	**3.73**	3.69	

SEGMENT RESULTS

R million	2016	2015	% change
Normalised PBT			
Retail	**10 519**	9 755	8
FNB Africa	**1 297**	1 621	(20)
Commercial	**6 048**	5 160	17
Total FNB	**17 864**	16 536	8

FNB grew pre-tax profits 8% and delivered an ROE of 38.6%. This represents a solid performance from FNB SA (+11%) given the increasing economic and regulatory headwinds the business is currently facing and is testament to the quality of its transactional, lending and liabilities franchises.

This performance was again driven by FNB's ongoing strategy to grow and retain core transactional accounts, use its customer relationships and data analytics to effectively cross-sell and up-sell into the customer base whilst applying disciplined origination strategies and providing innovative transactional and savings products. FNB's cross-sell ratio improved from 2.55 to 2.65.

FNB's overall NII increased 17% driven by growth in both advances (10%) and deposits (12%) and the positive endowment effect from higher interest rates.

The domestic retail lending businesses continued to show good growth on the back of the transactional cross-sell strategy. Despite some new business strain, particularly in unsecured, credit quality remains in line with expectations and credit appetite was tightened in the second half of the year.

Retail deposits again grew above market on the back of ongoing acquisition of core transactional accounts, and further strong momentum in sales of new products. The commercial segment also showed good new customer acquisition supporting advances and deposit growth.

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Deposit growth		Advances growth	
Segments	%	R billion	%	R billion
Retail	**14**	**21.9**	**6**	**14.3**
FNB Africa	**19**	**5.8**	**20**	**7.2**
Commercial	**9**	**14.5**	**15**	**10.1**

The table below shows that FNB's deliberate focus on acquiring and cross-selling to a "sweet spot" transactional retail and commercial customer has continued to generate high quality NII growth.

	Year-on-year growth		
Customer segment	Customer numbers %	Unsecured advances %	Deposits %
Consumer	**4**	**2**	**8**
Premium	**10**	**27**	**18**
Commercial	**14**	**–**	**9**

As expected, bad debts and NPLs are starting to trend up following strong book growth in previous periods and the worsening economic cycle. NPLs in the rest of Africa rose sharply, due to material economic headwinds in the year under review. NPLs in FNB's domestic unsecured books which have seen the strongest growth in new business, are trending in line with expectations and reflect the quality of new business written, appropriate pricing for risk and the effectiveness of FNB's customer segment and sub-segment origination strategies. NPLs were impacted by the adoption of a reclassification of distressed loans in the year under review. When the impact of this reclassification is excluded, total NPLs increased 15% year-on-year.

Overall provisioning levels have remained conservative with some of the overlays being incorporated into the models, in line with expectations. Utilisation of certain overlays will continue into the next financial year as modelled portfolio impairments continue to increase.

FNB's NIR growth of 8% was very robust particularly given the impact of the reduction in interchange fees, which became effective March 2015. Fee and commission income benefited from strong volume growth of 12% with ongoing momentum across the electronic channels, again demonstrating the success of FNB's electronic migration strategy. There was some negative impact from a reduction in cash-related NIR and the cost of rewards (+14%) linked to the e-migration and cross-sell strategy.

Cost growth in the South African business was well contained at 9% with total costs growing 11% on the back of continued investment in the rest of Africa expansion strategy. The cost-to-income ratio decreased marginally to 54% from 54.5%.

Pre-tax profits from FNB's subsidiaries in the rest of Africa declined 20% year-on-year driven by poor performances in Zambia and Mozambique as well as the impact of ongoing investment in Ghana and Tanzania where FNB continued to invest in footprint and product rollout.

With regard to FNB's new initiatives in insurance, over 500 000 policies were sold in the financial year on the new FirstRand Life licence. In terms of investment products, the FNB Horizon Series has been launched to FNB customers incorporating a range of five funds/unit trusts structured off the group's asset management platform to provide an optimal asset mix for certain investment timeframes. Initially sold only through FNB Advisors, R60 million of net flows were attracted in the first month.

RMB

RMB represents the group's activities in the corporate and investment banking segments in South Africa, the broader African continent and India. The business strategy is anchored around its corporate and institutional clients and leverages a market-leading origination franchise to deliver an integrated corporate and investment banking value proposition. This, combined with an expanding market making and distribution product offering, a growing investment management franchise and an excellent track record in private equity investments contributes to a well diversified and sustainable earnings base. This strategy is underpinned by sound risk management, designed to effectively balance the interplay between profit growth, returns and earnings volatility.

RMB FINANCIAL HIGHLIGHTS

R million	2016	2015	% change
Normalised earnings	**6 287**	5 758	9
Normalised profit before tax	**8 918**	8 136	10
Total assets	**435 133**	415 702	5
Total liabilities	**423 322**	405 465	4
Credit loss ratio (%)	**0.27**	0.42	
ROE (%)	**25.2**	24.2	
ROA (%)	**1.45**	1.39	
Cost-to-income ratio (%)	**45.1**	43.9	

RMB produced solid results with pre-tax profits increasing 10% to R8.9 billion and the business delivered an improved ROE of 25.2%. This performance was achieved against a challenging macroeconomic environment and highlights the resilience and diversification of RMB's portfolio of businesses. RMB's balance sheet remains robust, with high quality earnings and solid operational leverage despite platform investments and increasing regulatory and compliance spend.

Whilst RMB's organisational structure continues to be based on its four separate divisions, namely Investment Banking Division (IBD), Global Markets, Private Equity and Corporate Banking, the business is managed on a core activity basis.

In addition, during the year under review, the business model was further refined to more closely reflect the core activity view. All activities relating to the corporate and transactional banking pillar have been grouped in the Corporate Banking business unit. These include the transactional banking, trade and working capital, and global foreign exchange activities, some of which were previously reported in Global Markets. The table below shows the financial performance in a matrix that integrates the amended business unit and core activity views, with comparatives disclosed on page 31. The operational review commentary is on the basis of RMB's core activities.

*BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY**

	Year ended 30 June								
	2016							2015	%
R million	IB&A	C&TB	M&S	INV	IM	Other	Total	Total	change
Normalised PBT									
Global Markets	**–**	**–**	**1 318**	**(24)**	**122**	**–**	**1 416**	1 565	(10)
IBD	**3 565**	**–**	**52**	**125**	**51**	**–**	**3 793**	3 617	5
Private Equity	**–**	**–**	**–**	**2 588**	**–**	**–**	**2 588**	1 861	39
Other RMB	**(300)**	**–**	**–**	**–**	**–**	**(165)**	**(465)**	(264)	(76)
Investment banking	**3 265**	**–**	**1 370**	**2 689**	**173**	**(165)**	**7 332**	6 779	8
Corporate banking	**–**	**1 586**	**–**	**–**	**–**	**–**	**1 586**	1 357	17
Total RMB – 2016	**3 265**	**1 586**	**1 370**	**2 689**	**173**	**(165)**	**8 918**	8 136	10
Total RMB – 2015*	2 801	1 357	1 447	2 423	141	(33)	8 136		
% change	17	17	(5)	11	23	(>100)	10		

Note:

IB&A – investment banking and advisory
C&TB – corporate and transactional banking
M&S – markets and structuring
INV – investing
IM – investment management
** Refer to additional activity disclosure on page 31.*

The investment banking and advisory activities delivered an excellent performance, underpinned by strong fee income on the back of key advisory and underwriting mandates secured. It was achieved despite muted balance sheet growth and margin compression resulting from disciplined financial resource allocation, designed to achieve return profile preservation. Additional proactive provisioning, particularly in the mining, and oil and gas portfolios, has strengthened the portfolio coverage ratio as the corporate sector enters a weaker credit cycle.

Corporate and transactional banking activities produced strong profit growth on the back of greater leveraging of platforms and client bases. Liability-raising initiatives yielded positive results with higher deposit balances and an enhanced liquidity profile. Earnings benefited from increased demand for structured and traditional trade products, whilst the global foreign exchange business profited from currency volatility and increased client flows both locally and in the rest of Africa.

Markets and structuring activities delivered satisfactory results, with standout performance in foreign currency and commodities, benefiting from heightened volatility levels, which drove spreads wider and contributed to increased deal flow. In addition, equity performance was buoyed by higher market volumes and the negative impact of the December events on fixed income reversed in the second half, producing a good result given the levels of liquidity and flow in interest rate markets. Earnings were, however, constrained by a specific credit event related to a client impacted by the foreign exchange volatility, a reduction in structuring activity year-on-year and a decline in liquidity in corporate credit trading activities post December.

Investing activities produced strong growth, aided by a buoyant private equity market, which allowed for large realisations off a high base in the prior year. The quality and diversity of the Ventures and Corvest portfolios contributed to healthy annuity earnings from associates and investment subsidiaries. The unrealised value of the portfolio remains robust at R4.2 billion (2015: R4.9 billion). The strong growth in investing activities from Private Equity was softened by large once-offs earned from principal investment activities in IBD and Global Markets in the prior year.

Investment management activities benefited from a strong performance from fund solutions. This was, however, offset by reduced appetite for credit assets via the group's conduit programmes resulting in lower balance sheet growth and earnings from these platforms.

Unallocated franchise costs, endowment on capital invested, legacy portfolios and RMB Resources are reflected in other activities. The RMB Resources business reported a loss of R188 million, curtailing the loss of R409 million in the prior year, with both the equity and high yield debt portfolios remaining under pressure as a result of the downturn in the commodity cycle. As previously indicated, RMB is exiting these activities and is undertaking an orderly unwind of the portfolio with no new investments.

WesBank

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

WESBANK FINANCIAL HIGHLIGHTS

R million	2016	2015	% change
Normalised earnings	**3 941**	3 221	22
Normalised profit before tax	**5 537**	4 632	20
Total assets	**205 700**	184 822	11
Total liabilities	**200 356**	178 232	12
NPLs (%)	**3.38**	3.23	
Credit loss ratio (%)	**1.58**	1.46	
ROE (%)	**21.8**	21.1	
ROA (%)	**1.99**	1.77	
Cost-to-income ratio (%)	**39.7**	41.5	
Net interest margin (%)	**4.89**	4.77	

WesBank delivered a very strong performance off a high base and in a very tough economic operating environment, producing a 20% (+15% in constant currency) increase in pre-tax profits to R5.5 billion, ROE of 21.8% and a ROA of 1.99%. The increasing level of diversification in WesBank's portfolio of businesses has positioned the franchise well to weather the domestic credit cycle, and deliver more sustainable, less volatile earnings.

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

*BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY**

R million	2016	2015	% change
Normalised PBT			
VAF			
– Retail SA	**2 358**	2 051	15
– MotoNovo (UK)**	**1 360**	937	45
– Corporate and commercial	**401**	278	44
Personal loans	**1 327**	1 271	4
Rest of Africa	**91**	95	(4)
Total WesBank	**5 537**	4 632	20

* *Refer to additional segment disclosure on page 30.*
** *Normalised PBT for MotoNovo (UK) up 22% to GBP 63 million.*

Advances showed solid growth of 10% for the year mainly driven by resilient new business volumes in MotoNovo (UK) and the local VAF portfolios. Year-on-year growth in production in personal loans, however, was impacted by the NCA amendments. Overall new business production was up 16% with VAF and MotoNovo origination volumes up 6% and 36% (in GBP terms), respectively. WesBank's rest of Africa new business production grew 11% off a low base. All new business volumes continue to reflect good quality and the overall risk profile remains in line with current credit appetite.

Interest margins have held up well despite higher funding and liquidity costs and the continued shift in mix from fixed to floating rate business.

As anticipated, bad debts in the local VAF portfolio are trending upwards but remain within through-the-cycle thresholds and WesBank continues to be conservatively provided. NPLs as a percentage of advances are up and remain inflated by the high proportion of restructured debt review accounts, most of which are still paying according to arrangement, have never defaulted or have balances lower than when they entered debt review. Vintage performance continues to be closely monitored.

WesBank's NIR growth of 14% was driven by satisfactory new business volumes in the domestic portfolios, increasing insurance revenues on the back of the MotoVantage acquisitions in late 2015 and a strong performance from MotoNovo.

Operating expenses grew 10%, mainly driven by investment in growth initiatives in MotoNovo, which continues to expand its footprint and product offering in the UK as well as the inclusion of MotoVantage in the current financial year.

During the year, WesBank formalised its long-standing partnership with Hollard through the creation of MotoVantage, which intends to become a significant player in the value-added insurance (VAPS) industry. This has provided opportunities for cross- and up-sell into both the existing and new customer base in the retail VAF portfolio. The ability to blend a number of product offerings will assist in providing more comprehensive solutions to customers in the future.

The acquisition of Regent's insurance and life business by Hollard and Regent's VAPS' business by MotoVantage is well advanced and is anticipated to be concluded during the first half of 2017. This acquisition will further enhance the insurance product offering.

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

SEGMENT ANALYSIS OF NORMALISED EARNINGS

R million	2016	% composition	2015	% composition	% change
Retail	**11 574**	51	10 661	50	9
FNB	**7 927**		7 670		
WesBank	**3 647**		2 991		
Commercial	**4 649**	20	3 945	19	18
FNB	**4 355**		3 715		
WesBank	**294**		230		
Corporate and investment banking	**6 287**	28	5 758	27	9
RMB	**6 287**		5 758		
Other	**345**	1	922	4	(63)
FirstRand and dividends paid on NCNR preference shares	**(342)**		(310)		
FCC (including Group Treasury) and consolidation adjustments	**687**		1 232		
Normalised earnings	**22 855**	100	21 286	100	7

UPDATE ON INVESTMENT MANAGEMENT STRATEGY

The group has an organic strategy to grow its asset management and wealth and investment management franchises.

The group's asset management business, Ashburton Investments (AI) comprises a wide range of funds including single manager, multi manager, index tracking, multi asset, listed equity, specialist equity, listed fixed income, specialist credit, private equity, renewable energy, infrastructure and hedge funds. The structured or guaranteed product solutions are currently delivered through RMB Global Market Fund Solutions amounting to R26 billion.

AI grew AUM 17% year-on-year to R99 billion. Retail funds have shown solid growth over the period, with the credit co-investment fund and segregated credit mandates adding R5 billion in new flows.

Despite a very tough year for global financial markets, investment performance continues to show resilience with the majority of funds delivering performances that placed the funds in the top two quartiles of relative peer groups.

The group's wealth and investment management activities include portfolio management, share trading or stockbroking, share investing and all related investor platform administration capabilities. There are two pillars to the strategy;

- A direct offering of group asset management solutions/funds to FNB client's base, through FNB Advisors, which was launched on 4 July 2016.
- A bespoke offering of tailored portfolio management solutions to FNB's wealth advised clients managed by AI.

Traction has been satisfactory in the period under review. Some highlights include:

- Growth in assets under administration on the LISP platform from R10.5 billion to R13.8 billion, an increase of 31%, with customer numbers on the platform increasing to over 20 000.
- Growth in assets under execution in FNB Securities from R64.8 billion to R67 billion, an increase of 5%.

MANAGEMENT OF FINANCIAL RESOURCES

The management of the group's financial resources which it defines as capital, funding and liquidity, and risk appetite (in all currencies), is critical and supportive to the achievement of FirstRand's stated growth and return targets, and is driven by the group's overall risk appetite.

Forecast growth in both earnings and balance sheet risk weighted assets is based upon the macroeconomic outlook and then evaluated against the financial resources available with the requirements of the providers of capital and regulators also taken into account. The expected outcomes and constraints are then stress tested and the group sets financial and prudential targets through different business cycles and scenarios, thus enabling it to deliver on its commitments to stakeholders at a defined confidence level.

The management of the group's financial resources is executed through Group Treasury and is independent of the operating franchises. This ensures the required level of discipline is applied in the allocation of financial resources and pricing of these resources. This also ensures that Group Treasury's mandate is aligned with the operating franchises' growth, return and volatility targets, in order to deliver shareholder value.

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

Balance sheet strength

Capital position

Current targeted ranges and actual ratios are summarised below.

%	CET1	Tier 1	Total
Regulatory minimum*	6.9	8.1	10.4
Targets	10.0 – 11.0	>12.0	>14.0
Actual**	**13.9**	**14.6**	**16.9**

* *Excluding the bank-specific individual capital requirement and add-on for domestic systemically important banks.*

** *Includes unappropriated profits.*

The group has maintained its strong capital position. Capital planning is undertaken on a three-year forward-looking basis, and the level and composition of capital is determined taking into account business unit organic growth plans and stress-testing scenario outcomes. In addition, the group considers external issues that could impact capital levels, which include regulatory and accounting changes, macroeconomic conditions and future outlook.

The group continues to actively manage capital composition and, to this end, issued approximately R4.9 billion Basel III-compliant Tier 2 instruments in the domestic market during the past 12 months. This resulted in a more efficient capital composition which is closely aligned with the group's internal targets. It remains the group's intention to continue optimising its capital stack by frequently issuing Tier 2 instruments, either in the domestic and/or international markets. This ensures sustainable support for ongoing growth initiatives and also compensates for the haircut applied to Tier 2 instruments which are not compliant with Basel III.

Liquidity position

Taking into account the liquidity risk introduced by its business activities across various currencies, the group's objective is to optimise its funding profile within structural and regulatory constraints to enable its franchises to operate in an efficient and sustainable manner. Liquidity buffers are actively managed via high quality liquid assets that are available as protection against unexpected events or market disruptions. The quantum and composition of the available sources of liquidity are defined by the behavioural funding liquidity at risk and the market liquidity depth of available liquidity resources. In addition, adaptive overlays to liquidity requirements are derived from stress testing and scenario analysis of the cash inflows and outflows related to business franchise activity.

The group exceeds the 70% (2015: 60%) minimum liquidity coverage ratio as set out by the Basel Committee for Banking Supervision (BCBS) with a Liquidity Coverage Ratio (LCR) for the group of 96% (2015: 76%). FirstRand Bank's LCR was 102% (2015: 84%). At 30 June 2016, the group's available HQLA sources of liquidity per the LCR was R157 billion, with an additional R17 billion of management liquidity available.

Regulatory changes

On 18 November 2015, the SARB released a proposed directive related to the Net Stable Funding Ratio (NSFR). The SARB believes that the BCBS calibration does not reflect the actual stability of institutional funding in the SA context, given the significant barriers preventing liquidity from leaving the domestic financial system. It has, therefore, proposed a 35% available stable funding factor for institutional funding less than six months in tenor, compared to 0% under the BCBS framework. It is expected that this change will significantly assist the SA banking sector in meeting the NSFR requirements without severely impacting the economy. FirstRand expects to be fully compliant with NSFR requirements on the new calibration.

DIVIDEND STRATEGY

The group continues to seek to protect shareholders from any unnecessary volatility in dividend and annually assesses the appropriate level of payout taking into account:

- actual performance;
- forward-looking macros;
- demand for capital; and
- potential regulatory and accounting changes.

The outlook on the macroeconomic environment has deteriorated since this time last year and this leads the group to believe the level of dividend payout should continue to be considered within the range of 1.8x to 2.2x. With respect to the current level of capital, the group's fundamental philosophy is to return excess capital to shareholders should it not find appropriate growth opportunities for deployment.

The group continues to believe a sufficient number of opportunities exist to deploy capital in the domestic market and rest of Africa, and will, therefore, continue to set aside a level of discretionary capital to facilitate this deployment.

In summary, given the increased level of forecast risk and volatility combined with the anticipated impact of accounting and further regulatory changes, the group has maintained its dividend cover for the year to June 2016 at 1.8x.

PROSPECTS

Domestic GDP growth is expected to remain low throughout the 2017 financial year. Ongoing political and policy uncertainty, combined with an even more constrained global growth scenario, will continue to pose further downside risk.

Inflation will remain above the top end of the target band for the rest of 2016 year and into 2017 with some further increases in administered pricing anticipated. Whilst the SARB is moving towards the peak of the tightening cycle, event risk remains high.

The rand is expected to remain weak against the USD for the foreseeable future and could weaken further if domestic socio-economic uncertainty intensifies, the Fed hikes US rates aggressively and rating agencies downgrade the foreign currency sovereign rating by more than one notch.

Rest of Africa GDP is expected to average around 2.5% – 4% over the near term. Downside risks include the impact of Brexit, slowing Chinese trend growth along with a rebalancing of its growth dynamic away from resource intensive investment towards consumption. This will continue to weigh on the outlook for commodity prices. Dollar strength poses a challenge to countries that have high levels of foreign debt.

Against these short- to medium-term challenges, both domestic and regional, FirstRand expects credit growth to remain subdued, particularly as the origination businesses also continue to cut appetite in higher risk segments. Volumes in the transactional activities are expected to remain resilient despite lower economic activity mainly on the back of the leading market positions the franchises enjoy. Ongoing innovation in product and channel rollout will support this, as will the acquisition of new customers and cross-sell.

The group remains committed to growing economic profits on a sustainable basis and will continue to only allocate capital to growth initiatives that maximise returns. It remains confident that the quality of its portfolio of businesses, the strength of its balance sheet, ongoing discipline in resource allocation and the strategies it is currently investing in will ensure ongoing growth and superior returns to its shareholders.

EVENTS AFTER THE REPORTING PERIOD (AUDITED)

Acquisition of insurance policies

FirstRand Insurance Holdings Proprietary Limited, through FNB, has entered into a contract to acquire a portfolio of insurance contracts from MMI Holdings Limited (MMI) during the first half of the 2017 financial year for a consideration of approximately R92 million. This portfolio relates to policies where the group currently earns income in terms of a third party cell arrangement. As the group now has an insurance licence, these policies will be underwritten by the group and the third party cell agreement cancelled.

Acquisition of subsidiaries providing value added and insurance products

The acquisition of Regent's insurance and life business by Hollard and Regent's VAPS by MotoVantage, a WesBank subsidiary of FirstRand Investment Holdings Proprietary Limited, is well advanced and should be concluded by 31 December 2016. The total consideration is expected to be R591 million.

BOARD CHANGES

The following changes to the board of directors have taken place.

Appointments		**Effective date**
JP Burger	Chief executive officer	1 October 2015
AP Pullinger	Deputy chief executive officer and executive director	1 October 2015
PJ Makosholo	Non-executive director	1 October 2015
F Knoetze	Non-executive director	1 April 2016

Resignations		**Effective date**
SE Nxasana	Chief executive officer and executive director	30 September 2015
KB Schoeman	Non-executive director	30 September 2015
L Crouse	Non-executive director	31 March 2016

DIVIDENDS

Ordinary shares

The following ordinary cash dividends were declared in respect of the 2016 financial year.

	Year ended 30 June	
Cents per share	**2016**	2015
Interim (declared 7 March 2016)	**108.0**	93.0
Final (declared 7 September 2016)	**118.0**	117.0
	226.0	210.0

The salient dates for the final dividend are as follows:

Last day to trade cum-dividend	Tuesday 4 October 2016
Shares commence trading ex-dividend	Wednesday 5 October 2016
Record date	Friday 7 October 2016
Payment date	Monday 10 October 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 October 2016 and Friday, 7 October 2016, both days inclusive.

For shareholders who are subject to dividend withholding tax (DWT), tax will be calculated at 15% (or such lower rate if a double taxation agreement applies for foreign shareholders).

For South African shareholders who are subject to DWT, the net final dividend after deducting 15% tax will be 100.30000 cents per share.

The issued share capital on the declaration date was 5 609 488 001 ordinary shares and 45 000 000 variable rate NCNR B preference shares.

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

B preference shares

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

DIVIDENDS DECLARED AND PAID

	Preference dividends	
Cents per share	**2016**	**2015**
Period:		
26 August 2014 – 23 February 2015		348.5
24 February 2015 – 31 August 2015		363.9
1 September 2015 – 29 February 2016	**366.5**	
1 March 2016 – 29 August 2016	**394.7**	

LL Dippenaar	**JP Burger**	**C Low**
Chairman	CEO	Company secretary

7 September 2016

SEGMENT REPORT

for the year ended 30 June 2016

	FNB							
	Retail							
R million	Residential mortgages	Card	Personal loans	Retail other	Retail	Commercial	FNB Africa**	Total FNB
Net interest income before impairment of advances	3 722	2 305	2 583	5 924	**14 534**	7 648	2 730	**24 912**
Impairment of advances	(387)	(565)	(1 078)	(755)	**(2 785)**	(397)	(553)	**(3 735)**
Net interest income after impairment of advances	3 335	1 740	1 505	5 169	**11 749**	7 251	2 177	**21 177**
Non-interest revenue	531	1 591	829	10 477	**13 428**	6 506	3 297	**23 231**
Income from operations	3 866	3 331	2 334	15 646	**25 177**	13 757	5 474	**44 408**
Operating expenses	(1 705)	(1 966)	(1 046)	(9 551)	**(14 268)**	(7 679)	(4 056)	**(26 003)**
Net income from operations	2 161	1 365	1 288	6 095	**10 909**	6 078	1 418	**18 405**
Share of profit of associates and joint ventures after tax	–	–	–	(9)	**(9)**	6	1	**(2)**
Income before tax	2 161	1 365	1 288	6 086	**10 900**	6 084	1 419	**18 403**
Indirect tax	(13)	(49)	(18)	(301)	**(381)**	(36)	(122)	**(539)**
Profit for the year before tax	2 148	1 316	1 270	5 785	**10 519**	6 048	1 297	**17 864**
Income tax expense	(601)	(368)	(356)	(1 620)	**(2 945)**	(1 693)	(491)	**(5 129)**
Profit for the year	1 547	948	914	4 165	**7 574**	4 355	806	**12 735**
Attributable to								
Ordinary equityholders	1 547	948	914	4 165	**7 574**	4 355	353	**12 282**
NCNR preference shareholders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	453	**453**
Profit for the year	1 547	948	914	4 165	**7 574**	4 355	806	**12 735**
Attributable earnings to ordinary shareholders	1 547	948	914	4 165	**7 574**	4 355	353	**12 282**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 547	948	914	4 165	**7 574**	4 355	353	**12 282**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
IFRS 2 share-based payment expense	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity subsidiary realisations	–	–	–	–	**–**	–	–	**–**
Normalised earnings*	1 547	948	914	4 165	**7 574**	4 355	353	**12 282**

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

* *Normalised earnings for FNB, RMB and WesBank exclude the return of capital in the rest of Africa, cost of preference shares and other capital and, therefore, differ from franchise normalised earnings reported on page 95.*

** *Includes FNB's activities in India.*

Refer to additional activity disclosure on page 31.

† *Refer to additional segmental information on page 30.*

RMB#							
Investment banking	Corporate banking	Total RMB#	WesBank†	FCC (including Group Treasury) and other	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
4 230	1 973	6 203	10 176	2 439	43 730	(1 689)	42 041
(551)	(162)	(713)	(3 006)	295	(7 159)	257	(6 902)
3 679	1 811	5 490	7 170	2 734	36 571	(1 432)	35 139
7 669	2 234	9 903	4 084	(2 229)	34 989	1 688	36 677
11 348	4 045	15 393	11 254	505	71 560	256	71 816
(5 555)	(2 450)	(8 005)	(5 781)	(1 153)	(40 942)	(715)	(41 657)
5 793	1 595	7 388	5 473	(648)	30 618	(459)	30 159
1 632	–	1 632	303	(480)	1 453	3	1 456
7 425	1 595	9 020	5 776	(1 128)	32 071	(456)	31 615
(93)	(9)	(102)	(239)	(48)	(928)	–	(928)
7 332	1 586	8 918	5 537	(1 176)	31 143	(456)	30 687
(2 067)	(444)	(2 511)	(1 545)	2 401	(6 784)	172	(6 612)
5 265	1 142	6 407	3 992	1 225	24 359	(284)	24 075
5 233	1 054	6 287	3 941	345	22 855	(292)	22 563
–	–	–	–	342	342	–	342
32	88	120	51	538	1 162	8	1 170
5 265	1 142	6 407	3 992	1 225	24 359	(284)	24 075
5 233	1 054	6 287	3 941	345	22 855	(292)	22 563
–	–	–	–	–	–	(176)	(176)
5 233	1 054	6 287	3 941	345	22 855	(468)	22 387
–	–	–	–	–	–	494	494
–	–	–	–	–	–	–	–
–	–	–	–	–	–	(6)	(6)
–	–	–	–	–	–	(102)	(102)
–	–	–	–	–	–	82	82
5 233	1 054	6 287	3 941	345	22 855	–	22 855

Segment report for the year ended 30 June 2016 *continued*

	FNB							
	Retail							
R million	Residential mortgages	Card	Personal loans	Retail other	**Retail**	Commercial	FNB Africa**	**Total FNB**
Cost-to-income ratio (%)	40.1	50.5	30.7	58.3	**51.0**	54.2	67.3	**54.0**
Diversity ratio (%)	12.5	40.8	24.3	63.9	**48.0**	46.0	54.7	**48.3**
Credit loss ratio (%)	0.21	2.73	7.20	5.66	**1.20**	0.55	1.38	**1.08**
NPLs as a percentage of advances (%)	2.46	3.46	6.81	5.49	**3.03**	2.49	4.04	**3.03**
Consolidated income statement includes								
Depreciation	(6)	(5)	(5)	(1 346)	**(1 362)**	(33)	(221)	**(1 616)**
Amortisation	–	–	–	(19)	**(19)**	–	(8)	**(27)**
Net impairment charges	–	–	–	3	**3**	–	(53)	**(50)**
Statement of financial position includes								
Advances (after ISP – before impairments)	187 806	21 968	16 090	14 344	**240 208**	77 239	43 609	**361 056**
– Normal advances	187 806	21 968	16 090	14 344	**240 208**	77 239	43 609	**361 056**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
– Credit related assets	–	–	–	–	**–**	–	–	**–**
NPLs net of ISP	4 628	759	1 095	787	**7 269**	1 922	1 763	**10 954**
Investments in associated companies	–	–	–	237	**237**	–	5	**242**
Investments in joint ventures	–	–	–	–	**–**	6	–	**6**
Total deposits (including non-recourse deposits)	131	1 557	2	178 460	**180 150**	167 399	37 180	**384 729**
Total assets	186 493	21 229	14 774	34 194	**256 690**	76 825	49 217	**382 732**
Total liabilities*	185 914	20 575	14 207	22 953	**243 649**	73 314	49 309	**366 272**
Capital expenditure	3	5	2	2 091	**2 101**	62	2 093	**4 256**

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

* *Total liabilities are net of interdivisional balances.*

** *Includes FNB's activities in India.*

Refer to additional activity disclosure on page 31.

† *Refer to additional segmental information on page 30.*

RMB#							
Investment banking	Corporate banking	Total RMB#	WesBank†	FCC (including Group Treasury) and other	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
41.1	58.2	**45.1**	**39.7**	>100	**51.1**	–	**52.0**
68.7	53.1	**65.0**	**30.1**	(>100)	**45.5**	–	**47.6**
0.25	0.45	**0.27**	**1.58**	(0.04)	**0.86**	–	**0.87**
1.50	0.36	**1.35**	**3.38**	–	**2.45**	–	**2.59**
(218)	(5)	**(223)**	**(535)**	67	**(2 307)**	(99)	**(2 406)**
(14)	–	**(14)**	**(62)**	(1)	**(104)**	(4)	**(108)**
22	(3)	**19**	**(107)**	18	**(120)**	(5)	**(125)**
229 233	36 170	**265 403**	**200 015**	41 508	**867 982**	(46 265)	**821 717**
221 465	36 170	**257 635**	**177 334**	6 570	**802 595**	(3 559)	**799 036**
–	–	**–**	**22 681**	–	**22 681**	–	**22 681**
7 768	–	**7 768**	**–**	34 938	**42 706**	(42 706)	**–**
3 440	130	**3 570**	**6 758**	–	**21 282**	–	**21 282**
2 744	–	**2 744**	**1 983**	(5)	**4 964**	–	**4 964**
1 305	–	**1 305**	**–**	(17)	**1 294**	50	**1 344**
111 173	123 679	**234 852**	**62**	300 287	**919 930**	–	**919 930**
395 822	39 311	**435 133**	**205 700**	125 761	**1 149 326**	(49)	**1 149 277**
385 887	37 435	**423 322**	**200 356**	51 262	**1 041 212**	–	**1 041 212**
176	5	**181**	**1 454**	12	**5 903**	–	**5 903**

SEGMENT REPORT
for the year ended 30 June 2015

	FNB							
	Retail							
R million	Residential mortgages	Card	Personal loans	Retail other	Retail	Commercial	FNB Africa**	Total FNB
Net interest income before impairment of advances	3 548	1 856	2 232	4 800	**12 436**	6 455	2 465	**21 356**
Impairment of advances	(111)	(191)	(715)	(742)	**(1 759)**	(366)	(359)	**(2 484)**
Net interest income after impairment of advances	3 437	1 665	1 517	4 058	**10 677**	6 089	2 106	**18 872**
Non-interest revenue	486	1 436	757	10 073	**12 752**	6 020	2 824	**21 596**
Income from operations	3 923	3 101	2 274	14 131	**23 429**	12 109	4 930	**40 468**
Operating expenses	(1 689)	(1 772)	(916)	(8 918)	**(13 295)**	(6 910)	(3 225)	**(23 430)**
Net income from operations	2 234	1 329	1 358	5 213	**10 134**	5 199	1 705	**17 038**
Share of profit of associates and joint ventures after tax	–	–	–	18	**18**	–	1	**19**
Income before tax	2 234	1 329	1 358	5 231	**10 152**	5 199	1 706	**17 057**
Indirect tax	(35)	(44)	(18)	(300)	**(397)**	(39)	(85)	**(521)**
Profit for the year before tax	2 199	1 285	1 340	4 931	**9 755**	5 160	1 621	**16 536**
Income tax expense	(616)	(360)	(375)	(1 381)	**(2 732)**	(1 445)	(540)	**(4 717)**
Profit for the year	1 583	925	965	3 550	**7 023**	3 715	1 081	**11 819**
Attributable to								
Ordinary equityholders	1 583	925	965	3 550	**7 023**	3 715	647	**11 385**
NCNR preference shareholders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	434	**434**
Profit for the year	1 583	925	965	3 550	**7 023**	3 715	1 081	**11 819**
Attributable earnings to ordinary shareholders	1 583	925	965	3 550	**7 023**	3 715	647	**11 385**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 583	925	965	3 550	**7 023**	3 715	647	**11 385**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
IFRS 2 share-based payment expense	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity subsidiary realisations	–	–	–	–	**–**	–	–	**–**
Normalised earnings*	1 583	925	965	3 550	**7 023**	3 715	647	**11 385**

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

* *Normalised earnings for FNB, RMB and WesBank exclude the return of capital in the rest of Africa, cost of preference shares and other capital and, therefore, differ from franchise normalised earnings reported on page 95.*

** *Includes FNB's activities in India.*

Refer to additional activity disclosure on page 31.

† *Refer to additional segmental information on page 30.*

RMB#							
Investment banking	Corporate banking	Total RMB#	WesBank†	FCC (including Group Treasury) and other	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
4 189	1 582	5 771	8 737	2 746	38 610	(2 989)	35 621
(852)	(175)	(1 027)	(2 542)	266	(5 787)	637	(5 150)
3 337	1 407	4 744	6 195	3 012	32 823	(2 352)	30 471
7 037	2 051	9 088	3 584	(1 559)	32 709	4 712	37 421
10 374	3 458	13 832	9 779	1 453	65 532	2 360	67 892
(5 115)	(2 117)	(7 232)	(5 251)	(827)	(36 740)	(1 952)	(38 692)
5 259	1 341	6 600	4 528	626	28 792	408	29 200
1 607	–	1 607	342	(469)	1 499	40	1 539
6 866	1 341	8 207	4 870	157	30 291	448	30 739
(87)	16	(71)	(238)	(54)	(884)	–	(884)
6 779	1 357	8 136	4 632	103	29 407	448	29 855
(1 898)	(380)	(2 278)	(1 270)	1 639	(6 626)	(105)	(6 731)
4 881	977	5 858	3 362	1 742	22 781	343	23 124
4 846	912	5 758	3 221	922	21 286	337	21 623
–	–	–	–	310	310	–	310
35	65	100	141	510	1 185	6	1 191
4 881	977	5 858	3 362	1 742	22 781	343	23 124
4 846	912	5 758	3 221	922	21 286	337	21 623
–	–	–	–	–	–	(482)	(482)
4 846	912	5 758	3 221	922	21 286	(145)	21 141
–	–	–	–	–	–	(34)	(34)
–	–	–	–	–	–	75	75
–	–	–	–	–	–	25	25
–	–	–	–	–	–	(107)	(107)
–	–	–	–	–	–	186	186
4 846	912	5 758	3 221	922	21 286	–	21 286

Segment report for the year ended 30 June 2015 *continued*

R million	FNB							
	Retail							
	Residential mortgages	Card	Personal loans	Retail other	**Retail**	Commercial	FNB Africa**	**Total FNB**
Cost-to-income ratio (%)	41.9	53.8	30.6	59.9	**52.7**	55.4	61.0	**54.5**
Diversity ratio (%)	12.0	43.6	25.3	67.8	**50.7**	48.3	53.4	**50.3**
Credit loss ratio (%)	0.06	1.08	5.42	6.81	**0.81**	0.58	1.05	**0.79**
NPLs as a percentage of advances (%)	2.54	2.09	4.91	4.10	**2.73**	2.18	2.80	**2.63**
Consolidated income statement includes								
Depreciation	(6)	(5)	(1)	(1 175)	**(1 187)**	(24)	(160)	**(1 371)**
Amortisation	–	–	–	(2)	**(2)**	–	(9)	**(11)**
Net impairment charges	–	–	–	(4)	**(4)**	–	–	**(4)**
Statement of financial position includes								
Advances (after ISP – before impairments)	180 208	19 488	13 856	12 314	**225 866**	67 166	36 363	**329 395**
– Normal advances	180 208	19 488	13 856	12 314	**225 866**	67 166	36 363	**329 395**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
– Credit related assets	–	–	–	–	**–**	–	–	**–**
NPLs net of ISP	4 585	407	680	505	**6 177**	1 466	1 019	**8 662**
Investments in associated companies	–	–	–	246	**246**	–	4	**250**
Investments in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	155	1 467	1	156 676	**158 299**	152 912	31 350	**342 561**
Total assets	179 092	18 895	12 787	31 288	**242 062**	66 697	41 269	**350 028**
Total liabilities*	178 313	18 171	12 120	21 812	**230 416**	63 649	40 891	**334 956**
Capital expenditure	–	3	7	2 637	**2 647**	32	1 467	**4 146**

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

* *Total liabilities are net of interdivisional balances.*

** *Includes FNB's activities in India.*

\# *Refer to additional activity disclosure on page 31.*

† *Refer to additional segmental information on page 30.*

RMB#							
Investment banking	Corporate banking	Total RMB#	WesBank†	FCC (including Group Treasury) and other	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
39.9	58.3	43.9	41.5	>100	50.5	–	51.9
67.4	56.5	65.0	31.0	(>100)	47.0	–	52.2
0.40	0.52	0.42	1.46	(0.04)	0.77	–	0.71
1.21	0.99	1.18	3.23	–	2.21	–	2.29
(102)	(5)	(107)	(481)	(30)	(1 989)	(104)	(2 093)
(12)	–	(12)	(70)	(5)	(98)	(4)	(102)
–	(2)	(2)	(27)	(55)	(88)	(9)	(97)
220 232	35 408	255 640	181 466	27 463	793 964	(31 368)	762 596
209 076	35 408	244 484	165 406	10 606	749 891	(3 355)	746 536
–	–	–	16 060	–	16 060	–	16 060
11 156	–	11 156	–	16 857	28 013	(28 013)	–
2 675	352	3 027	5 862	–	17 551	(50)	17 501
3 802	–	3 802	1 735	(6)	5 781	–	5 781
1 249	–	1 249	–	(15)	1 234	48	1 282
113 128	117 130	230 258	53	292 649	865 521	–	865 521
376 355	39 347	415 702	184 822	108 710	1 059 262	4	1 059 266
367 760	37 705	405 465	178 232	42 005	960 658	4	960 662
334	4	338	1 021	11	5 516	–	5 516

ADDITIONAL SEGMENTAL DISCLOSURE – WESBANK

	Year ended 30 June 2016					
	VAF					
	Retail					
R million	South Africa	MotoNovo (UK)	Corporate and commercial	Personal loans	Rest of Africa	Total WesBank
NII before impairment of advances	**4 457**	**2 472**	**692**	**2 247**	**308**	**10 176**
Impairment of advances	**(1 377)**	**(571)**	**(24)**	**(975)**	**(59)**	**(3 006)**
Normalised profit before tax	**2 358**	**1 360**	**401**	**1 327**	**91**	**5 537**
Normalised earnings	**1 675**	**979**	**294**	**955**	**38**	**3 941**
Advances	**99 702**	**50 223**	**29 928**	**11 870**	**8 292**	**200 015**
– Normal advances	**98 378**	**28 866**	**29 928**	**11 870**	**8 292**	**177 334**
– Securitised advances	**1 324**	**21 357**	**–**	**–**	**–**	**22 681**
NPLs	**4 882**	**247**	**322**	**1 128**	**179**	**6 758**
Advances margin (%)	**3.79**	**5.53**	**2.40**	**19.52**	**4.11**	**4.89**
NPLs (%)	**4.90**	**0.49**	**1.08**	**9.50**	**2.16**	**3.38**
Credit loss ratio (%)	**1.39**	**1.35**	**0.08**	**8.73**	**0.75**	**1.58**

	Year ended 30 June 2015					
	VAF					
	Retail					
R million	South Africa	MotoNovo (UK)	Corporate and commercial	Personal loans	Rest of Africa	Total WesBank
NII before impairment of advances	4 143	1 543	721	2 020	310	8 737
Impairment of advances	(1 219)	(278)	(154)	(833)	(58)	(2 542)
Normalised profit before tax	2 051	937	278	1 271	95	4 632
Normalised earnings	1 477	675	230	816	23	3 221
Advances	98 131	34 612	30 881	10 477	7 365	181 466
– Normal advances	95 760	20 923	30 881	10 477	7 365	165 406
– Securitised advances	2 371	13 689	–	–	–	16 060
NPLs	4 162	151	463	909	177	5 862
Advances margin (%)	3.72	5.86	2.56	19.60	4.20	4.77
NPLs (%)	4.24	0.44	1.50	8.68	2.40	3.23
Credit loss ratio (%)	1.25	0.97	0.50	8.49	0.82	1.46

ADDITIONAL ACTIVITY DISCLOSURE – RMB

Normalised PBT *R million*	Period ended June 2016						
	IB&A	C&TB	M&S	INV	IM	Other	Total
Global Markets	**–**	**–**	**1 318**	**(24)**	**122**	**–**	**1 416**
IBD	**3 565**	**–**	**52**	**125**	**51**	**–**	**3 793**
Private Equity	**–**	**–**	**–**	**2 588**	**–**	**–**	**2 588**
Other RMB	**(300)**	**–**	**–**	**–**	**–**	**(165)**	**(465)**
Investment banking	**3 265**	**–**	**1 370**	**2 689**	**173**	**(165)**	**7 332**
Corporate banking	**–**	**1 586**	**–**	**–**	**–**	**–**	**1 586**
Total RMB	**3 265**	**1 586**	**1 370**	**2 689**	**173**	**(165)**	**8 918**

Normalised PBT *R million*	Period ended June 2015						
	IB&A	C&TB	M&S	INV	IM	Other	Total
Global Markets	–	–	1 380	117	68	–	1 565
IBD	3 030	–	67	447	73	–	3 617
Private Equity	2	–	–	1 859	–	–	1 861
Other RMB	(231)	–	–	–	–	(33)	(264)
Investment banking	2 801	–	1 447	2 423	141	(33)	6 779
Corporate banking	–	1 357	–	–	–	–	1 357
Total RMB	2 801	1 357	1 447	2 423	141	(33)	8 136

Note:

IB&A – investment banking and advisory
C&TB – corporate and transactional banking
M&S – markets and structuring
INV – investing
IM – investment management

income statement analysis

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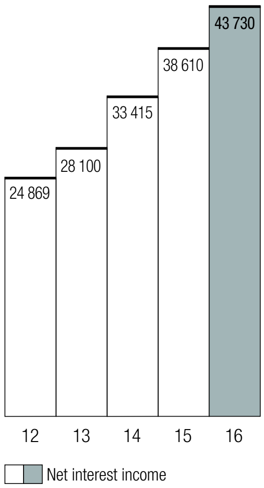
NET INTEREST INCOME (BEFORE IMPAIRMENT OF ADVANCES) – UP 13%

NET INTEREST INCOME

R million

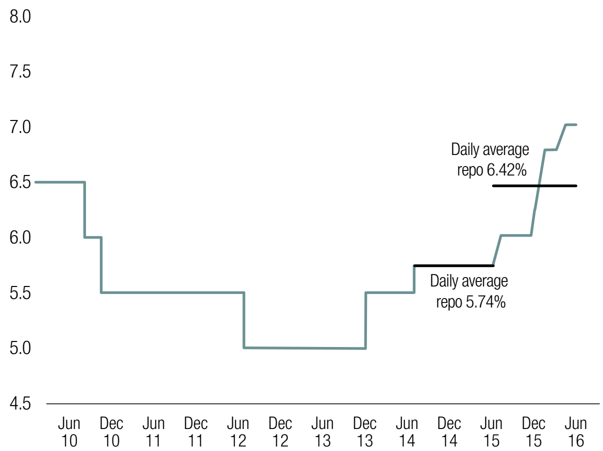
CAGR 15%



Note: 2013 to 2016 figures have been prepared in terms of IFRS 10 and 11, and the revised IAS 19.

REPO RATE

%



Note: R163 billion = average endowment book for the year. Rates were higher by 68 bps on average in the current year, which translates into a positive endowment impact of approximately R1 105 million.

MARGIN CASCADE TABLE

Percentage of average interest-earning banking assets	%
June 2015 normalised margin*	**5.16**
Capital and endowment benefit	**0.21**
Advances	**0.08**
– Change in balance sheet mix	**0.07**
– Asset pricing	**0.01**
Liabilities	**(0.11)**
– Change in balance sheet mix (deposits)	**0.01**
– Term funding cost	**(0.07)**
– Deposit pricing	**(0.05)**
Group Treasury and other movements	**(0.06)**
– MTM vs accrual on term issuance in professional funding	**(0.03)**
– Increase in HQLA	**(0.05)**
– Other accounting mismatches and interest rate risk hedges	**0.02**
June 2016 normalised margin	**5.28**

* *The prior year margin has been restated due to Africa segmentation process finalised in the current year.*

ACTIVITY ANALYSIS OF NET INTEREST INCOME BEFORE IMPAIRMENT OF ADVANCES

	Year ended 30 June		
R million	**2016**	2015	% change
Net interest income			
Lending	**19 002**	17 461	9
Transactional*	**12 745**	10 082	26
Deposits	**2 794**	2 441	14
Capital endowment	**5 104**	3 893	31
FNB Africa**	**2 730**	2 465	11
Group Treasury	**730**	1 594	(54)
Other (negative endowment, e.g. fixed assets)	**625**	674	(7)
Total net interest income	**43 730**	38 610	13

* *Includes NII related to credit cards, overdrafts and transactional deposit products, and deposit endowment.*

** *This includes FNB operations in Africa only.*

KEY DRIVERS

- Positive endowment effect from the 25 bps increases in the repo rate in July and November 2015 and March 2016, and 50 bps in January 2016 (an average increase of 68 bps in the repo rate for the year).
- Higher capital levels further underpinned NII growth.
- Strong advances and deposit growth of 9% and 6%, respectively, boosted NII.
- An increase in FNB margins mainly due to endowment on increased deposit base. Advances growth and repricing benefits in card, retail overdrafts and FNB loans, were, to some extent, offset by higher funding and liquidity costs.
- WesBank's margins increased as a result of the change in mix of the advances portfolio and strong book growth in MotoNovo (UK), offset by an increase in funding and liquidity costs, and increased market pricing competitiveness.
- Investment banking advances margins were negatively impacted by higher term funding and liquidity costs as well as competitive pricing pressure locally and internationally, resulting in constrained long-term asset and margin growth.
- A decrease of R74 million (2015: R77 million increase) in the dollar funding carry costs relating to excess dollar liquidity, impacted by the deployment of a portion of the funding of assets during the current year.
- R319 million (2015: R196 million) positive mark-to-market movement in the non-hedge accounted interest rate risk management hedge positions. These will pull to par in future periods.
- A reduction of R282 million in the mark-to-market movements (2015: positive R347 million) on fair value term funding instruments due to movements in the domestic yield curve. These movements will reverse over the duration of the underlying instruments. These are long-dated instruments.
- With the liquidity coverage ratio (LCR) becoming a prudential regulatory requirement from 1 January 2015, higher holdings of HQLA resulted in lower interest margins in the group.

AVERAGE BALANCE SHEET

		June 2016			June 2015‡		
R million	Notes	Average balance#,†	Interest income/ (expense)	Average rate %	Average balance	Interest income/ (expense)	Average rate %
INTEREST-EARNING ASSETS							
Average prime rate (RSA)				**9.92**			9.24
Balances with central banks		**21 030**	**–**	**–**	20 046	–	–
Cash and cash equivalents		**15 663**	**435**	**2.78**	17 087	421	2.46
Liquid assets portfolio		**95 302**	**6 948**	**7.29**	68 272	4 820	7.06
Loans and advances to customers	1	**696 513**	**72 972**	**10.48**	642 209	63 270	9.85
Interest-earning assets		**828 508**	**80 355**	**9.70**	747 617	68 511	9.16
INTEREST-BEARING LIABILITIES							
Average JIBAR				**6.59**			6.05
Deposits due to customers	2	**(493 913)**	**(19 744)**	**4.00**	(442 382)	(15 863)	3.59
Group Treasury funding		**(288 204)**	**(18 128)**	**6.29**	(261 343)	(15 419)	5.90
Interest-bearing liabilities		**(782 117)**	**(37 872)**	**4.84**	(703 725)	(31 282)	4.45
ENDOWMENT AND TRADING BOOK							
Other assets*		**204 452**	**–**	**–**	168 824	–	–
Other liabilities**		**(149 940)**	**–**	**–**	(123 886)	–	–
NCNR preference shareholders		**(4 519)**	**–**	**–**	(4 519)	–	–
Equity		**(96 384)**	**–**	**–**	(84 308)	–	–
Endowment and trading book		**(46 391)**	**1 247**	**(2.69)**	(43 889)	1 381	(3.15)
Total interest-bearing liabilities, endowment and trading book		**(828 508)**	**(36 625)**	**4.42**	(747 614)	(29 901)	4.00
Net interest margin on average interest-earning assets		**828 508**	**43 730**	**5.28**	747 614	38 610	5.16

Interest income is the gross interest received on assets and interest expense is the gross interest paid on liabilities.
* *Includes preference share advances, trading assets and securitisation notes.*
** *Includes trading liabilities.*
# *Includes level 1 HQLA.*
† *Includes level 2 HQLA and corporate bonds not qualifying as HQLA.*
‡ *2015 numbers have been restated due to the Africa segmentation that was finalised in the current year.*

NOTE 1 – MARGIN ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS

	June 2016		June 2015#	
R million	Average balance	Average margin %	Average balance	Average margin %
Average prime rate (RSA)		**9.92**		9.24
ADVANCES				
Retail – secured	**333 509**	**2.89**	306 619	2.81
Residential mortgages	**185 354**	**1.73**	175 751	1.77
VAF	**148 155**	**4.33**	130 868	4.19
Retail – unsecured	**61 469**	**12.56**	52 094	12.42
Card	**21 194**	**9.63**	17 732	9.10
Personal loans	**26 237**	**17.07**	22 947	17.08
– FNB loans	**15 204**	**15.29**	13 233	15.24
– WesBank loans	**11 033**	**19.52**	9 714	19.60
Overdrafts	**14 038**	**8.55**	11 415	8.21
Corporate and commercial	**261 249**	**2.30**	249 882	2.37
FNB commercial	**70 804**	**3.53**	60 918	3.70
– Mortgages	**16 776**	**2.49**	14 580	2.62
– Overdrafts	**25 808**	**4.53**	21 840	4.87
– Term loans	**28 220**	**3.24**	24 498	3.30
WesBank corporate	**34 184**	**2.56**	33 654	2.75
RMB investment banking*	**124 387**	**1.63**	127 088	1.80
RMB corporate banking	**31 874**	**1.95**	28 222	1.67
FNB Africa**	**40 286**	**4.13**	33 614	4.72
Total advances	**696 513**	**3.59**	642 209	3.52

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

* *Assets under agreements to resell and preference share advances are excluded from loans and advances to customers.*
** *This includes the FNB operations in Africa only.*
# *2015 margins have been restated due to segmentation and a revised approach.*

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

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

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

NOTE 2 – MARGIN ANALYSIS ON DEPOSITS DUE TO CUSTOMERS

	June 2016		June 2015**	
R million	Average balance	Average margin %	Average balance	Average margin %
Average prime rate (RSA)		**9.92**		9.24
DEPOSITS				
Retail	**153 868**	**3.00**	134 941	2.86
Current and savings	**52 016**	**6.37**	47 393	5.59
Call	**2 633**	**3.01**	2 928	2.84
Money market	**35 457**	**1.51**	29 164	1.65
Term	**63 762**	**1.07**	55 456	1.15
Commercial	**159 720**	**2.80**	141 837	2.57
Current and savings	**59 722**	**5.56**	53 758	4.94
Call	**39 072**	**1.35**	35 235	1.29
Money market	**21 164**	**2.10**	19 381	2.01
Term	**39 762**	**0.45**	33 463	0.46
Corporate and investment banking	**145 649**	**0.92**	131 719	0.64
Current and savings	**60 638**	**1.51**	52 160	1.26
Call	**39 004**	**0.58**	43 230	0.21
Term	**46 007**	**0.43**	36 329	0.26
FNB Africa*	**34 676**	**2.84**	33 885	3.12
Total deposits	**493 913**	**2.31**	442 382	2.12

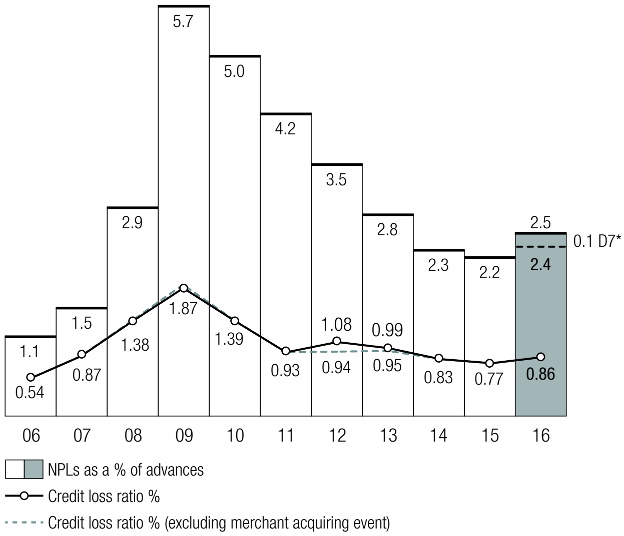
Average balances are daily averages for FNB and WesBank, and monthly averages for RMB.

* *This includes FNB operations in Africa only.*

** *2015 margins have been restated due to segmentation.*

CREDIT HIGHLIGHTS

NPLs AND IMPAIRMENT HISTORY



* *Further information is on page 40.*

	Year ended 30 June		
R million	**2016**	2015	% change
Total gross advances – including credit-related assets*	**867 982**	793 964	9
NPLs – including credit-related assets	**21 282**	17 551	21
NPLs as a % of advances – including credit-related assets	**2.45**	2.21	
Impairment charge – including credit-related assets	**7 159**	5 787	24
Impairment charge as a % of average advances – including credit-related assets	**0.86**	0.77	
Total impairments*	**16 577**	14 793	12
– Portfolio impairments	**8 359**	7 760	8
– Specific impairments	**8 218**	7 033	17
Implied loss given default (coverage)**	**38.6**	40.1	
Total impairments coverage ratio#	**77.9**	84.3	
Performing book coverage ratio†	**0.99**	1.00	

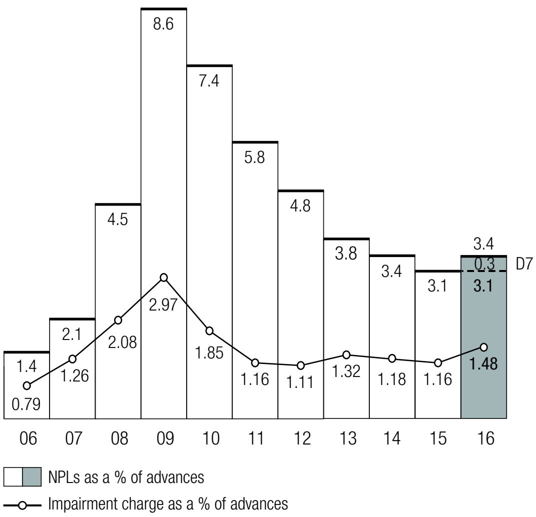
* *Includes cumulative credit fair value adjustments.*

** *Amortised cost specific impairments and non-performing book cumulative credit fair value adjustments as a percentage of NPLs.*

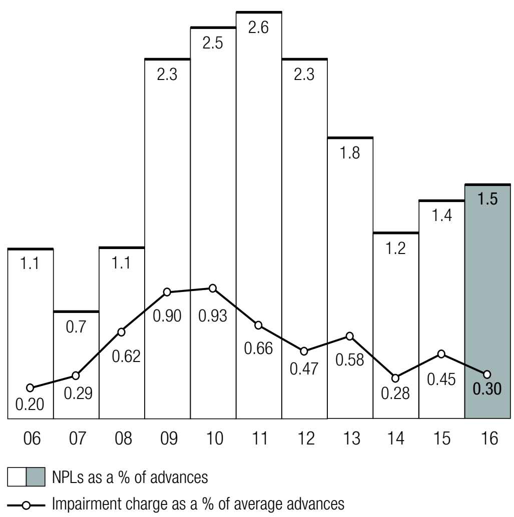
\# *Total amortised cost impairments and total cumulative credit fair value adjustments as a percentage of NPLs.*

† *Portfolio impairments as a percentage of the performing book.*

RETAIL NPLs AND IMPAIRMENTS



CORPORATE AND COMMERCIAL NPLs AND IMPAIRMENTS



The credit loss ratio increased from 77 bps in June 2015 to 86 bps, reflecting the deteriorating macroeconomic environment, resulting in increased specific impairments and the creation of additional portfolio impairments during the year. This represents a 24% increase.

Operational NPLs increased 16% excluding the impact of the distressed debt reclassification, as detailed below.

This has, in part been driven by strong book growth in card, FNB loans, other retail and FNB Africa, although advances growth rates have moderated from the comparative period.

Prior to the year under review, FNB and WesBank adopted different approaches to the treatment of unsecured loans customers currently in debt review. FNB did not specifically reference debt review as a default event, i.e. classified as NPLs, whereas WesBank classified all unsecured and VAF debt review customers as NPLs whether in arrears or not. Following an assessment in the current year of the *SARB Directive 7,* the group took the opportunity to align FNB to WesBank's classification (D7), which is even more stringent than the SARB requirements. As a result, in the current year FNB migrated all unsecured loans debt review customers from performing or arrears to NPLs.

For residential mortgages (secured loans) the treatment now is to reflect all debt review customers which are currently performing (i.e. no instalment in arrears under the original contract) to the next arrears bucket. Accounts that were two months in arrears were relegated to NPLs.

The consequence of this reclassification was minimal on the actual impairment charge, however NPLs across all FNB retail portfolios increased R953 million in the current year, contributing a 5% increase to group NPLs (up 21%) and 0.3% to the ratio of retail NPLs as a % of advances.

Given that these paying distressed debt customers have a lower LGD (loss given default) experience, the overall coverage per product reduces.

The table below details the impact to NPLs in the current year across the FNB portfolios and in total for the group.

R million	Operational NPLs	Reclassified NPLs	Total NPLs	Total NPLs % increase	Operational NPLs % change
Residential mortgages	4 253	375	4 628	1	(7)
Card	559	200	759	86	37
Personal loans	843	252	1 095	61	24
Retail other	661	126	787	56	31
Total NPLs	20 329	953	21 282	21	16

Operational NPLs include distressed debt review that migrated into NPLs through the normal ageing process (≥3 instalments past due) prior to the reclassification in the current year.

The group continues to adopt the policy of not rescheduling paying debt review customers to performing status irrespective of payment behaviour under debt review requirements. This is more conservative than the allowed treatment under D7 rehabilitation/curing requirements which allow the customers to be reclassified as "performing" once at least six consecutive payments are received. The next phase of the alignment project will agree the write off policies across the unsecured products and the group will take cognisance of IFRS 9 principles.

	Debt review coverage		Non-debt review coverage		Total NPL coverage		
Coverage ratio (%)	2016	2015	2016	2015	2016	2015	
FNB credit card	**43.0**	–*	**76.0**	72.7	**67.3**	72.7	↓
FNB retail other	**43.0**	–*	**75.6**	77.6	**70.4**	77.6	↓
FNB loans	**66.7**	–*	**70.1**	74.3	**69.3**	74.3	↓
WesBank loans**	**32.6**	46.6	**70.2**	67.7	**41.2**	53.0	↓
VAF**	**18.3**	25.2	**40.5**	38.4	**29.5**	32.0	↓

* *2015 not restated for FNB and coverage not calculated.*

** *The debt review coverage reduced year-on-year due to the increasing proportion of older paying debt review accounts, consistent with prior year trends.*

The total impairment coverage ratio reduced to 77.9% from 84.3% at June 2015 given the change in NPL mix and the impact of paying debt review customers. The increase in portfolio impairments was driven by strong book growth in the unsecured lending portfolios, specifically personal loans and card, FNB retail other and FNB Africa. Additional portfolio impairments of >R400 million were created in RMB against the broader resources portfolios. The performing book coverage ratio of 99 bps reduced marginally from the prior year of 100 bps. This was largely as a result of the partial central overlay release, given the previously identified risk manifesting with the NPL formation increasing in some of the underlying franchises and products over the last 12 months, resulting in higher specific impairments.

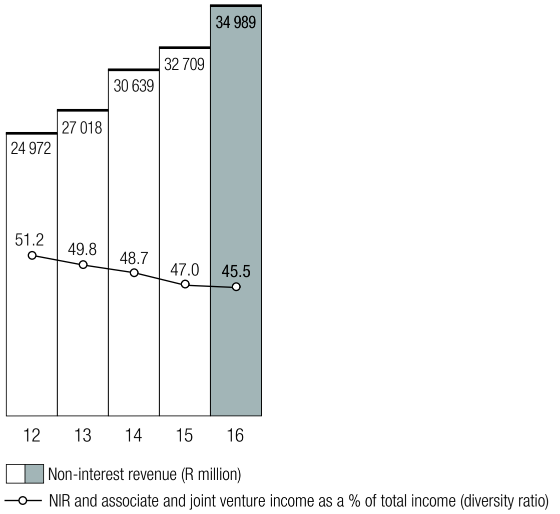
KEY DRIVERS

- Retail NPLs as a % of advances increased 19% to 3.36% (2015: 3.09%), impacted by a marginal increase of R43 million in residential mortgage NPLs, largely due to the D7 definition change. The turn of the cycle, resulting in lower cure rates and an increase in new NPL formation across the portfolio is expected to continue.
- A 61% increase in FNB loans and 86% increase in card NPLs, reflecting the worsening macro environment, new book strain and the impact of the implementation of D7. D7 amounted to 61% and 57%, respectively, of the increase in NPLs in these portfolios.
- SA retail VAF and WesBank personal loans NPLs increased 17% and 24% respectively. Restructured debt review accounts, a large proportion of which are performing, as well as the worsening cycle impacted NPL formation.
- Corporate and commercial NPLs increased 17%. Specific impairments, however, increased only 1% due to significant collateral held on the related NPLs. This resulted in the coverage ratio lowering to 45.1% from 52.3% in June 2015.
- The rest of Africa encountered an adverse trading environment, with many countries facing unprecedented economic turbulence, characterised by low commodity prices, inflation, high interest rates, currency devaluation, scarce liquidity, drought conditions, regulatory intervention and general slowdown in economic growth. This resulted in a 64% increase in NPLs, mainly in FNB (73% increase) with the most significant growth from Botswana, Namibia (off a very low base), Mozambique and Zambia.
- Post write-off recoveries remained robust at R1.88 billion (2015: R1.87 billion) driven by card, the unsecured retail lending portfolios and VAF.

NON-INTEREST REVENUE – UP 7%

OPERATIONAL NON-INTEREST REVENUE AND DIVERSITY RATIO

NIR CAGR 9%



Note: 2013 to 2016 figures have been prepared in terms of IFRS 10 and 11, and the revised IAS 19.

ANALYSIS OF NON-INTEREST REVENUE

		Year ended 30 June		
R million	Notes	2016	2015	% change
Fee and commission income	1	**27 667**	25 604	8
Markets, client and other fair value income	2	**3 331**	3 494	(5)
Investment income	3	**1 364**	1 481	(8)
Other non-interest revenue		**2 627**	2 130	23
– Consolidated private equity income		**518**	367	41
– Other*		**2 109**	1 763	20
Operational non-interest revenue		**34 989**	32 709	7

* *Includes various categories of rental income, reinsurance income and profit shares.*

NIR growth was satisfactory given the negative regulatory impact of the reduction in interchange fees which became effective on 16 March 2015, resulting in a negative "drag" of c.R300 million, as well as the difficult macro environment. The overall negative impact was cushioned by increased transaction volumes during the year, assisted by the change in eBucks rewards.

Fee and commission income growth was pleasing given these factors, benefiting from robust volume growth specifically in the electronic channels, in line with FNB's strategy. Fee and commission income represents 79% (2015: 78%) of total operational NIR.

Overall NIR growth was further augmented by realisations in the private equity portfolio.

The downward trend in the diversity ratio, despite very strong growth in NIR over the past five years, results from strong deposit growth together with endowment impacts, specific credit strategies, including strong corporate advances growth, change in mix in retail advances and repricing strategies. NIR was also impacted by lower absolute transactional fees as a result of e-migration and regulatory pressures, as mentioned above.

NOTE 1 – FEE AND COMMISSION INCOME – UP 8%

	Year ended 30 June		
R million	2016	2015	% change
Bank commissions and fee income	**24 515**	23 014	7
– Card commissions	**3 480**	3 627	(4)
– Cash deposit fees	**2 070**	2 051	1
– Commissions on bills, drafts and cheques	**2 055**	1 903	8
– Bank charges*	**16 910**	15 433	10
Knowledge-based fees	**1 429**	1 002	43
Management and fiduciary fees	**1 901**	1 675	13
Insurance income	**3 227**	2 843	14
Other non-bank commissions	**824**	705	17
Gross fee and commission income	**31 896**	29 239	9
Fee and commission expenditure	**(4 229)**	(3 635)	16
Total fee and commission income	**27 667**	25 604	8

* *Bank charges include annual and monthly administrative fees, fees for customer transaction processing, e.g. SASwitch fees, cash withdrawal fees, debit order charges, internet banking fees, and utilisation of other banking services.*

KEY DRIVERS

- FNB grew NIR 8%, negatively affected by the year-on-year reduction of approximately R300 million (8%) in interchange fees (decreasing card commissions) and an increase of 14% (R176 million) in allocated rewards, in line with FNB's strategy to migrate clients to electronic transaction channels.
- Financial transaction volume growth remained robust at 12%, benefiting from increased product cross-sell and up-sell, and an increase of 4% in the active customer base, with growth of 10% in Premium and 7% in the rest of Africa. Insurance revenues grew 14%. Absolute growth in fee income was curtailed by the continued strategy to migrate customers to electronic channels.
- Electronic volumes increased 13%, while manual volumes grew marginally above 2%.

	Increase in transaction volumes %
Mobile (excluding prepaid)	**21**
Internet banking	**4**
Cheque card	**11**
Banking app	**76**
ADT/ATM cash deposits	**24**

- WesBank's NIR growth of 14% was underpinned by satisfactory new business volumes of 16%, as well as increasing insurance revenues, benefiting from the MotoVantage acquisitions in November 2015 as well as a strong performance from MotoNovo (UK).
- Knowledge-based fees remained robust, underpinned by solid levels of M&A advisory income as well as high levels of structuring fees due to strong deal flow, specifically relating to developed market cross-border activity with some notable deals concluded during the year.
- The group's management and fiduciary fee income growth of 13% reflects growth of 12% in AUM year-on-year, excluding conduits.

NOTE 2 – MARKETS, CLIENT AND OTHER FAIR VALUE INCOME – DOWN 5%

	Year ended 30 June		
R million	2016	2015	% change
Client*	**1 591**	2 267	(30)
Markets	**1 833**	924	98
Other	**(93)**	303	(>100)
Total	**3 331**	3 494	(5)

** The review of RMB's organisational business model, detailed on page 31, has led to further refinement of disclosures.*

KEY DRIVERS

- Client revenues remained resilient, benefiting from strong results from the rest of Africa, specifically in currency facilitation, albeit at lower levels than the comparative period. Trading conditions in SA remained under pressure on the back of increased competition and compressed margins.
- The result from the structuring business was more muted in the current financial year, negatively impacted by a specific credit event related to a client impacted by the foreign exchange volatility and a reduction in structuring activity year-on-year.
- The markets business was positively impacted by soft and hard commodity prices, coupled with increased gold demand from the Indian market. Flow trading and residual risk activities remained robust, benefiting from increased volatility and volumes, specifically from the foreign exchange and inflation desks, with a resilient performance from the fixed-income business post the significant rate volatility experienced in December 2015.
- The decrease in other fair value is primarily due to movement in the net TRS fair value income (impacted by the R8.48 reduction in the group's share price in comparison to the R12.57 increase in the share price in the prior year) as well as mark-to-market losses on seed capital investments in certain Ashburton Investments funds.

NOTE 3 – INVESTMENT INCOME – DOWN 8%

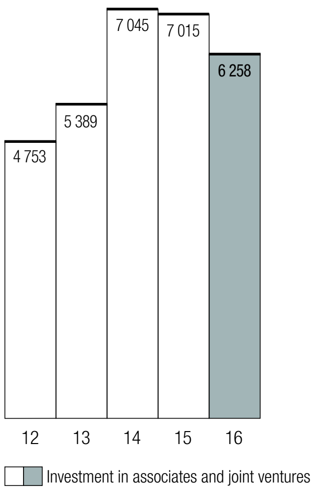
	Year ended 30 June		
R million	2016	2015	% change
Private equity realisations and dividends received	**1 212**	857	41
– Profit on realisation of private equity investments	**1 159**	804	44
– Dividends received	**36**	28	29
– Other private equity income	**17**	25	(32)
Other income from investments	**152**	624	(76)
– Profit on assets held against employee liabilities	**133**	282	(53)
– RMB Resources	**(96)**	(74)	30
– Other investment income	**115**	416	(72)
Total investment income	**1 364**	1 481	(8)

KEY DRIVERS

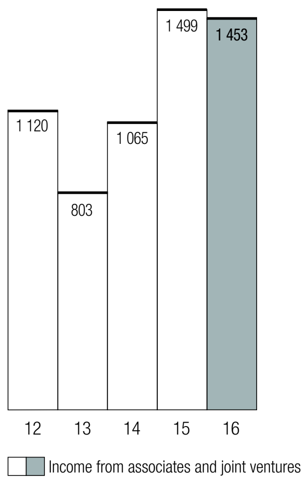
- Robust realisation profits of c.R1.2 billion before tax and minorities recognised in investment income and approximately R460 million in equity-accounted earnings. Post realisations, the unrealised profit in the portfolio is still at a robust level of approximately R4.2 billion (2015: R4.9 billion) at the end of the financial year.
- Ongoing losses from the RMB Resources business, negatively impacted by current market conditions given the decrease in commodity prices over the last year.
- The group's ELI asset portfolio's performance trended down year-on-year, adversely impacted by a marginal increase of less than 1% in the ALSI (2015: 2%) and certain tax adjustments in the prior year not repeating in the current year.
- Other investment income reduced significantly, impacted by prior period realisations of c.R300 million held in portfolios outside the Private Equity division.

Share of profits from associates and joint ventures – down 3%

INVESTMENT IN ASSOCIATES AND JOINT VENTURES
R million



INCOME FROM ASSOCIATES AND JOINT VENTURES
R million



Note: 2013 to 2016 figures have been prepared in terms of IFRS 10 and 11, and the revised IAS 19.

SHARE OF PROFITS FROM ASSOCIATES AND JOINT VENTURES

	Year ended 30 June		
R million	2016	2015	% change
Private equity associates and joint ventures	**1 380**	1 211	14
Profit for the year	**1 488**	1 199	24
(Impairments)/reversal of impairments	**(108)**	12	(>100)
WesBank associates	**303**	342	(11)
Toyota Financial Services (Pty) Ltd	**194**	200	(3)
Other	**109**	142	(23)
Other operational associates and joint ventures	**261**	428	(39)
RMB Morgan Stanley (Pty) Ltd	**191**	135	41
Other	**70**	293	(76)
Share of profits from associates and joint ventures before tax	**1 944**	1 981	(2)
Tax on profits from associates and joint ventures	**(491)**	(482)	2
Share of profits from associates and joint ventures after tax	**1 453**	1 499	(3)

KEY DRIVERS

- A solid performance from RMB's private equity associates and joint ventures, with:
  - – resilient underlying operating performance across most sectors and investments given the constrained macro environment, although negatively impacted by impairments taken against certain underlying counters;
  - – the net benefit of income streams relating to new investments, in spite of realisations in the current and prior year; and
  - – profit on realisation of underlying investments held by associates and joint ventures of c.R460 million (2015: c.R290 million).
- WesBank's associates declined, impacted by both mark-to-market interest rate swap movements at year-end and an increased level of credit impairments in the underlying businesses given the macro environment.
- A robust performance from the other associates and joint ventures, primarily buoyed by strong market volumes benefiting RMB Morgan Stanley.

Total income from private equity activities (Private Equity division and other private equity-related activities)

RMB earns private equity related income primarily from its Private Equity division. However, other divisions within RMB also engage in or hold private equity related investments (as defined in *Circular 02/2015 Headline Earnings*), which are not reported as part of the division's results. The underlying nature of the various private equity related income streams are reflected below.

	Year ended 30 June		
R million	2016	2015	% change
RMB Private Equity division	**3 110**	2 435	28
Income from associates and joint ventures	**1 380**	1 211	14
– Equity-accounted income*	**1 488**	1 199	24
– (Impairments)/reversal of impairments*	**(108)**	12	(>100)
Realisations and dividends**	**1 195**	832	44
Other investment property income**	**17**	25	(32)
Consolidated private equity income#	**518**	367	41
Other business units	**99**	564	(82)
Income from associates and joint ventures	**83**	255	(67)
– Equity-accounted income*	**162**	154	5
– (Impairments)/reversal of impairments*	**(79)**	101	(>100)
Other investment income**	**16**	309	(95)
Private equity activities	**3 209**	2 999	7
Tax on equity-accounted private equity investments	**(338)**	(331)	2
Private equity activities	**2 871**	2 668	8

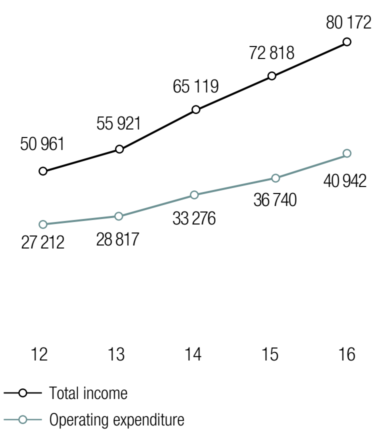
* *Refer to analysis of income from associates and joint ventures on page 47.*

** *Refer to investment income analysis on page 46.*

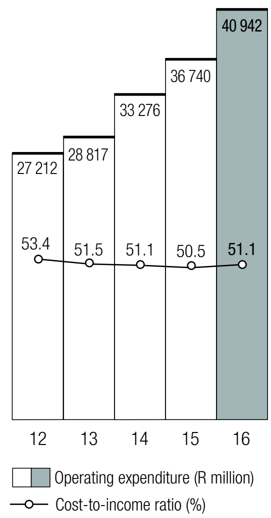
Refer to non-interest revenue analysis on page 43.

OPERATING EXPENSES – UP 11%

OPERATING JAWS
R million



OPERATING EFFICIENCY



Note: 2013 to 2016 figures have been prepared in terms of IFRS 10 and 11, and the revised IAS 19.

OPERATING EXPENSES

R million	Year ended 30 June 2016	2015	% change
Staff expenditure	**24 314**	21 840	11
– Direct staff expenditure	**15 671**	13 477	16
– Other staff-related expenditure	**8 643**	8 363	3
Depreciation	**2 307**	1 989	16
Amortisation of intangible assets	**104**	98	6
Advertising and marketing	**1 545**	1 454	6
Insurance	**107**	77	39
Lease charges	**1 524**	1 335	14
Professional fees	**1 799**	1 530	18
Audit fees	**356**	297	20
Computer expenses	**1 830**	1 577	16
Maintenance	**1 186**	957	24
Telecommunications	**388**	377	3
Cooperation agreements and joint ventures	**606**	722	(16)
Property	**915**	888	3
Business travel	**444**	402	10
Other expenditure	**3 517**	3 197	10
Total operating expenses	**40 942**	36 740	11

R million	As at 30 June 2016	2015	% change
Core	**38 322**	35 518	8
Investments/expansion and platforms	**1 997**	1 222	63
Currency depreciation impact*	**623**	–	>100
Total operating expenses	**40 942**	36 740	11

* *The difference between 2016 foreign denominated costs translated at actual rates versus 2016 foreign denominated costs translated at the average rates for 2015, explaining part of the movement in operating expenses year-on-year, i.e. 2015 as the base.*

IT spend

The group's income statement is presented on a nature basis, however, to better illustrate the composition of IT spend, the table below reflects the breakdown on a functional basis.

FUNCTIONAL PRESENTATION OF IT SPEND

	Year ended 30 June		
R million	2016	2015*	% change
IT-related staff cost	**2 695**	2 467	9
Non-staff IT-related costs	**4 137**	3 284	26
– Computer expenses	**1 830**	1 577	16
– Professional fees	**747**	561	33
– Repairs and maintenance	**278**	178	56
– Other	**312**	266	17
– Depreciation	**858**	609	41
– Amortisation of software	**112**	93	20
Total spend	**6 832**	5 751	19

* *June 2015 numbers have been restated due to a refinement of the process.*

KEY DRIVERS

- Cost growth was 11% with core costs, excluding new investment and "build the business" system and platform costs, as well as currency depreciation effects, growing 8%.
- This was primarily driven by lower variable costs resulting from moderation in the level of income generation and a relative change in income mix in the current year.
- Overall cost growth reflects ongoing investment in capacity and expansion initiatives, and was also negatively impacted by the rand depreciating against international currencies year-on-year. Excluding the impact of currency depreciation, total costs increased 9.7%.

	% change	Reasons
Direct staff costs	**16**	Unionised increases in excess of 9% in August 2015 and a 7% increase in staff complement across the group, impacted by 4% growth in the SA staff complement and a 22% increase from the international businesses.
Other staff-related expenditure	**3**	The moderation from 9% in the year to June 2015 is directly related to lower levels of profitability and NIACC growth in the current year and lower IFRS 2 share-based payment expenses given the negative move in the group's share price during the year.

- The increase of 16% in depreciation was impacted by increased investment in infrastructure, e.g. ATMs/ADTs over the last few years, ongoing investment in electronic platforms and the commissioning of new premises over the previous two financial years.
- The 18% growth in professional fees and 16% growth in computer expenses reflect increased spend on development, implementation and improvement projects related to various electronic platforms, both domestically and in the rest of Africa, additional compliance-related projects, as well as the partial impact of the rand depreciation during the year.
- The increase in audit fees are partly driven by additional audit costs of new businesses and subsidiaries and additional non-audit service spend relating to IFRS 9 implementation as well as other group projects.
- Increase in property and maintenance expenses relate to maintenance costs and increased spend on footprint expansion in the rest of Africa.
- An increase of 19% in IT spend associated with the ongoing migration and build-out of electronic transaction channels and infrastructure, further negatively impacted by the rand depreciation during the period.

DIRECT TAXATION – UP 2%

The group's effective tax rate reduced marginally from 22.5% to 21.8%, impacted by slower growth in standard rated NII and NIR, e.g. fee and commission income during the year, and benefiting from strong levels of private equity realisation income.

balance sheet analysis and financial resource management

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ECONOMIC VIEW OF THE BALANCE SHEET

The structure of the balance sheet reflects the group's strategy since 2009 to increase balance sheet resilience, diversify credit exposures across sectors and segments, and increase market liquidity with less reliance on institutional funding.

When assessing the underlying risk in the balance sheet, the group's asset profile is dominated by a balanced advances portfolio, which constitutes 79% of total assets. The composition of the net advances portfolio consists of retail secured (39%), retail unsecured (7%), corporate and commercial (45%) and rest of Africa and other (9%) with 90% of advances rated B or better. Total NPLs were R21 282 million (2.45% as a percentage of advances) with a credit loss ratio of 0.86%.

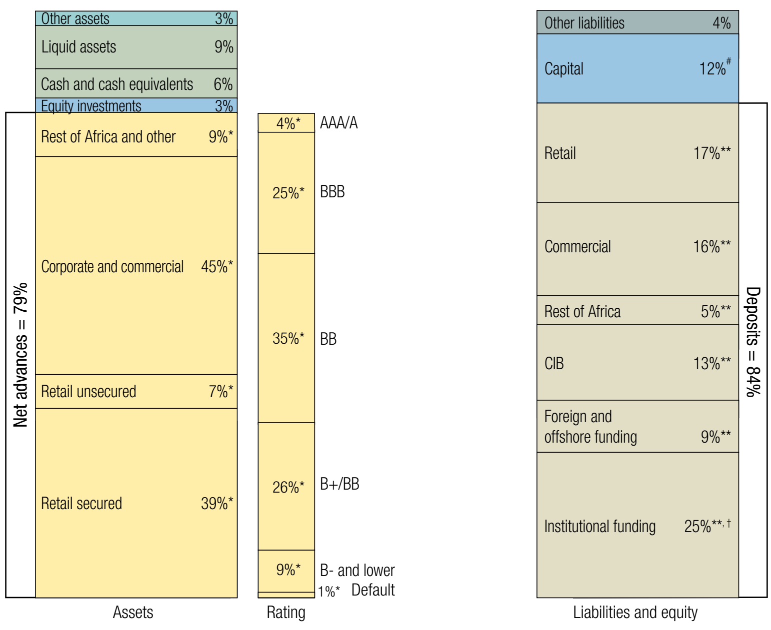
Cash and cash equivalents, and liquid assets represent 6% and 9%, respectively, of total assets. Only a small portion of assets relate to the investment and trading businesses. Market risk arising from trading activities has remained low and the group's equity investments relate primarily to RMB's private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

FirstRand's funding profile continues to reflect the structural funding issues associated with the South African banking sector, however, the group has continued to reduce its reliance on institutional funding and has further improved the term profile of institutional funding from a weighted average remaining term of 12 months in 2009 to 31 months at 30 June 2016 (2015: 31 months).

The group's capital ratios remained strong with the CET1 ratio 13.9%, Tier 1 ratio 14.6% and total capital adequacy ratio 16.9%. Gearing stayed constant at 11.6 times.

ECONOMIC VIEW OF THE BALANCE SHEET

%



* *As a proportion of loans and advances.*

** *As a proportion of deposit franchise.*

Ordinary equity and non-controlling interests (10%) and NCNR preference shares and Tier 2 liabilities (2%).

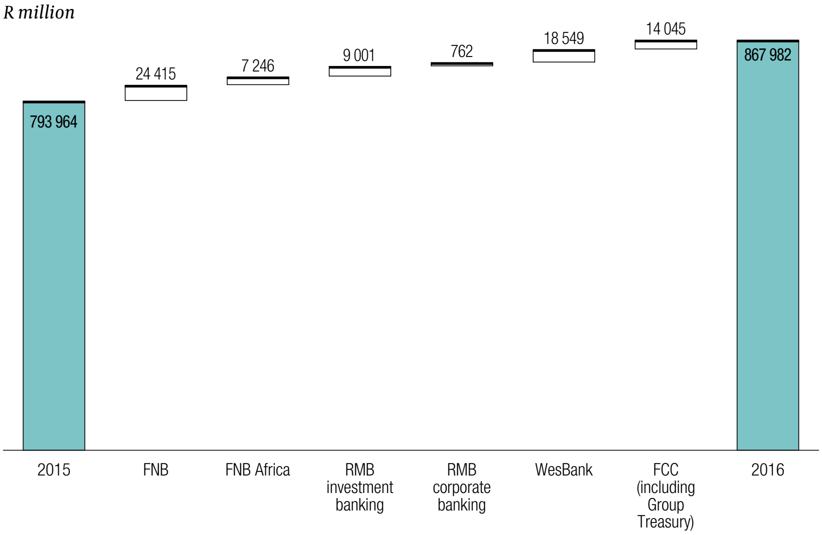
† *Includes institutional funding raised by Group Treasury, RMB and the London branch.*

Note: Non-recourse assets have been netted off against deposits.

Derivative-, securities lending- and short trading position assets and liabilities have been netted off.

ADVANCES – UP 9%

GROSS ADVANCES GROWTH BY FRANCHISE
R million



ADVANCES

	As at 30 June		
R million	**2016**	2015	% change
Normalised gross advances	**867 982**	793 964	9
Normalised impairment of advances	**(16 577)**	(14 793)	12
Normalised net advances	**851 405**	779 171	9

Advances growth moderated from 12% for the interim reporting period ended December 2015 to 9% for the current financial year.

Growth rates moderated across most retail portfolios compared to the prior year as well as compared to the first half of the financial year, reflecting the impact of the continued deterioration in the macro environment, the rising interest rate cycle and the group's resultant reduced risk appetite.

The SA macro environment, adverse commodity cycle and higher funding costs contributed to a dampening in the corporate portfolio growth rates over the last 12 to 18 months. This coupled with disciplined financial resource allocation, margin compression and continued proactive provisioning contributed to muted balance sheet growth in the corporate portfolio. Satisfactory growth continued in the commercial and FNB Africa portfolios, although moderating in the second half of the financial year.

Advances *continued*

PORTFOLIO/ PRODUCT	% CHANGE	KEY DRIVERS
FNB retail	**6**	
Residential mortgages	4	➲ Continued strong growth of 13% in secured affordable housing, on the back of client demand. ➲ 3% growth in FNB HomeLoans, with growth marginally below nominal house price inflation.
Card	13	➲ Underpinned by targeted client acquisition, increased client migration as well as increased limits and utilisation, primarily in the Premium segment. Growth in Consumer card was flat given reduced risk appetite.
Personal loans	16	➲ Growth slowed down from 19% in the six months to December 2015 reflecting a more conservative origination appetite since November 2015.
Retail other	16	➲ Growth driven by increases in transactional banking accounts (primarily overdrafts), although moderating from the prior year, reflecting lower risk appetite, slowing customer acquisition and competitive pressures.
FNB Africa	**20**	
Namibia	15	➲ Primarily driven by ongoing growth in residential mortgages, commercial property finance and term loans.
Botswana	30	➲ Benefiting from good growth in residential mortgages and unsecured lending. Overall growth levels in pula was 19%.
Zambia	11	➲ Driven by new client acquisition, growth in footprint and conversion of pipeline transactions in the commercial sector. Growth trended lower in the second half of the financial year, reflecting the adverse commodity cycle and liquidity pressures.
FNB commercial	**15**	➲ Reflects targeted new client acquisition in the business segment, resulting in growth of 19% in Agric, 15% commercial property finance and 8% in specialised finance advances.
RMB*	**2**	➲ Growth in the SA advances book slowed from the 14% recorded in the prior year, reflecting the constrained macro environment and competitive pressures. Cross-border growth was up 11% in USD terms. The introduction of the LCR with effect from 1 January 2015 and the resultant creation of HQLA, in addition to the macro environment, resulted in growth of 4% in RMB's core advances book, down from 7% in the prior year.
WesBank	**10**	➲ Strong growth of 36% in GBP terms in new business volumes in MotoNovo, driven by increased volumes, new products and increased footprint. ➲ Overall growth in advances was negatively impacted by new business volumes of 6% in SA Retail VAF, impacted by the 12% negative year-on-year new passenger vehicle sales in South Africa and an increase of 5% in new business volumes in WesBank loans, reflecting a reduction in risk appetite in light of the macro environment. ➲ Corporate new business volumes reflected a 4% growth, reflecting the difficult macro environment. ➲ Strong new business volume growth in the rest of Africa of 11% albeit on a relatively small portfolio.

* *Excluding assets under agreement to resell.*

CREDIT

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

CREDIT HIGHLIGHTS AT A GLANCE

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

		Year ended 30 June		
R million	Notes	**2016**	2015	% change
Total gross advances – including credit-related assets*	1	**867 982**	793 964	9
NPLs – including credit-related assets	2	**21 282**	17 551	21
NPLs as a % of advances – including credit-related assets	2	**2.45**	2.21	
Impairment charge – including credit-related assets	3	**7 159**	5 787	24
Impairment charge as a % of average advances – including credit-related assets	3	**0.86**	0.77	
Total impairments*	4	**16 577**	14 793	12
– Portfolio impairments		**8 359**	7 760	8
– Specific impairments		**8 218**	7 033	17
Implied loss given default (coverage)**	4	**38.6**	40.1	
Total impairments coverage ratio#	4	**77.9**	84.3	
Performing book coverage ratio†		**0.99**	1.00	

* *Includes cumulative credit fair value adjustments.*

** *Amortised cost specific impairments and non-performing book cumulative credit fair value adjustments as a percentage of NPLs.*

Total amortised cost impairments and total cumulative credit fair value adjustments as a percentage of NPLs.

† *Portfolio impairments as a percentage of the performing book.*

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

The credit information in this section is presented on a normalised basis. The normalised basis differs from IFRS, firstly, in that the credit fair value adjustments on fair value advances are reversed to reflect the advances and impairments as if accounted for on an accrual basis. Secondly, certain investment securities designated as HQLA and certain corporate bonds have been reclassified as loans and advances. The adjustments had the following impact:

- advances were increased with HQLA and corporate bonds of R46 265 million (2015: R31 368 million), inclusive of statement of financial position credit fair value adjustments of R3 559 million (2015: R3 563 million) in total; and
- IFRS credit impairments in the statement of comprehensive income were adjusted to include the credit fair value adjustment impact of R257 million (2015: R637 million). Under IFRS, these are accounted for under NIR.

NOTE 1: ANALYSIS OF ADVANCES

SEGMENTAL ANALYSIS OF ADVANCES

	Advances			
	As at 30 June			
R million	**2016**	2015	% change	**2016 % composition**
Retail	**402 003**	369 086	9	**46**
Retail – secured	**337 731**	312 951	8	**39**
Residential mortgages	**187 806**	180 208	4	**22**
VAF	**149 925**	132 743	13	**17**
– SA	**99 702**	98 131	2	**11**
– MotoNovo (UK)*	**50 223**	34 612	45	**6**
Retail – unsecured	**64 272**	56 135	14	**7**
Card	**21 968**	19 488	13	**3**
Personal loans	**27 960**	24 333	15	**3**
– FNB	**16 090**	13 856	16	**2**
– WesBank	**11 870**	10 477	13	**1**
Retail other	**14 344**	12 314	16	**1**
Corporate and commercial	**387 125**	357 644	8	**44**
FNB commercial	**77 239**	67 166	15	**9**
WesBank corporate	**29 928**	30 881	(3)	**3**
RMB investment banking	**225 219**	216 707	4	**26**
RMB corporate banking	**34 442**	33 396	3	**4**
HQLA corporate advances**	**20 297**	9 494	>100	**2**
Rest of Africa#	**57 643**	49 265	17	**7**
FNB	**43 609**	36 363	20	**5**
WesBank	**8 292**	7 365	13	**1**
RMB (corporate and investment banking)	**5 742**	5 537	4	**1**
FCC (including Group Treasury)	**21 211**	17 969	18	**3**
Securitisation notes	**14 641**	7 301	>100	**2**
Other	**6 570**	10 668	(38)	**1**
Total advances	**867 982**	793 964	9	**100**
Of which:				
Accrual book	**615 893**	561 347	10	**71**
Fair value book†	**252 089**	232 617	8	**29**

* *MotoNovo (UK) book GBP 2.55 billion (+41%).*

** *Managed by the Group Treasurer.*

\# *Includes activities in FNB India and represents in-country balance sheet.*

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

The table below reflects assets under agreements to resell included in the RMB corporate and investment banking loan books.

R million	Advances – As at 30 June 2016	Advances – As at 30 June 2015	% change	2016 % composition
Corporate and investment banking advances*	**265 403**	255 640	4	**100**
Less: assets under agreements to resell	**(40 818)**	(35 600)	15	**(15)**
RMB advances net of assets under agreements to resell	**224 585**	220 040	2	**85**

* *Includes rest of Africa.*

SECTOR AND GEOGRAPHICAL ANALYSIS OF ADVANCES

R million	Advances – As at 30 June 2016	Advances – As at 30 June 2015	% change	2016 % composition
Gross advances	**869 668**	795 515	9	**100**
Less: interest in suspense	**(1 686)**	(1 551)	9	**–**
Advances net of interest in suspense	**867 982**	793 964	9	**100**
Sector analysis				
Agriculture	**31 351**	28 617	10	**4**
Banks	**11 294**	17 093	(34)	**1**
Financial institutions	**103 584**	85 764	21	**12**
Building and property development	**45 323**	38 044	19	**5**
Government, Land Bank and public authorities	**21 799**	20 430	7	**3**
Individuals	**417 637**	378 530	10	**48**
Manufacturing and commerce	**100 085**	103 226	(3)	**12**
Mining	**19 756**	27 001	(27)	**2**
Transport and communication	**21 435**	18 704	15	**2**
Other services	**95 718**	76 555	25	**11**
Total advances	**867 982**	793 964	9	**100**
Geographic analysis				
South Africa	**716 078**	657 132	9	**82**
Other Africa	**83 579**	79 868	5	**10**
UK	**53 616**	43 279	24	**6**
Other Europe	**6 206**	5 196	19	**1**
North America	**549**	1 030	(47)	**–**
South America	**952**	739	29	**–**
Australasia	**2 407**	998	>100	**–**
Asia	**4 595**	5 722	(20)	**1**
Total advances	**867 982**	793 964	9	**100**

NOTE 2: ANALYSIS OF NPLs

SEGMENTAL VIEW OF NPLs

	NPLs				NPLs as a % of advances	
	As at 30 June				As at 30 June	
R million	**2016**	2015	% change	**2016 % composition**	**2016**	2015
Retail	**13 526**	11 399	19	**64**	**3.36**	3.09
Retail – secured	**9 757**	8 898	10	**46**	**2.89**	2.84
Residential mortgages	**4 628**	4 585	1	**22**	**2.46**	2.54
VAF	**5 129**	4 313	19	**24**	**3.42**	3.25
– SA	**4 882**	4 162	17	**23**	**4.90**	4.24
– MotoNovo (UK)*	**247**	151	64†	**1**	**0.49**	0.44
Retail – unsecured	**3 769**	2 501	51	**18**	**5.86**	4.46
Card	**759**	407	86†	**4**	**3.46**	2.09
Personal loans	**2 223**	1 589	40	**10**	**7.95**	6.53
– FNB	**1 095**	680	61	**5**	**6.81**	4.91
– WesBank	**1 128**	909	24	**5**	**9.50**	8.68
Retail other	**787**	505	56	**4**	**5.49**	4.10
Corporate and commercial	**5 800**	4 956	17	**27**	**1.50**	1.39
FNB commercial	**1 922**	1 466	31	**9**	**2.49**	2.18
WesBank corporate	**322**	463	(30)	**1**	**1.08**	1.50
RMB investment banking	**3 440**	2 675	29	**16**	**1.53**	1.23
RMB corporate banking	**116**	352	(67)	**1**	**0.34**	1.05
HQLA corporate advances**	**–**	–	–	**–**	**–**	–
Rest of Africa#	**1 956**	1 196	64	**9**	**3.39**	2.43
FNB	**1 763**	1 019	73	**8**	**4.04**	2.80
WesBank	**179**	177	1	**1**	**2.16**	2.40
RMB (corporate and investment banking)	**14**	–	>100	**–**	**0.24**	–
FCC (including Group Treasury)	**–**	–	–	**–**	**–**	–
Securitisation notes	**–**	–	–	**–**	**–**	–
Other	**–**	–	–	**–**	**–**	–
Total NPLs	**21 282**	17 551	21	**100**	**2.45**	2.21
Of which:						
Accrual book	**18 650**	15 674	19	**88**	**3.03**	2.79
Fair value book	**2 632**	1 877	40	**12**	**1.04**	0.81

* *MotoNovo (UK) NPLs of GBP 13 million (+59%).*

** *Managed by the Group Treasurer.*

\# *Includes activities in FNB India and represents in-country balance sheet.*

† *Including the impact of debt review reclassification. Refer page 40 to 42 for additional information.*

SECTOR AND GEOGRAPHIC ANALYSIS OF NPLs

	NPLs				NPLs as a % of advances	
	As at 30 June				As at 30 June	
R million	**2016**	2015	% change	**2016 % composition**	**2016**	2015
Sector analysis						
Agriculture	**574**	276	>100	**3**	**1.83**	0.96
Banks	**45**	–	>100	**–**	**0.40**	–
Financial institutions	**92**	99	(7)	**–**	**0.09**	0.12
Building and property development	**1 454**	1 589	(8)	**7**	**3.21**	4.18
Government, Land Bank and public authorities	**12**	9	33	**–**	**0.06**	0.04
Individuals	**13 671**	11 403	20	**65**	**3.27**	3.01
Manufacturing and commerce	**1 554**	1 434	8	**7**	**1.55**	1.39
Mining	**2 024**	1 319	53	**10**	**10.24**	4.89
Transport and communication	**288**	185	56	**1**	**1.34**	0.99
Other services	**1 568**	1 237	27	**7**	**1.64**	1.62
Total NPLs	**21 282**	17 551	21	**100**	**2.45**	2.21
Geographic analysis						
South Africa	**17 111**	14 992	14	**80**	**2.39**	2.28
Other Africa	**3 569**	1 790	99	**17**	**4.27**	2.24
UK	**247**	151	64	**1**	**0.46**	0.35
Other Europe	**113**	90	26	**1**	**1.82**	1.73
North America	**99**	427	(77)	**–**	**18.03**	41.46
South America	**–**	20	–	**–**	**–**	2.71
Australasia	**1**	1	–	**–**	**0.04**	0.10
Asia	**142**	80	78	**1**	**3.09**	1.40
Total NPLs	**21 282**	17 551	21	**100**	**2.45**	2.21

SECURITY AND RECOVERABLE AMOUNTS BY PORTFOLIO

	2016			2015		
R million	**NPLs**	**Security held and expected recoveries**	**Specific impairment#**	NPLs	Security held and expected recoveries	Specific impairment#
Retail	**13 526**	**8 631**	**4 895**	11 399	7 380	4 019
Retail – secured	**9 757**	**7 151**	**2 606**	8 898	6 554	2 344
Residential mortgages	**4 628**	**3 614**	**1 014**	4 585	3 662	923
VAF	**5 129**	**3 537**	**1 592**	4 313	2 892	1 421
– SA	**4 882**	**3 440**	**1 442**	4 162	2 832	1 330
– MotoNovo (UK)	**247**	**97**	**150**	151	60	91
Retail – unsecured	**3 769**	**1 480**	**2 289**	2 501	826	1 675
Card	**759**	**248**	**511**	407	111	296
Personal loans	**2 223**	**999**	**1 224**	1 589	602	987
– FNB	**1 095**	**336**	**759**	680	175	505
– WesBank	**1 128**	**663**	**465**	909	427	482
Retail other	**787**	**233**	**554**	505	113	392
Corporate and commercial	**5 800**	**3 184**	**2 616**	4 956	2 366	2 590
FNB commercial	**1 922**	**988**	**934**	1 466	623	843
WesBank corporate	**322**	**135**	**187**	463	181	282
RMB investment banking	**3 440**	**1 990**	**1 450**	2 675	1 293	1 382
RMB corporate banking	**116**	**71**	**45**	352	269	83
HQLA corporate advances*	**–**	**–**	**–**	–	–	–
Rest of Africa**	**1 956**	**1 249**	**707**	1 196	772	424
FNB	**1 763**	**1 157**	**606**	1 019	667	352
WesBank	**179**	**85**	**94**	177	105	72
RMB (corporate and investment banking)	**14**	**7**	**7**	–	–	–
FCC (including Group Treasury)	**–**	**–**	**–**	–	–	–
Securitisation notes	**–**	**–**	**–**	–	–	–
Other	**–**	**–**	**–**	–	–	–
Total	**21 282**	**13 064**	**8 218**	17 551	10 518	7 033

* *Managed by the Group Treasurer.*

** *Includes activities in FNB India and represents in-country balance sheet.*

Specific impairment includes cumulative credit fair value adjustments on NPLs.

NOTE 3: INCOME STATEMENT CREDIT IMPAIRMENTS

INCOME STATEMENT IMPAIRMENTS

	Total impairment charge			As a % of average advances	
	As at 30 June			As at 30 June	
R million	**2016**	2015	% change	**2016**	2015
Retail	**5 708**	4 089	40	**1.48**	1.16
Retail – secured	**2 335**	1 608	45	**0.72**	0.53
Residential mortgages	**387**	111	>100	**0.21**	0.06
VAF	**1 948**	1 497	30	**1.38**	1.19
– SA	**1 377**	1 219	13	**1.39**	1.25
– MotoNovo (UK)	**571**	278	>100	**1.35**	0.97
Retail – unsecured	**3 373**	2 481	36	**5.60**	4.82
Card	**565**	191	>100	**2.73**	1.08
Personal loans	**2 053**	1 548	33	**7.85**	6.73
– FNB	**1 078**	715	51	**7.20**	5.42
– WesBank	**975**	833	17	**8.73**	8.49
Retail other	**755**	742	2	**5.66**	6.81
Corporate and commercial	**1 123**	1 547	(27)	**0.30**	0.45
FNB commercial	**397**	366	8	**0.55**	0.58
WesBank corporate	**24**	154	(84)	**0.08**	0.50
RMB investment banking	**540**	850	(36)	**0.24**	0.40
RMB corporate banking	**162**	177	(8)	**0.45**	0.55
HQLA corporate advances*	**–**	–	–	**–**	–
Rest of Africa**	**623**	417	49	**1.17**	0.90
FNB	**553**	359	54	**1.38**	1.05
WesBank	**59**	58	2	**0.75**	0.82
RMB (corporate and investment banking)	**11**	–	>100	**0.20**	–
FCC (including Group Treasury)#	**(295)**	(266)	11	**(0.04)**	(0.04)
Securitisation notes	**–**	–	–	**–**	–
Other	**(295)**	(266)	11	**(0.04)**	(0.04)
Total impairment charge	**7 159**	5 787	24	**0.86**	0.77
Of which:					
Portfolio impairment charge	**772**	583	32	**0.09**	0.08
Specific impairment charge	**6 387**	5 204	23	**0.77**	0.69

* *Managed by the Group Treasurer.*

** *Includes activities in FNB India and represents in-country balance sheet.*

\# *Percentages calculated on total average advances.*

NOTE 4: BALANCE SHEET IMPAIRMENTS AND COVERAGE RATIOS

The group constantly monitors market conditions as well as recent and expected recoveries on NPLs to determine coverage ratios.

IMPLIED LOSS GIVEN DEFAULT AND TOTAL IMPAIRMENT COVERAGE RATIOS

	Balance sheet impairments			Coverage ratios (% of NPLs)	
	As at 30 June			As at 30 June	
R million	**2016**	2015	% change	**2016**	2015
Specific impairments*					
Retail	**4 895**	4 019	22	**36.2**	35.3
Retail – secured	**2 606**	2 344	11	**26.7**	26.3
Residential mortgages	**1 014**	923	10	**21.9**	20.1
VAF**	**1 592**	1 421	12	**31.0**	32.9
– SA	**1 442**	1 330	8	**29.5**	32.0
– MotoNovo (UK)	**150**	91	65	**60.7**	60.3
Retail – unsecured	**2 289**	1 675	37	**60.7**	67.0
Card**	**511**	296	73	**67.3**	72.7
Personal loans**	**1 224**	987	24	**55.1**	62.1
– FNB	**759**	505	50	**69.3**	74.3
– WesBank	**465**	482	(4)	**41.2**	53.0
Retail other**	**554**	392	41	**70.4**	77.6
Corporate and commercial	**2 616**	2 590	1	**45.1**	52.3
FNB commercial	**934**	843	11	**48.6**	57.5
WesBank corporate	**187**	282	(34)	**58.1**	60.9
RMB investment banking	**1 450**	1 382	5	**42.2**	51.7
RMB corporate banking	**45**	83	(46)	**38.8**	23.6
HQLA corporate advances#	**–**	–	–	**–**	–
Rest of Africa†	**707**	424	67	**36.1**	35.5
FNB	**606**	352	72	**34.4**	34.5
WesBank	**94**	72	31	**52.5**	40.7
RMB (corporate and investment banking)	**7**	–	>100	**50.0**	–
FCC (including Group Treasury)	**–**	–	–	**–**	–
Securitisation notes	**–**	–	–	**–**	–
Other	**–**	–	–	**–**	–
Total specific impairments/implied loss given default^	**8 218**	7 033	17	**38.6**	40.1
Portfolio impairments‡	**8 359**	7 760	8	**39.3**	44.2
Total impairments/total impairment coverage ratio~	**16 577**	14 793	12	**77.9**	84.3

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

** *The coverage ratio has reduced due to restructured debt review accounts. These accounts are reported in NPLs even though the clients may be fully performing in terms of the revised repayment terms, subject to monitoring under the group framework.*

\# *Managed by the Group Treasurer.*

† *Includes FNB's activities in India and represents the in-country balance sheet.*

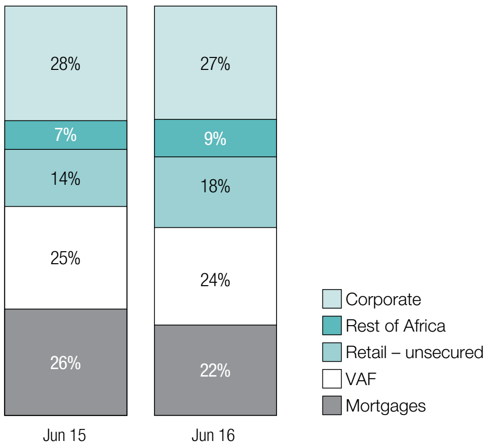
‡ *Amortised cost portfolio impairments and credit fair value adjustments relating to the performing book as a percentage of NPLs.*

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

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

The graph below provides the NPL distribution across all portfolios, showing decreases in the proportion of residential mortgages and an increase in unsecured lending and rest of Africa NPLs since June 2015.

NPL DISTRIBUTION



RECONCILIATION OF IMPAIRMENTS

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

BALANCE SHEET IMPAIRMENTS AND CREDIT FAIR VALUE ADJUSTMENTS

	As at 30 June					
	Amortised cost book		Fair value book		Total book	
R million	**2016**	2015	**2016**	2015	**2016**	2015
Non-performing book	**7 152**	5 867	**1 066**	1 166	**8 218**	7 033
Performing book	**5 866**	5 363	**2 493**	2 397	**8 359**	7 760
Total impairments	**13 018**	11 230	**3 559**	3 563	**16 577**	14 793

Credit *continued*

The following table provides a reconciliation of amortised cost specific impairments.

BALANCE SHEET SPECIFIC IMPAIRMENTS – AMORTISED COST

	As at 30 June		
R million	**2016**	2015	% change
Opening balance	**5 867**	5 575	5
Reclassifications and transfers	**143**	35	>100
Disposals	**(31)**	(71)	(56)
Exchange rate difference	**35**	11	>100
Unwinding and discounted present value on NPLs	**(84)**	(94)	(11)
Bad debts written off	**(6 963)**	(6 000)	16
Net new impairments created	**8 185**	6 411	28
Closing balance	**7 152**	5 867	22

The group's income statement charge continues to benefit from increased post write-off recoveries in the retail book. The group incorporates value adjustments to loans that are held at fair value through profit or loss in the calculation of the total impairment charge.

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

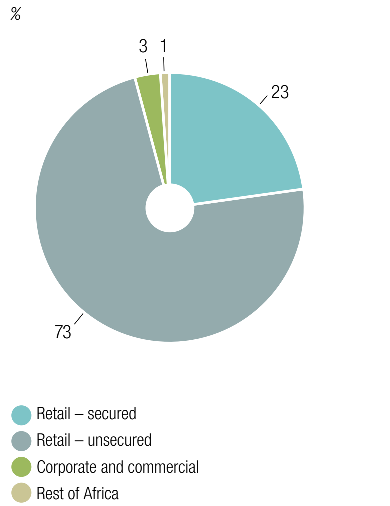
INCOME STATEMENT IMPAIRMENTS

	As at 30 June		
R million	**2016**	2015	% change
Specific impairment charge (amortised cost)	**8 185**	6 411	28
Recoveries of bad debts written off (amortised cost)	**(1 883)**	(1 866)	1
Net specific impairment charge (amortised cost)	**6 302**	4 545	39
Portfolio impairment charge (amortised cost)	**600**	605	(1)
Credit fair value adjustments	**257**	637	(60)
– Non-performing book	**85**	659	(87)
– Performing book	**172**	(22)	>100
Total impairments	**7 159**	5 787	24

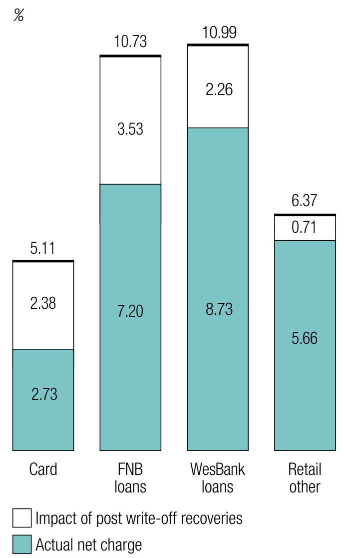
IMPACT OF POST WRITE-OFF RECOVERIES

- Post write-off recoveries amounted to R1 883 million (2015: R1 866 million), primarily emanating from the unsecured retail lending portfolio.

POST WRITE-OFF RECOVERIES SPLIT



RETAIL CREDIT LOSS RATIOS AND RECOVERIES



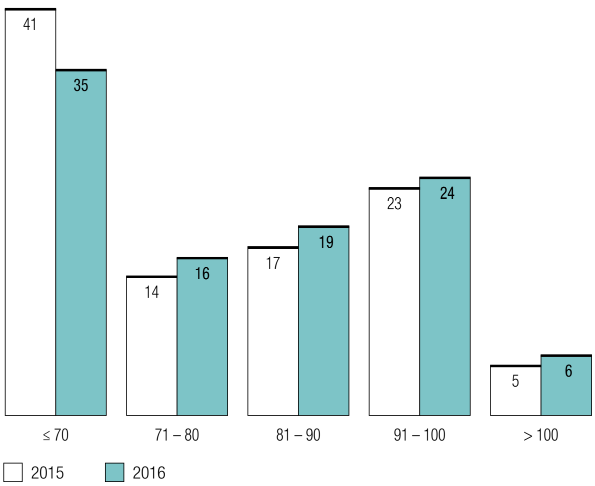
RISK ANALYSES

The graphs below provide loan balance-to-value ratios and age distributions of residential mortgages.

Loan-to-value ratios for new business are an important consideration in the credit origination process. The group, however, places more emphasis on counterparty creditworthiness as opposed to relying only on the underlying security.

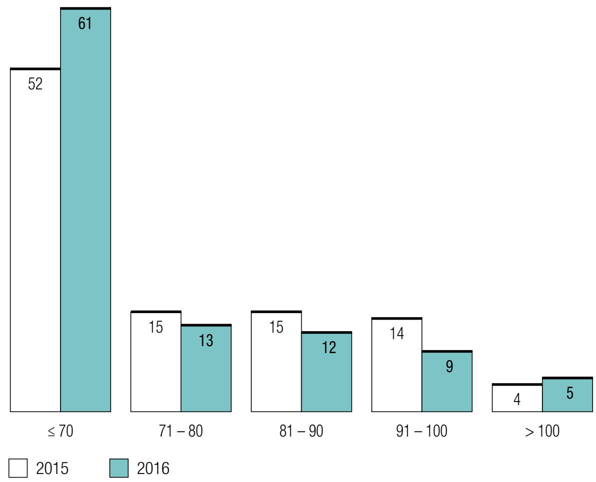
RESIDENTIAL MORTGAGES BALANCE-TO-ORIGINAL VALUE

%



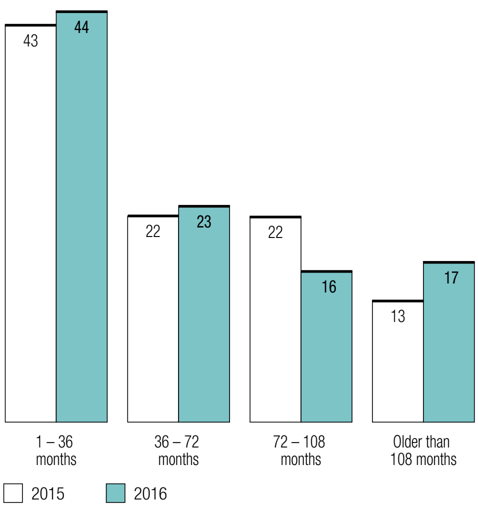
RESIDENTIAL MORTGAGES BALANCE-TO-MARKET VALUE

%



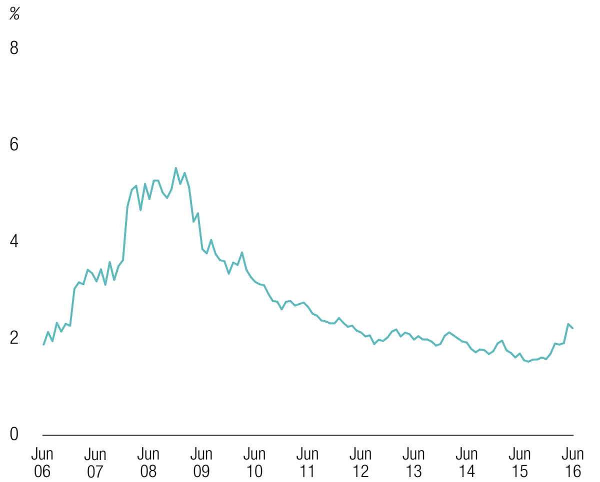
RESIDENTIAL MORTGAGES AGE DISTRIBUTION

%



The following graph shows arrears in the FNB HomeLoans portfolio. It includes arrears where more than one full payment is in arrears expressed as a percentage of total advances. The increase in the last quarter reflects the reclassification of distressed debt as explained on pages 40 to 42.

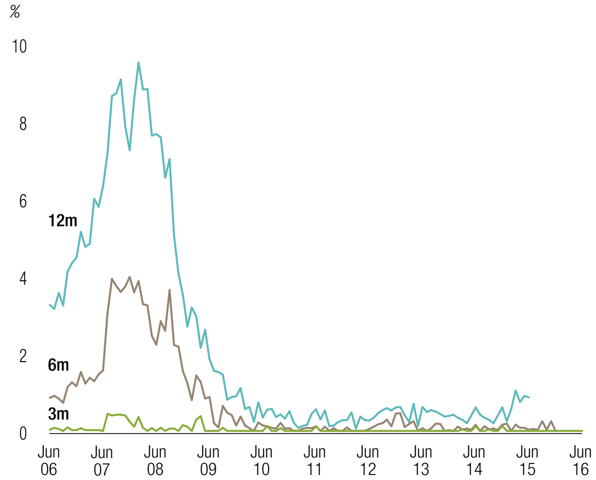
FNB HOMELOANS ARREARS



The following graphs provide the vintage analyses for FNB HomeLoans, WesBank retail VAF, FNB card, FNB loans and WesBank loans. Vintage graphs reflect the default experience three, six and twelve months after each origination date as well as the impact of origination strategies and the macroeconomic environment on portfolio performance. It does not take into account the impact of cures or subsequent recoveries. As such, vintage graphs are not indicative of the actual credit impairment charge of a product.

Vintages in home loans have increased marginally from previous record low levels. The increase is attributed to the rate hiking cycle with consumers under pressure as a result of the most recent series of 125 bps in interest rate increases over the 12-month performance period. Coupled with job losses and other challenges in the macroeconomic environment, this has caused a slight increase in the vintages.

FNB HOMELOANS VINTAGE ANALYSIS

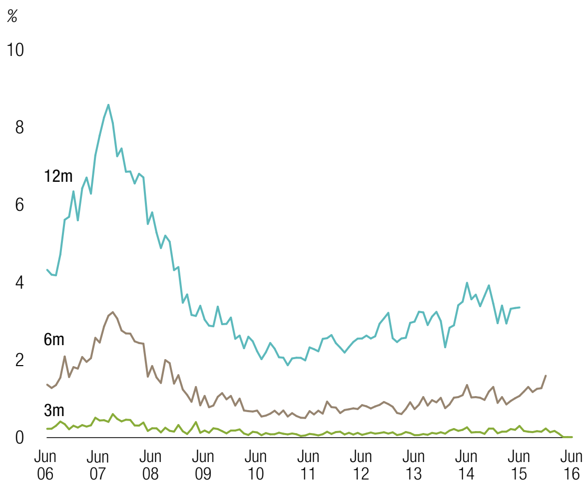


The WesBank retail VAF cumulative vintage analysis continues to show a noticeable improvement in the quality of business written since mid-2007. This is due to improved customer profiles and enhanced collection strategies.

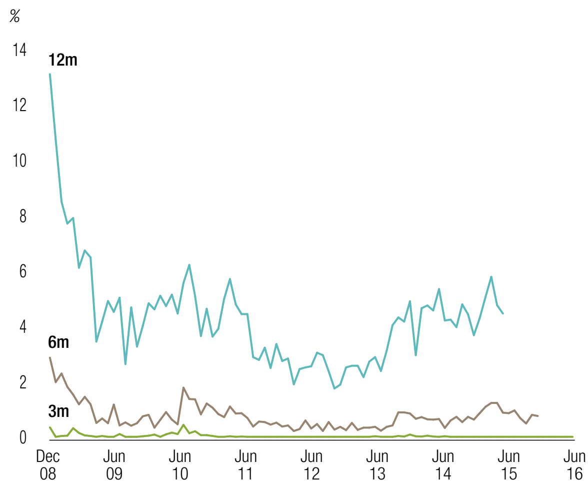
Since then, vintages are reflecting increases, this is expected given the challenging macroeconomic environment. Risk appetite has been adjusted, with a continued focus on originating a portfolio weighted towards quality low risk business. Vintage deterioration is closely monitored and credit parameters adjusted to ensure that performance remains in line with expectations when considering the credit cycle.

FNB card default rates remain at low levels, even on a through-the-cycle basis. There was a minor increase in risk appetite from October 2013, which resulted in more business written in the lower-end consumer segment at slightly higher default rates. This was subsequently reviewed and adjusted downwards again. In the group's view, default rates have bottomed and moderate increases are expected from this level.

WESBANK RETAIL VAF VINTAGE ANALYSIS



FNB CARD VINTAGE ANALYSIS



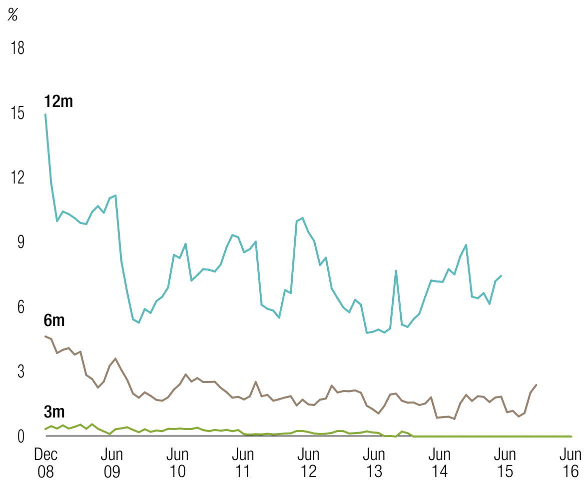
The default experience of the FNB and WesBank personal loans portfolios is within risk appetite. There is continued action to ensure these portfolios remain within risk appetite.

Defaults in FNB personal loans have trended upwards from historical low levels as a result of the macroeconomic conditions.

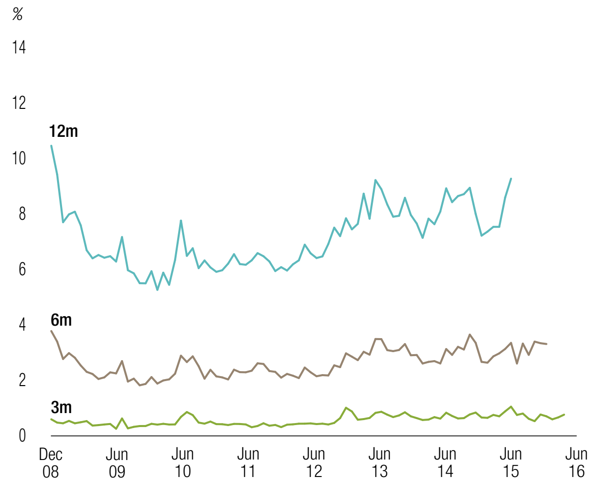
As expected, WesBank personal loans vintages show a marginal deterioration from 2010 levels. This is expected given the challenging macroeconomic conditions and increased debt review applications.

To counter this, credit parameters are continuously adjusted to ensure performance is in line with expectations. Recent adjustments to credit appetite are proving effective and have assisted in countering macroeconomic conditions.

FNB PERSONAL LOANS VINTAGE ANALYSIS

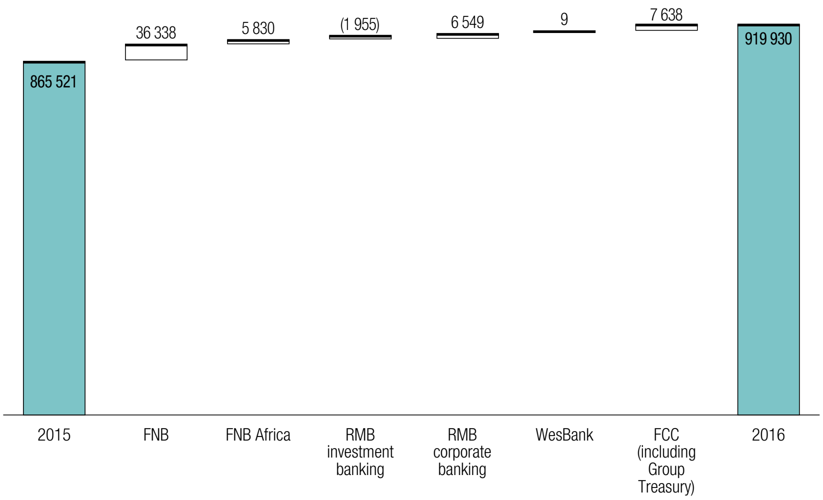


WESBANK PERSONAL LOANS VINTAGE ANALYSIS



DEPOSITS – UP 6%

GROSS DEPOSIT GROWTH BY FRANCHISE
R million



Client deposits grew 10% with institutional funding, including term and structured issuances, increasing 4%.

KEY DRIVERS

- FNB's deposits increased 12%.
  - Retail deposit growth of 14% was supported by ongoing product innovation, with particularly strong growth of 18% from the Premium segment.
  - Commercial deposit growth of 9% was driven by new client acquisition and cross-sell.
  - FNB Africa's growth of 19% was driven by expanding footprint, new client acquisition and product rollout.

GROWTH IN DEPOSIT BALANCES

Product	%
Current accounts	**9**
Savings and transmission accounts	**8**
Fixed deposits	**20**
Notice deposits	**11**

- RMB corporate banking grew deposits 6%, although average daily operational deposits increased 16%, driven by client acquisition, and growth in existing client base which led to an increase in both transactional and operational deposit balances, as well as new product innovation, which resulted in strong gains in certain products.
- Group Treasury deposits grew 3%, impacted by foreign currency funding and structured issuances in the domestic market. Absolute growth was affected by rand depreciation during the year.

FUNDING AND LIQUIDITY

INTRODUCTION AND OBJECTIVES

The group strives to fund its activities in a sustainable, diversified, efficient and flexible manner, underpinned by strong counterparty relationships within prudential limits and minimum requirements. The objective is to maintain natural market share, but also to outperform at the margin, which will provide the group with a natural liquidity buffer.

Given the liquidity risk introduced by its business activities, the group's objective is to optimise its funding profile within structural and regulatory constraints to enable its franchises to operate in an efficient and sustainable manner.

Compliance with the Basel III Liquidity Coverage Ratio (LCR) influences the group's funding strategy, in particular as it seeks to restore the correct risk-adjusted pricing of liquidity. The group is actively building its deposit franchise through innovative and competitive products and pricing, while also improving the risk profile of its institutional funding. This continues to improve the funding and liquidity profile of the group.

Given market conditions and the regulatory environment, the group increased its holdings of available liquidity in line with risk appetite for the year. The group utilised new market structures, platforms and the SARB committed liquidity facility to efficiently increase the available liquidity holdings.

At 30 June 2016, the group exceeded the 70% (2015: 60%) minimum LCR requirement with a LCR measurement of 96% (2015: 76%). The bank's LCR was 102% (2015: 84%).

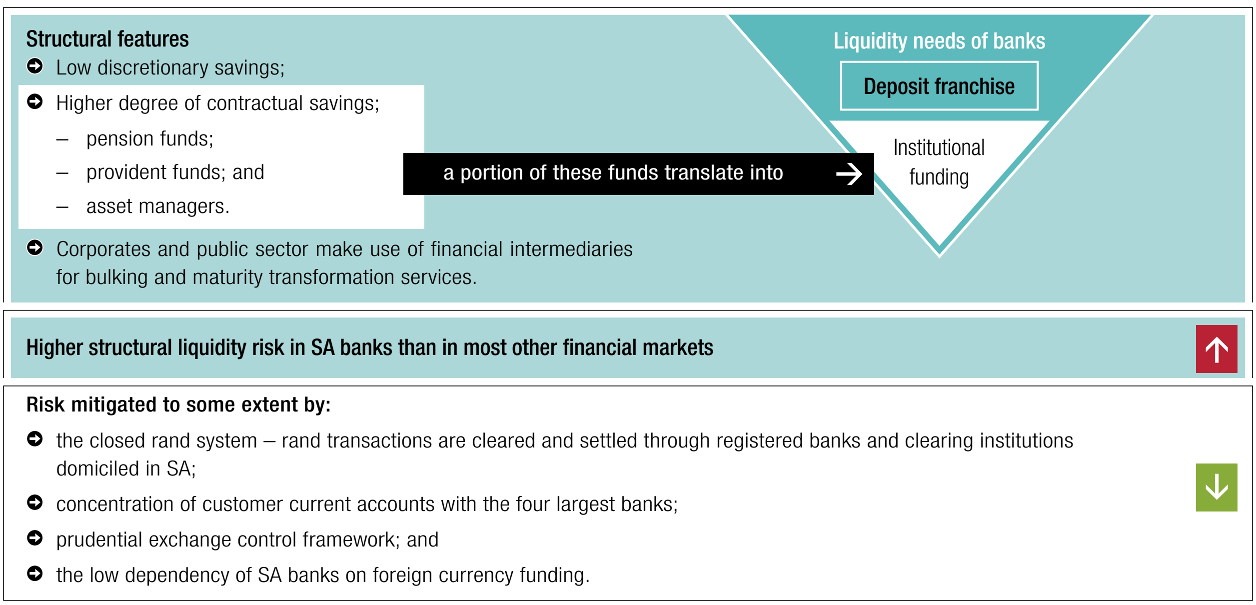
The BCBS *liquidity coverage ratio disclosure standards* propose consistent and transparent disclosure of banks' liquidity positions as measured by the Basel III regulations. *Directives 6/2014 and 11/2014* require the group to provide its LCR disclosure in a standardised template. The standard disclosure template will be included in the Basel Pillar III disclosure going forward.

For further detail refer to:
www.firstrand.co.za/investorcentre/pages/commondisclosures.aspx

At 30 June 2016, the group's available HQLA sources of liquidity per the LCR was R157 billion, with an additional R17 billion of management liquidity available.

FUNDING MANAGEMENT

The following diagram illustrates the structural features of the banking sector in South Africa and its impact on liquidity risk.



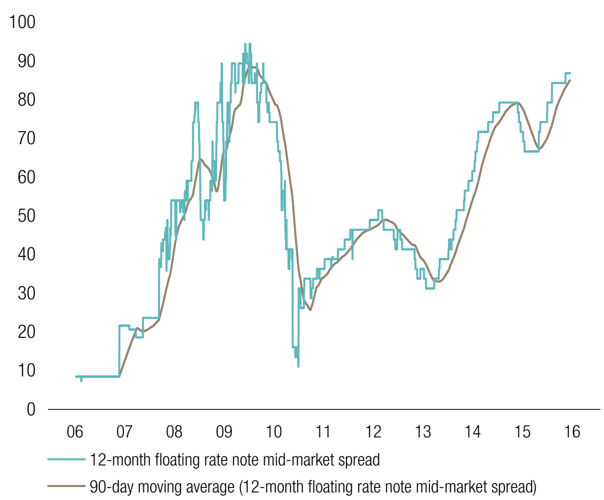
During the year, liquidity demanded by banks as a consequence of the money supply constraints introduced by the LCR and the central bank's open market operations without a commensurate increase in savings flows resulted in continued increased liquidity costs. In light of the structural features discussed above, focus remains on achieving a better risk-adjusted diversified funding profile which also supports the Basel III requirements.

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

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

The following graph is a representation of the market cost of liquidity, which is measured as the spread paid on NCDs relative to the prevailing swap curve for that tenor. The liquidity spread graph is based on the most actively traded money market instrument by banks, namely 12-month NCDs.

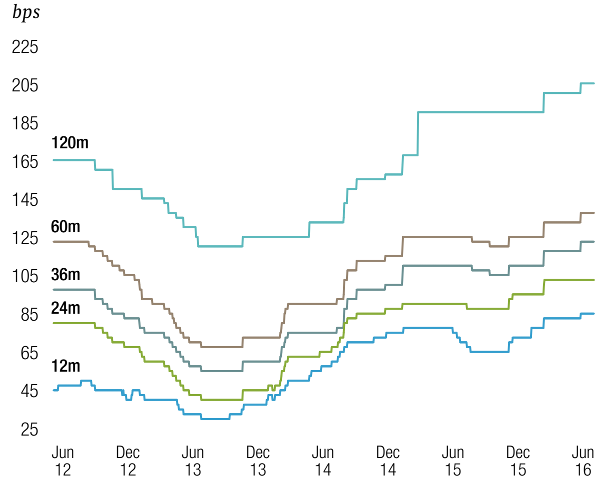
12-MONTH FLOATING RATE NOTE MID-MARKET SPREAD



Source: Bloomberg (RMBP screen) and Reuters.

The following graph shows that long-term funding spreads remain elevated from a historical perspective and still appear to be reflecting a high liquidity premium. Liquidity spreads for instruments with maturities of less than 12 months in particular are extremely high, at levels last seen during the 2008 financial crisis.

LONG-TERM FUNDING SPREADS



Source: Bloomberg (RMBP screen) and Reuters.

Funding measurement and activity

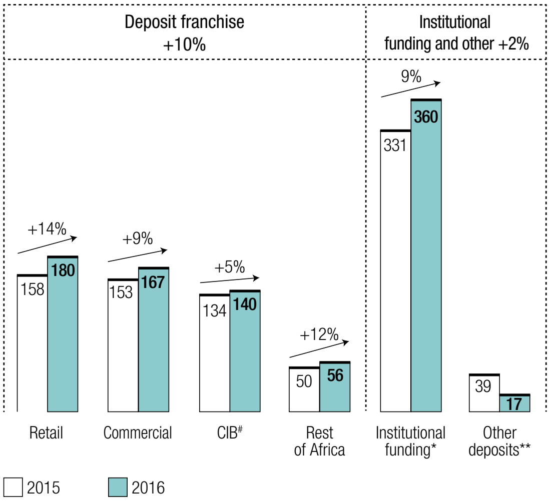
FirstRand Bank, FirstRand's wholly-owned subsidiary and debt issuer, generates a larger proportion of its funding from deposits compared to the South African aggregate, however, its funding profile also reflects the structural features described earlier.

The group manages its funding structure by source, counterparty type, product, currency and market. The deposit franchise represents the most efficient source of funding and represented 63% of total FirstRand Bank SA funding liabilities at 30 June 2016 (2015: 64%). The group continued to focus on growing its deposit franchise across all segments with increasing emphasis on savings and investment products. Progress continues to be made in developing suitable products to attract a greater proportion of clients' available liquidity with improved risk-adjusted pricing by source and behaviour. To fund operations, the group accesses the domestic money markets daily and capital markets from time to time. The group has frequently issued various capital and funding instruments in the capital markets on an auction and reverse-enquiry basis. Given elevated domestic funding spreads, the group has not actively sought to issue senior securities in benchmark size.

The following graph provides a segmental analysis of the group's funding base and illustrates the success of its deposit franchise focus.

GROUP FUNDING BY SEGMENT

R billion



* *Excludes operational deposits from financial institutions, but includes London branch and Turbo securitisations.*

** *Includes deposits in FRIHL and group adjustments.*

\# *Includes an adjustment for operational deposits from institutional clients in line with treatment for LCR purposes.*

As a result of the group's focus on growing its deposit and transactional banking franchise, a significant proportion of funds are contractually short-dated. As these deposits are anchored to clients' service requirements and given the balance granularity created by individual clients' independent activity, the resultant liquidity risk profile is improved.

The following table provides an analysis of the bank's funding sources.

FUNDING SOURCES OF FIRSTRAND BANK (EXCLUDING FOREIGN BRANCHES)

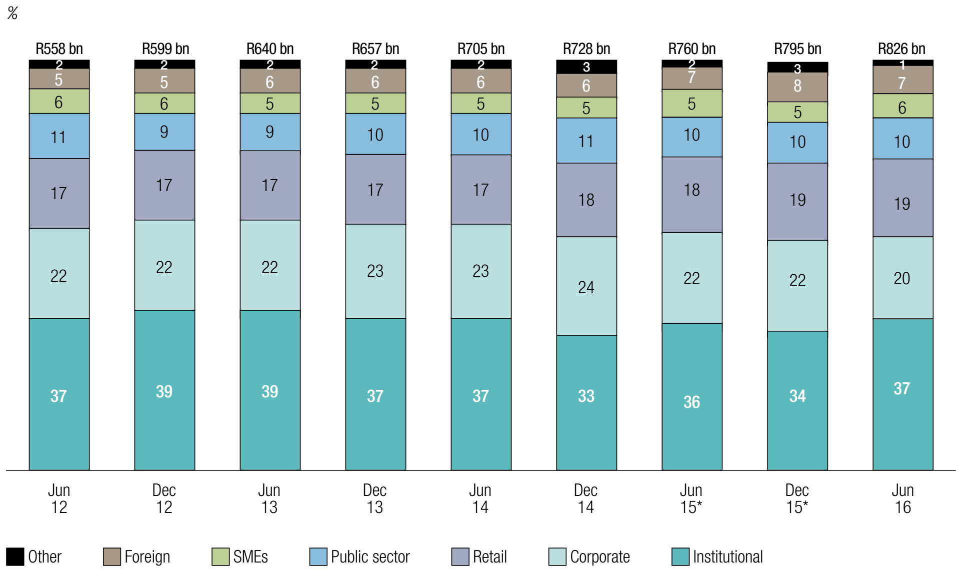
	As at 30 June 2016				As at 30 June 2015*
% of funding liabilities	**Total**	**Short term**	**Medium term**	**Long term**	Total
Institutional funding	**37.0**	**13.6**	**3.6**	**19.8**	35.9
Deposit franchise	**63.0**	**47.3**	**8.3**	**7.4**	64.1
Corporate	**20.1**	**17.4**	**2.1**	**0.6**	22.4
Retail	**19.2**	**14.5**	**3.2**	**1.5**	17.6
SMEs	**5.5**	**4.6**	**0.6**	**0.3**	5.4
Government and parastatals	**10.2**	**7.6**	**1.7**	**0.9**	10.3
Foreign	**6.9**	**3.1**	**0.7**	**3.1**	6.8
Other	**1.1**	**0.1**	**0.0**	**1.0**	1.6
Total	**100.0**	**60.9**	**11.9**	**27.2**	100

Source: BA900 for FirstRand Bank South Africa.

* *Restated to account for adjustments made to BA900 reporting in the current year.*

The following graph provides an analysis of the bank's funding analysis by source.

FUNDING ANALYSIS BY SOURCE OF THE BANK EXCLUDING FOREIGN BRANCHES

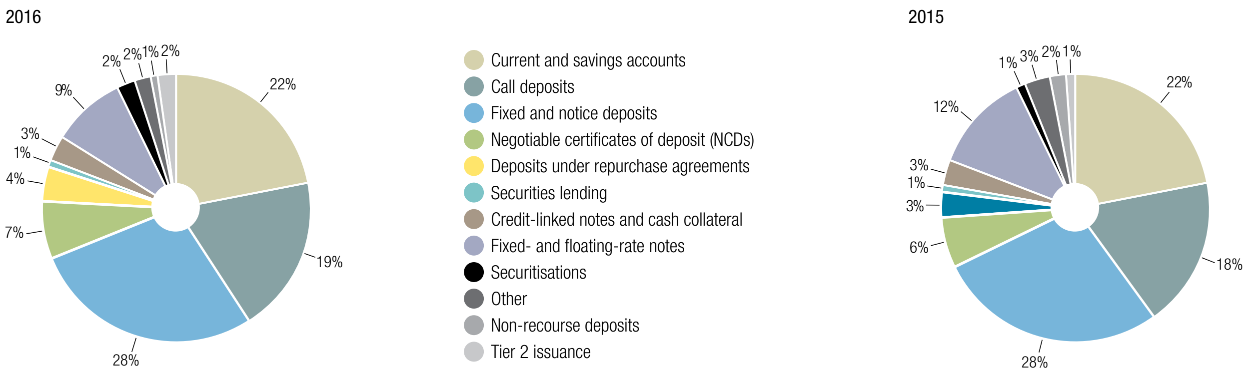


Source: SARB BA900 returns.

* *Restated to account for adjustments made to BA900 reporting in the current year.*

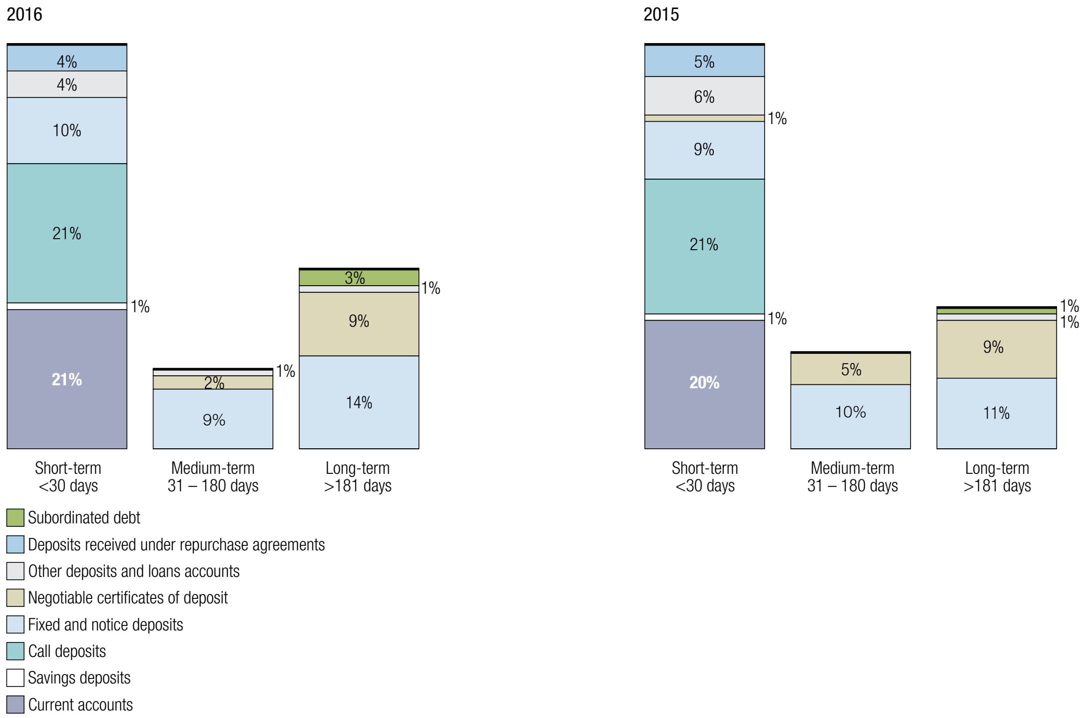
The following chart illustrates the group's funding instruments by instrument type, including senior debt and securitisations.

GROUP'S FUNDING ANALYSIS BY INSTRUMENT TYPE



The following chart illustrates a breakdown of the group's funding liabilities by instrument and term.

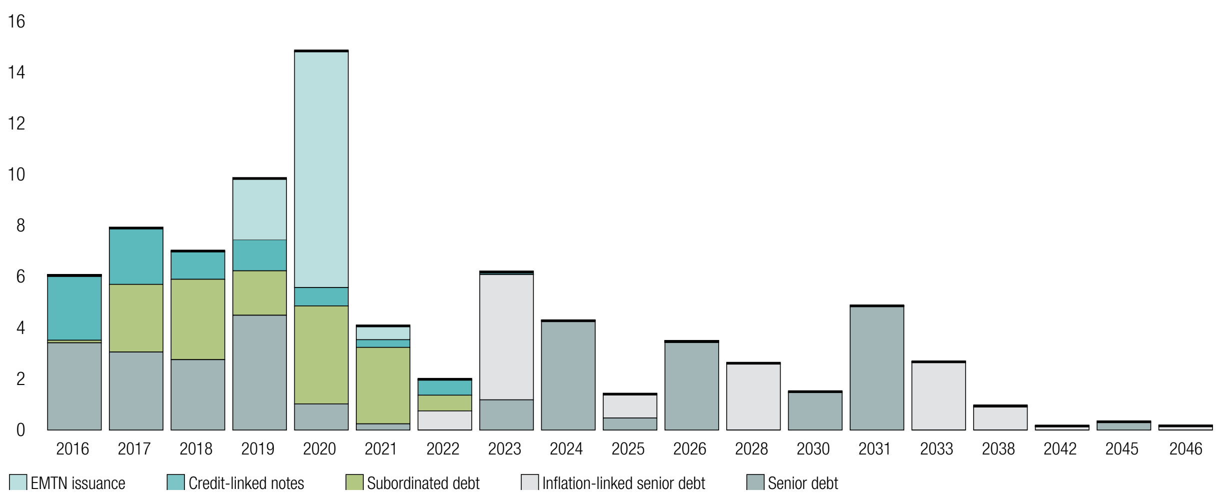
GROUP'S FUNDING LIABILITIES BY INSTRUMENT TYPE AND TERM



The maturity profile of all issued capital markets instruments is shown in the following chart. The group does not have concentration risk in any one year and seeks to efficiently issue across the curve considering investor demand.

MATURITY PROFILE OF CAPITAL MARKET INSTRUMENTS OF THE BANK EXCLUDING FOREIGN BRANCHES

R billion



Funds transfer pricing

The group operates a funds transfer pricing framework which incorporates liquidity costs and benefits as well as regulatory friction costs into product pricing and performance measurement for all on- and off-balance sheet activities. Franchises are incentivised to:

- preserve and enhance funding stability;
- ensure that asset pricing is aligned to liquidity risk;
- reward liabilities in accordance with behavioural characteristics and maturity; and
- manage contingencies with respect to potential funding drawdowns.

FOREIGN CURRENCY BALANCE SHEET

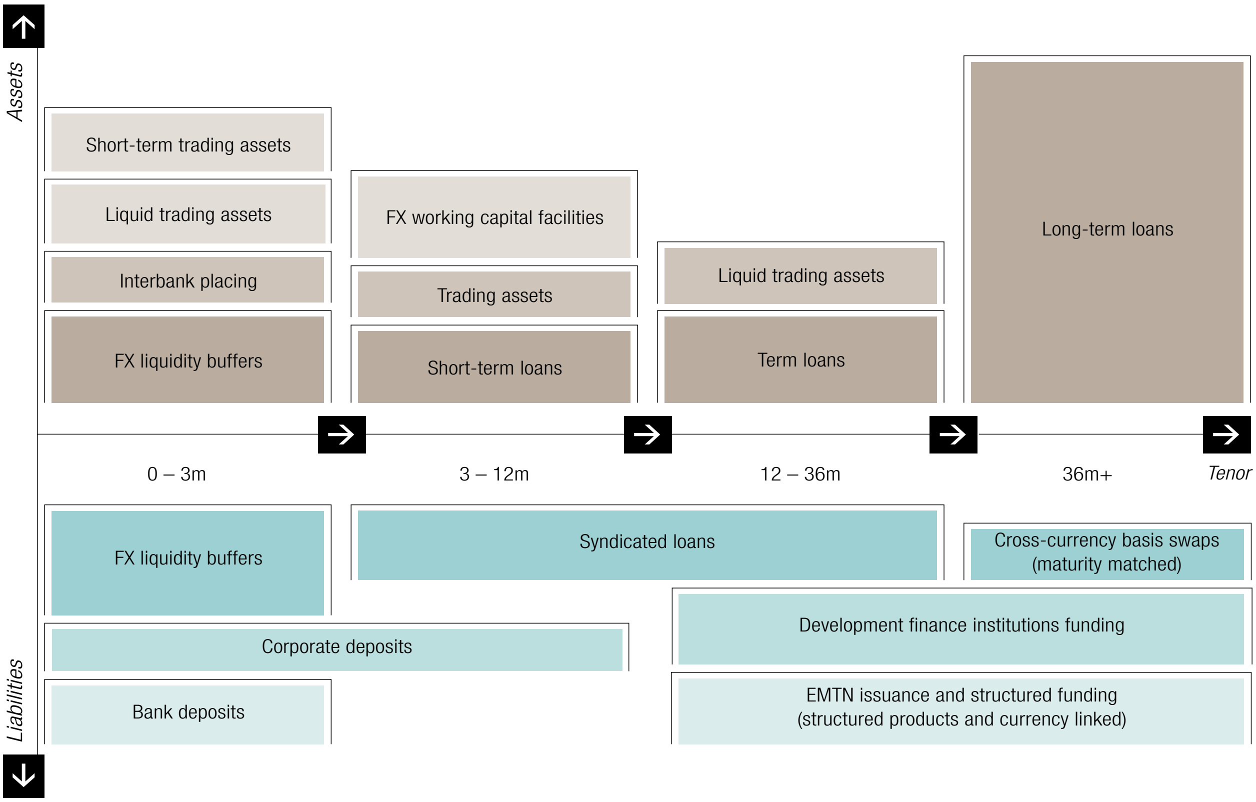
Given that the group continues to grow its businesses in the rest of Africa and India, and the size of MotoNovo in the UK, the active management of foreign currency liquidity risk continues to be a strategic focus. The group seeks to avoid exposing itself to undue liquidity risk and to maintain liquidity risk within the risk appetite approved by the board and risk committee. The SARB via *Exchange Control Circular 6/2010* introduced macro-prudential limits applicable to authorised dealers. The group utilises its own foreign currency balance sheet measures based on economic risk and has set internal limits below those allowed by the macro-prudential limits framework.

FirstRand's foreign currency activities, specifically lending and trade finance, have steadily increased over the past five years. It is, therefore, important to have a sound framework for the assessment and management of foreign currency external debt, given the inherent vulnerabilities and liquidity risks associated with cross-border financing. This limit includes the bank's exposure to branches, foreign currency assets and guarantees.

Philosophy on foreign currency external debt

A key determinant in an institution's ability to fund and refinance in currencies other than its domestic currency is the sovereign risk and associated external financing requirement. The group's framework for the management of external debt takes into account sources of sovereign risk and foreign currency funding capacity and the macroeconomic vulnerabilities of South Africa. To determine South Africa's foreign currency funding capacity, the group considers the external debt of all South African entities (private and public sector, financial institutions) as all these entities utilise the South African system's capacity, namely, confidence and export receipts. The group employs a self-imposed structural borrowing limit and a liquidity risk limit more onerous then required in terms of regulations.

GRAPHICAL REPRESENTATION OF THE FOREIGN CURRENCY BALANCE SHEET



REGULATORY UPDATE

BASEL III

The BCBS framework for sound liquidity risk management seeks to address two aspects:

- LCR – addresses short-term liquidity risk; and
- NSFR – addresses the structural liquidity risk of the balance sheet within the SA market.

LIQUIDITY COVERAGE RATIO

The LCR has been fully adopted by the SARB with the inclusion of a committed liquidity facility (CLF). Phasing in of the LCR commenced in 2015 and banks are required to be fully compliant by 2019. The minimum LCR requirement is currently 70%, with 10% incremental step-ups each calendar year to 100% on 1 January 2019.

The SARB issued *Guidance Note 6/2016* significantly increasing the cost for contracting a CLF. There is a continued focus on building a diversified pool of available HQLA. This is, however, limited given availability within the SA market.

NET STABLE FUNDING RATIO

The NSFR is considered a structural balance sheet ratio with the focus being to promote a more resilient banking sector. The ratio calculates the amount of available stable funding relative to the amount of required stable funding.

The provisional directive on the NSFR in November 2015 has subsequently been issued as *Directive 4/2016* in August 2016. Banks will be required to submit a monthly monitoring template to enable the SARB to assess the readiness of banks to comply with the 100% NSFR requirements from 1 January 2018.

The SARB has applied its discretion on the treatment of deposits with maturities of up to six months received from financial institutions. The NSFR framework assigns a 0% ASF factor to these funds whereas the SARB elected to apply a 35% factor.

It is anticipated that this change will significantly assist the South African banking sector in meeting NSFR requirements. On a *pro forma* basis FirstRand expects that it would exceed the minimum requirements.

DISCLOSURE REQUIREMENTS

The BCBS published the liquidity coverage ratio disclosure standards in March 2014, with the objective to reduce market uncertainty around liquidity positions. Key points are:

- effective from 1 January 2015;
- will follow the capital quarterly disclosures; and
- standardised template currently completed semi-annually.

These disclosures reveal industry reporting inconsistencies which are now being addressed via the Banking Association of South Africa, together with SARB and SAICA.

RESOLUTION FRAMEWORK

In September 2015, the SARB and FSB published for public comment a discussion document, *Strengthening South Africa's Resolution Framework for Financial Institutions*. The paper sets out the motivation, principles and policy proposals for such a strengthened framework and is intended to solicit public comment and serve as a basis for further industry discussions in preparation for the drafting of a special resolution bill.

The paper introduces the concept of total loss-absorbing capacity (TLAC) to explicitly subordinate specified instruments in order to make these loss absorbing at resolution phase. TLAC, in the context of the paper, does not necessarily have the same characteristics as the proposed TLAC requirements applicable to global systemically important banks (G-SIB) and have been identified as:

- ordinary shares;
- preference shares; and
- pre-identified loss-bearing instruments.

LIQUIDITY RISK POSITION

The following table provides details on the available sources of liquidity by Basel LCR definition and managements' assessment of the required buffer.

GROUP LIQUID ASSETS COMPOSITION

	Marketable assets	HQLA Basel III view after haircut*				Management view after haircuts	
R billion	**Total 2016**	Level 1	Level 2	**Total 2016**	Total 2015	**Total 2016**	Total 2015
Cash and deposits with central banks	**32**	32	–	**32**	31	**32**	31
Government bonds and bills	**89**	83	–	**83**	88	**89**	88
Other liquid assets	**64**	–	42	**42**	13	**53**	24
Total	**185**	115	42	**157**	132	**174**	143

* *The surplus HQLA holdings by subsidiaries and foreign branches in excess of the minimum required LCR of 60% have been excluded in the calculation of the consolidated group LCR.*

Liquidity buffers are actively managed via high quality, highly liquid assets that are available as protection against unexpected events or market disruptions. The quantum and composition of the available sources of liquidity are defined by the behavioural funding liquidity at risk and the market liquidity depth of available liquidity resources. In addition, adaptive overlays to liquidity requirements are derived from stress testing and scenario analysis of the cash inflows and outflows related to business franchise activity.

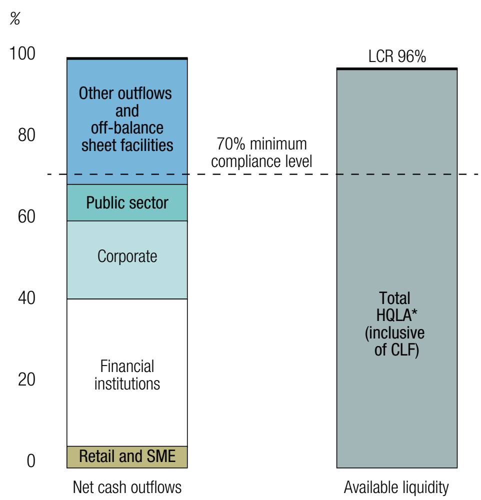
Funding from institutional clients is a significant contributor to the group's net cash outflows as measured under the LCR at nearly 30% of the South African market structure. Other significant contributors to the cash outflows are corporate funding and off-balance sheet facilities granted to clients, specifically those related to corporate clients. The group has strategies in place to increase funding sourced through its deposit franchise and to reduce reliance on the more inefficient institutional funding sources, as well as to offer facilities more efficiently.

The group's LCR increased due to an increase in HQLA holdings of R25 billion and a reduction in net cash outflows of R14 billion. This is as a result of targeted strategies to raise more stable funding sources and increase liquid asset holdings. In addition, certain components of the LCR have now been clarified by the SARB and industry working groups, which has allowed FirstRand to align its methodology with other sector players, resulting in a structural uplift in its LCR.

Directives 6/2014 and 11/2014 require the group to provide its LCR disclosure in a standardised template. Refer to www.firstrand.co.za/investorcentre/pages/commondisclosures.aspx

The graph below gives an indication of the group's LCR position of 96% (2015: 76%) at 30 June 2016 and demonstrates the group's compliance with the 70% minimum requirement. FirstRand Bank's LCR was 102% at 30 June 2016 (2015: 84%).

GROUP LCR



* *HQLA held by subsidiaries and foreign branches in excess of the required LCR minimum of 70% (prior year 60%) have been excluded on consolidation as per Directive 11/2014.*

Scan with your smart device's QR code reader to access the common disclosure templates on the group's website.

CAPITAL

The group actively manages its capital base commensurate with its strategy and risk appetite. The optimal level and composition of capital is determined after taking into account:

- business units' organic growth plans;
- rating agencies' considerations;
- investor expectations (including debt holders);
- targeted leverage levels;
- future business plans;
- stress testing scenarios;
- economic and regulatory capital requirements;
- issuance of additional capital instruments;
- regulatory and accounting changes; and
- the board's risk appetite.

YEAR UNDER REVIEW

The capital planning process ensures that the total capital adequacy and CET1 ratios remain within or above targets across economic and business cycles. Capital is managed on a forward-looking basis and the group remains appropriately capitalised under a range of normal and severe stress scenarios, which includes ongoing regulatory developments, expansion initiatives and corporate transactions. The group aims to back all economic risk with loss absorbing capital and remains well capitalised in the current environment.

The Basel III leverage ratio is a supplementary measure to the risk-based capital ratio and greater emphasis has been placed on monitoring this ratio.

FirstRand comfortably operated above its capital and leverage targets during the year. The table below summarises the group's capital and leverage ratios as at 30 June 2016.

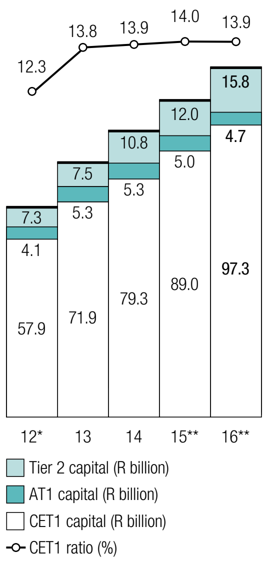
CAPITAL ADEQUACY AND LEVERAGE POSITION

	Capital			Leverage
%	**CET1**	**Tier 1**	**Total**	**Total**
Regulatory minimum*	6.9	8.1	10.4	4.0
Internal target	10.0 – 11.0	>12.0	>14.0	>5.0
Actual				
Including unappropriated profits	**13.9**	**14.6**	**16.9**	**8.4**
Excluding unappropriated profits	**12.4**	**13.1**	**15.4**	**7.5**

* *Excluding the bank-specific individual capital requirement and add-on for domestic systemically important banks.*

The graphs below show the historical overview of capital adequacy, RWA and leverage for FirstRand.

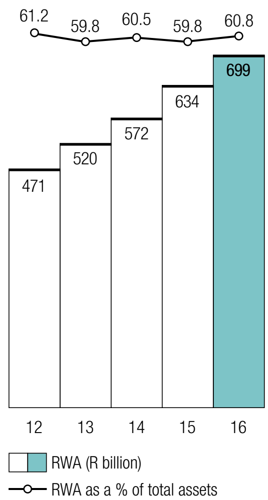
CAPITAL ADEQUACY



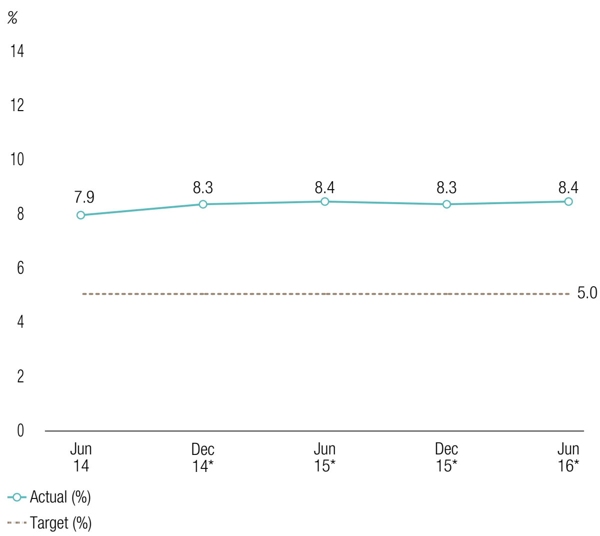
* 2012 is on a Basel II basis, 2013 onwards is on a Basel III basis.

** Includes unappropriated profits.

RWA HISTORY



LEVERAGE



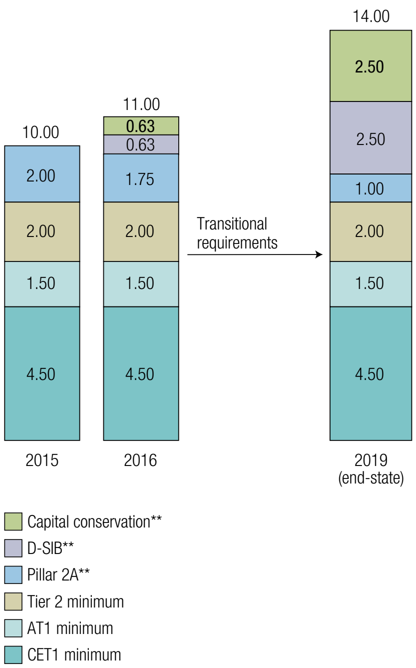
* Includes unappropriated profits.

REGULATORY UPDATE

Effective 1 January 2016, the SARB minimum capital requirement was adjusted for the capital conservation buffer, add-on for domestic systemically important banks (D-SIB) and the countercyclical buffer. Currently the SARB has not implemented any countercyclical buffer requirement for South African exposures. The capital conservation buffer and D-SIB add-on will be phased in over the next four years, as illustrated below.

*TRANSITIONAL MINIMUM REQUIREMENTS**

%



* *Assuming a maximum add-on for D-SIB.*

** *Pillar 2A and D-SIB met with CET1, Tier 1 and total capital. Capital conservation buffer met solely with CET1 capital.*

The group's internal targets have been aligned to the end-state minimum requirements and are subject to ongoing review and consideration of various stakeholder requirements. No changes have been made to the current targets during the year.

The BCBS issued various consultative documents, including revisions to the RWA framework, capital floors and leverage framework. These papers are at different stages of testing, finalisation and implementation, and the actual impact on banks remains unclear. The group continues to participate in the BCBS quantitative impact studies to assess and incorporate, where relevant, the effect of these standards.

COMPOSITION OF CAPITAL

Supply of capital

The tables below summarise FirstRand's qualifying capital components and related year-on-year movements.

COMPOSITION OF CAPITAL ANALYSIS

	Year ended 30 June	
R million	**2016**	2015
Including unappropriated profits		
CET1	**97 283**	88 961
Tier 1	**101 970**	94 008
Total qualifying capital	**117 811**	106 008
Excluding unappropriated profits		
CET1	**86 954**	82 516
Tier 1	**91 641**	87 563
Total qualifying capital	**107 482**	99 563

Movement		
CET1	**AT1**	**Tier 2**
↑	↓	↑
• Internal capital generation through earnings.	• Additional 10% haircut on NCNR preference shares that are not compliant with Basel III, partly offset by movement in third party capital.	• Issuance of Basel III compliant subordinated debt instruments totalling R4.9 billion: – FRB16 and FRB17 in July 2015: R2.3 billion; and – FRB18, FRB19 and FRB20 in April 2016: R2.6 billion. • Redemption of FRB08 (R100 million) in June 2016. • Additional haircut on instruments that are not compliant with Basel III.

DEMAND FOR CAPITAL

The table below shows the breakdown of FirstRand's RWA per risk type as per current regulations.

RWA ANALYSIS

	Year ended 30 June		
R million	**2016**	2015	KEY DRIVERS
Credit risk	**479 731**	435 826	↑ organic growth, model recalibrations and regulatory refinement.
Counterparty credit risk	**21 378**	16 205	↑ volumes and mark-to-market movements.
Operational risk	**110 143**	100 329	↑ higher risk scenario values for certain portfolios subject to the advanced measurement approach (AMA); and increase in gross income for entities on basic approaches.
Market risk	**17 402**	12 371	↑ volume and mark-to-market movements.
Equity investment risk*	**36 846**	39 726	↓ disposals of investments and fair value adjustments.
Other assets*	**33 232**	29 373	↑ increase in deferred tax assets relating to temporary differences; and increase in property and equipment.
Total RWA	**698 732**	633 830	

* *Equity investment risk comparatives have been restated to include investment in financial, banking and insurance entities risk weighted at 250%.*

CAPITAL ADEQUACY POSITION FOR THE GROUP, ITS REGULATED SUBSIDIARIES AND THE BANK'S FOREIGN BRANCHES

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

The RWA and capital adequacy positions of FirstRand, its regulated subsidiaries and the bank's foreign branches are set out below.

RWA AND CAPITAL ADEQUACY POSITIONS OF FIRSTRAND, ITS REGULATED SUBSIDIARIES AND THE BANK'S FOREIGN BRANCHES

	Year ended 30 June			
	2016			2015
	RWA R million	**Tier 1 %**	**Total capital adequacy %**	Total capital adequacy %
Basel III				
FirstRand*	**698 732**	**14.6**	**16.9**	16.7
FirstRand Bank South Africa*	**522 211**	**14.4**	**16.9**	16.7
FirstRand Bank London	**36 776**	**10.3**	**17.4**	16.1
FirstRand Bank India	**2 971**	**23.9**	**24.3**	39.5
FirstRand Bank Guernsey**	**58**	**43.9**	**43.9**	–
Basel II (local regulations)				
FNB Namibia	**24 259**	**15.1**	**17.8**	17.0
FNB Mozambique	**2 779**	**14.0**	**14.6**	10.3
FNB Botswana#	**20 921**	**13.3**	**16.4**	19.0
Basel I (local regulations)				
FNB Swaziland	**2 926**	**23.7**	**25.0**	22.6
FNB Lesotho	**941**	**13.5**	**16.9**	18.7
FNB Zambia	**4 977**	**14.7**	**19.2**	24.1
FNB Tanzania	**1 139**	**66.1**	**66.1**	31.3
RMB Nigeria	**1 176**	**91.7**	**91.7**	86.1
First National Bank Ghana	**206**	**>100**	**>100**	–

* *Includes unappropriated profits.*

** *Trading as FNB Channel Islands.*

Basel II implemented on 1 January 2016.

Directive 3/2015 (capital) and *Directive 4/2014* (leverage) requires the following additional common disclosure in line with Regulation 43 of the Regulations relating to Banks:

- composition of capital;
- reconciliation of IFRS financial statements to regulatory capital and reserves;
- main features of capital instruments; and
- leverage common disclosure templates.

Refer to www.firstrand.co.za/investorcentre/pages/commondisclosures.aspx

Scan with your smart device's QR code reader to access the common disclosure templates on the group's website.

PERFORMANCE MEASUREMENT

The group aims to deliver sustainable returns to its shareholders and each business unit is evaluated on shareholder value created. This is measured through ROE and the group's specific benchmark of economic profit, NIACC.

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

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

NIACC was negatively impacted by the increased cost of equity and levels of capital as illustrated in the table below.

*NIACC** AND ROE*

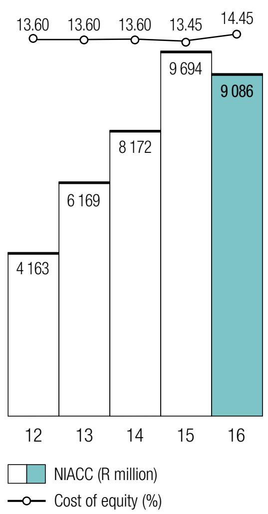
	Year ended 30 June		
R million	**2016**	2015	% change
Normalised earnings attributable to ordinary shareholders	**22 855**	21 286	7
Capital charge*	**(13 769)**	(11 592)	19
NIACC – at revised cost of equity	**9 086**	9 694	(6)
NIACC – at original cost of equity	**9 706**	9 694	–
Average ordinary shareholders' equity and reserves	**95 286**	86 184	11
ROE (%)	**24.0**	24.7	
Cost of equity (%)	**14.45**	13.45	
Return on average RWA	**3.43**	3.53	

* *Capital charge based on cost of equity.*

** *NIACC = normalised earnings less (cost of equity x average ordinary shareholders' equity and reserves).*

Given the market conditions and the increase in the risk-free rate, the group reassessed its cost of equity in January 2016 and subsequently revised it upwards to 15.1%. This resulted in the average cost of equity for the year of 14.45%. If NIACC for the year was calculated on the original cost of equity of 13.8%, it would be similar to 2015.

NIACC AND COST OF EQUITY



SHAREHOLDER VALUE CREATION

The group continues to achieve returns in excess of its cost of equity resulting in positive NIACC despite the increased levels of capital and the increase in cost of equity.

Decomposition of the ROE indicates that the reduction in ROE was largely driven by the decrease in ROA, as illustrated in the table below.

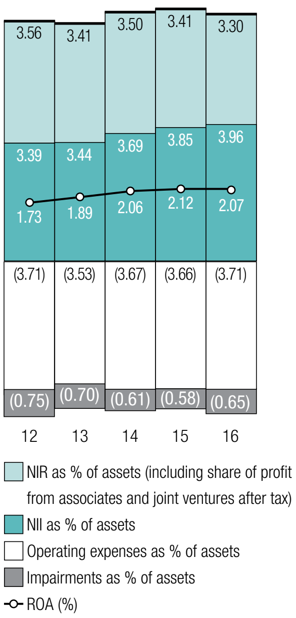
HISTORICAL ANALYSIS OF ROA, GEARING AND ROE

	Year ended 30 June				
	2016	2015	2014	2013	2012
ROA (%)	**2.07**	2.12	2.06	1.89	1.73
Gearing*	**11.6**	11.6	11.8	12.0	11.9
ROE (%)	**24.0**	24.7	24.2	22.7	20.7

* *Gearing = average total assets/average equity.*

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

ROA ANALYSIS



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

FRANCHISE PERFORMANCE AND ROE

The table below provides a summary of ROEs for the group's operating franchises, which all produced returns in excess of the cost of allocated equity.

FRANCHISE ROEs AND NORMALISED EARNINGS

	Year ended 30 June		
	2016		2015^
R million	Normalised earnings‡	ROE %	ROE %
FNB*	12 315	38.6	39.7
RMB**	6 157	25.2	24.2
WesBank**	3 891	21.8	21.1
FCC (including Group Treasury)#	492	2.1	5.5
FirstRand group	22 855	24.0	24.7
Rest of Africa total†	1 263	14.2	18.5

* *Includes FNB Africa and FNB's activities in India.*

** *Includes RMB Africa and WesBank Africa, respectively.*

Includes Ashburton Investments as well as the unallocated surplus capital.

† *Reflects the franchises' combined operations in the legal entities in the rest of Africa.*

‡ *Includes the return on capital in rest of Africa operations and the cost of preference shares and other capital and, therefore, differs from franchise normalised earnings in the segment report on pages 22 to 29.*

^ *The comparative ROEs were restated for segmentation changes.*

CREDIT RATINGS

FIRSTRAND BANK LIMITED

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

FIRSTRAND LIMITED

FirstRand's ratings reflect its status as the non-operational holding company of the group and the entity's consequent structural subordination and reliance on dividends from operating companies to meet its obligations, exposing it to potential regulatory impositions. It is standard practice for a holding company to be rated at least one notch lower than the operating company (in this case, FirstRand Bank). It is important to note that the group issues debt out of the bank, the credit counterparty. No debt is issued from FirstRand.

CREDIT RATINGS AS AT 8 SEPTEMBER 2016

	South African sovereign rating		FirstRand	FirstRand Bank	
	Moody's	**S&P**	**S&P**	**Moody's**	**S&P**
Outlook	Negative	Negative	Negative	Negative	Negative
Foreign currency rating					
Long term	Baa2	BBB-	BB+	Baa2	BBB-
Short term	(P)P-2	A-3	B	P-2	A-3
Local currency rating					
Long term	Baa2	BBB+	BB+	Baa2	BBB-
Short term	(P)P-2	A-2	B	P-2	A-3
National scale rating					
Long term		zaAAA	zaA	Aaa.za	zaAA-
Short term		zaA-1	zaA-2	P-1.za	zaA-1
Standalone credit ratings*				baa2	bbb

* *Refers to a rating agency's measure of a bank's intrinsic creditworthiness before considering external factors, e.g. affiliate or government support. The two major rating agencies use different terminology for this concept: Moody's baseline credit assessment and S&P's standalone credit profile.*

Credit ratings *continued*

South Africa sovereign rating

During the current financial year, Moody's Investor Services (Moody's) and S&P Global Ratings (S&P) changed the outlook on the South African sovereign to negative from stable. These rating actions were primarily driven by South Africa's weakening credit profile, and challenging economic and operating environment. Both rating agencies affirmed the sovereign rating in the last quarter of the 2016 financial year. The impact of these rating actions on FirstRand and FirstRand Bank are outlined below.

Moody's

On 17 December 2015, Moody's changed the outlook on FirstRand Bank's ratings to negative from stable. In May 2016, the long- and short-term foreign and local currency deposit ratings were confirmed and the national scale ratings were repositioned to Aaa.za from A1.za following the recalibration of the South African national scale rating.

S&P

On 9 December 2015, S&P revised its outlook for both FirstRand and FirstRand Bank to negative from stable. At the same time, FirstRand Bank's long-term national scale ratings were lowered to zaAA- from zaAA and the short-term national scale rating was affirmed at zaA-1. FirstRand's long- and short-term national scale ratings were also lowered to zaA/zaA-2 from zaA+/zaA-1.
The ratings were affirmed in April 2016.

IFRS information

pg 94 – 128

PRESENTATION

BASIS OF PRESENTATION

The summarised consolidated financial statements contained in this *Analysis of financial results* booklet are prepared in accordance with the JSE Listings Requirements and are derived from a complete set of the summarised consolidated financial statements.

FirstRand prepares its summarised consolidated financial results 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 the Financial Reporting Standards Council;
- SAICA Financial Reporting Guide as issued by the Accounting Practices Committee;
- as a minimum, the information required by *IAS 34 Interim Financial Reporting*; and
- requirements of the Companies Act, no 71 of 2008, applicable to summary financial statements.

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

ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived, are in terms of IFRS.

The consolidated financial statements, from which these summarised 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.

The group has elected to early adopt the amendment to *IAS 1 Presentation of Financial Statements*, which clarified that materiality applies to the complete set of financial statements, including disclosures. In terms of the amendment, the inclusion of immaterial information in the financial statements can negatively affect the usefulness of disclosures. In order to early adopt the amendment the group reviewed the financial statements to identify areas where disclosures were ineffective, related to immaterial items or considered unnecessary.

As a result of the review, provisions have now been included with creditors and accruals on the face of the statement of financial position. The revised standard did not have any effect on the group's reported earnings, financial position or reserves and had no material impact on the accounting policies.

Other than the change in presentation described above, the accounting policies are consistent with those applied for the year ended 30 June 2015. No other new or amended IFRS standards became effective for the year ended 30 June 2016.

NORMALISED RESULTS

The group believes normalised earnings more accurately reflect its economic performance. Consequently, headline earnings have been adjusted to take into account non-operational and accounting anomalies, which, in terms of the JSE Listing Requirements, constitute *pro forma* financial information.

This *pro forma* financial information, which is the responsibility of the group's directors, has been prepared for illustrative purposes to more accurately reflect operational performance and because of its nature may not fairly present in terms of IFRS, the group's financial position, changes in equity and results of operations or cash flows. Details of the nature of these adjustments and reasons therefore can be found on pages 95 to 96. The *pro forma* financial information should be read in conjunction with the unmodified Deloitte & Touche and PricewaterhouseCoopers Inc. independent reporting accountants' report, which is available for inspection at the registered office.

AUDITORS' REPORT

The summarised consolidated financial statements for the year ended 30 June 2016 contained in this booklet have been audited by PricewaterhouseCoopers Inc. and Deloitte & Touche, who expressed an unmodified opinion thereon. Refer to page 97.

The auditors also expressed an unmodified opinion on the financial statements from which the summarised consolidated financial statements were derived. Unless the financial information is specifically stated as audited, it should be assumed it is unaudited.

A copy of the auditors' report on the consolidated financial statements is available for inspection at FirstRand's registered office, 4 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, together with the audited consolidated financial statements identified in the respective auditors' reports.

The auditors' report does not necessarily report on all of the information contained in these summarised consolidated financial statements. Shareholders are, therefore, advised, that in order to obtain a full understanding of the nature of the auditors' engagement, they should review the auditors' 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 auditors. FirstRand's board of directors take full responsibility for the preparation of this booklet.

DESCRIPTION OF DIFFERENCE BETWEEN NORMALISED AND IFRS RESULTS

The group believes normalised earnings more accurately reflect its economic performance. Headline earnings are adjusted to take into account non-operational items and accounting anomalies.

CONSOLIDATED PRIVATE EQUITY SUBSIDIARIES

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

FIRSTRAND SHARES HELD FOR CLIENT TRADING ACTIVITIES

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

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

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

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

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

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

ECONOMIC INTEREST RATE HEDGES

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

FAIR VALUE ANNUITY INCOME – LENDING

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

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

CREDIT-BASED INVESTMENTS INCLUDED IN ADVANCES

Certain corporate bond debt securities qualifying as high quality liquid assets and notes held in securitisation vehicles are classified as investment securities for IFRS purposes. The underlying nature and risk exposure of these assets is credit related and these assets are, therefore, reclassified from investment securities to advances.

USD LIQUIDITY FUNDING

The group raised additional USD funding and liquidity during the current and previous two financial periods. Following IFRS, certain currency translations and costs associated with these funding actions are reflected against NIR. From an economic perspective, these impacts form part of the inherent cost of the USD funding pool and, as such, have been reflected against NII on a normalised basis.

IAS 19 REMEASUREMENT OF PLAN ASSETS

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

REALISATION ON THE SALE OF PRIVATE EQUITY SUBSIDIARIES

In terms of *Circular 2/2015 Headline Earnings*, gains or losses from the sale of subsidiaries are excluded from headline earnings.

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

CASH-SETTLED SHARE-BASED PAYMENTS AND THE ECONOMIC HEDGE

The group entered into a total return swap with external parties to economically hedge itself against the exposure to changes in the FirstRand share price associated with the group's long-term incentive schemes.

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

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

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

In addition, the portion of the share-based payment expense which relates to the remeasurement of the liability arising from changes in the share price is reclassified from operating expenses into NIR in accordance with the economics of the transaction. The share-based payment expense included in operating expenses is equal to the grant date fair value of the awards given.

HEADLINE EARNINGS ADJUSTMENTS

All adjustments that are required by *Circular 2/2015 Headline Earnings* in calculating headline earnings are included in normalised earnings on a line-by-line basis based on the nature of the adjustment.

The description and the amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 104.

INDEPENDENT AUDITORS' REPORT ON SUMMARISED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF FIRSTRAND LIMITED

The summarised consolidated financial statements of FirstRand Limited, indicated as such and contained in the accompanying provisional report, which comprise the summarised consolidated statement of financial position as at 30 June 2016, the summarised consolidated income statement, the summarised 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 financial statements of FirstRand Limited for the year ended 30 June 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 7 September 2016. Our auditors' report on the audited consolidated financial statements contained an other matter paragraph, "other reports required by the Companies Act", (refer below).

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

Directors' responsibility for the summarised consolidated financial statements

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

Auditors' responsibility

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

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of FirstRand Limited for the year ended 30 June 2016 are consistent, in all material respects, with those consolidated financial statements, in accordance with the JSE Limited's requirements for summarised financial statements, set out in the basis of presentation to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 7 September 2016 states that as part of our audit of the consolidated financial statements for the year ended 30 June 2016, we have read the directors' report, the audit committee report and the group secretary's certification for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

Deloitte & Touche
Registered Auditors
Per partner: Darren Shipp
Johannesburg

7 September 2016

PricewaterhouseCoopers Inc.
Registered Auditors
Director: Francois Prinsloo
Johannesburg

7 September 2016

SUMMARISED CONSOLIDATED INCOME STATEMENT – IFRS (AUDITED)

for the year ended 30 June

R million	2016	2015	% change
Net interest income before impairment of advances	**42 041**	35 621	18
Impairment of advances	**(6 902)**	(5 150)	34
Net interest income after impairment of advances	**35 139**	30 471	15
Non-interest revenue	**36 677**	37 421	(2)
Income from operations	**71 816**	67 892	6
Operating expenses	**(41 657)**	(38 692)	8
Net income from operations	**30 159**	29 200	3
Share of profit of associates after tax	**930**	1 085	(14)
Share of profit of joint ventures after tax	**526**	454	16
Income before tax	**31 615**	30 739	3
Indirect tax	**(928)**	(884)	5
Profit before tax	**30 687**	29 855	3
Income tax expense	**(6 612)**	(6 731)	(2)
Profit for the year	**24 075**	23 124	4
Attributable to			
Ordinary equityholders	**22 563**	21 623	4
NCNR preference shareholders	**342**	310	10
Equityholders of the group	**22 905**	21 933	4
Non-controlling interests	**1 170**	1 191	(2)
Profit for the year	**24 075**	23 124	4
Earnings per share (cents)			
– Basic	**402.4**	390.1	3
– Diluted	**402.4**	390.1	3
Headline earnings per share (cents)			
– Basic	**399.2**	381.4	5
– Diluted	**399.2**	381.4	5

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – IFRS (AUDITED)

for the year ended 30 June

R million	2016	2015	% change
Profit for the year	**24 075**	23 124	4
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	**118**	(271)	(>100)
Gains/(losses) arising during the year	**144**	(569)	(>100)
Reclassification adjustments for amounts included in profit or loss	**20**	193	(90)
Deferred income tax	**(46)**	105	(>100)
Available-for-sale financial assets	**(504)**	(377)	34
Losses arising during the year	**(671)**	(102)	>100
Reclassification adjustments for amounts included in profit or loss	**(6)**	(293)	(98)
Deferred income tax	**173**	18	>100
Exchange differences on translating foreign operations	**567**	406	40
Gains arising during the year	**567**	406	40
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	**87**	(262)	(>100)
Items that may not subsequently be reclassified to profit or loss			
Remeasurements on defined benefit post-employment plans	**(139)**	(140)	(1)
Losses arising during the year	**(194)**	(141)	38
Deferred income tax	**55**	1	>100
Other comprehensive income/(loss) for the year	**129**	(644)	(>100)
Total comprehensive income for the year	**24 204**	22 480	8
Attributable to			
Ordinary equityholders	**22 665**	21 062	8
NCNR preference shareholders	**342**	310	10
Equityholders of the group	**23 007**	21 372	8
Non-controlling interests	**1 197**	1 108	8
Total comprehensive income for the year	**24 204**	22 480	8

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – IFRS (AUDITED)

as at 30 June

R million	2016	2015
ASSETS		
Cash and cash equivalents	**64 303**	65 567
Derivative financial instruments	**40 551**	34 500
Commodities	**12 514**	7 354
Investment securities	**185 354**	165 171
Advances	**808 699**	751 366
Accounts receivable	**10 152**	8 009
Current tax asset	**428**	115
Non-current assets and disposal groups held for sale	**193**	373
Reinsurance assets	**36**	388
Investments in associates	**4 964**	5 781
Investments in joint ventures	**1 344**	1 282
Property and equipment	**16 909**	16 288
Intangible assets	**1 569**	1 068
Investment properties	**386**	460
Defined benefit post-employment asset	**9**	4
Deferred income tax asset	**1 866**	1 540
Total assets	**1 149 277**	1 059 266
EQUITY AND LIABILITIES		
Liabilities		
Short trading positions	**14 263**	5 685
Derivative financial instruments	**50 782**	40 917
Creditors, accruals and provisions*	**17 285**	17 624
Current tax liability	**270**	353
Liabilities directly associated with disposal groups held for sale	**141**	–
Deposits	**919 930**	865 521
Employee liabilities	**9 771**	9 734
Other liabilities	**8 311**	6 876
Policyholder liabilities	**1 402**	542
Tier 2 liabilities	**18 004**	12 497
Deferred income tax liability	**1 053**	913
Total liabilities	**1 041 212**	960 662
Equity		
Ordinary shares	**56**	56
Share premium	**7 952**	7 997
Reserves	**91 737**	82 725
Capital and reserves attributable to ordinary equityholders	**99 745**	90 778
NCNR preference shares	**4 519**	4 519
Capital and reserves attributable to equityholders of the group	**104 264**	95 297
Non-controlling interests	**3 801**	3 307
Total equity	**108 065**	98 604
Total equity and liabilities	**1 149 277**	1 059 266

* *In the prior year provisions were presented in a separate line on the statement of financial position. The prior year has been restated accordingly.*

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS – IFRS (AUDITED)

for the year ended 30 June

R million	2016	2015
Cash generated from operating activities		
Interest and fee commission receipts	**95 004**	82 246
Trading and other income	**3 910**	3 078
Interest payments	**(28 884)**	(22 473)
Other operating expenses	**(33 417)**	(29 576)
Dividends received	**6 544**	4 323
Dividends paid	**(12 950)**	(11 034)
Dividends paid to non-controlling interests	**(761)**	(764)
Cash generated from operating activities	**29 446**	25 800
Movement in operating assets and liabilities		
Liquid assets and trading securities	**(18 910)**	(40 204)
Advances	**(54 515)**	(70 380)
Deposits	**44 739**	94 145
Creditors (net of debtors)	**(3 495)**	4 144
Employee liabilities	**(5 350)**	(4 570)
Other liabilities	**8 245**	3 531
Taxation paid	**(7 793)**	(8 065)
Net cash (utilised by)/generated from operating activities	**(7 633)**	4 401
Cash flows from investing activities		
Acquisition of investments in associates	**(187)**	(141)
Proceeds on disposal of investments in associates	**1 932**	1 326
Acquisition of investments in joint ventures	**–**	(16)
Acquisition of investments in subsidiaries	**(1 071)**	–
Proceeds on disposal of investments in subsidiaries	**621**	247
Acquisition of property and equipment	**(4 135)**	(4 356)
Proceeds on disposal of property and equipment	**1 170**	460
Acquisition of intangible assets and investment properties	**(294)**	(171)
Proceeds on disposal of intangible assets and investment properties	**45**	6
Proceeds on disposal of non-current assets held for sale	**1 017**	91
Net cash outflow from investing activities	**(902)**	(2 554)
Cash flows from financing activities		
Proceeds from the issue of other liabilities	**1 587**	837
Proceeds from the issue of Tier 2 liabilities	**5 486**	510
Net proceeds from issue and buyback of ordinary shares	**–**	1 563
Acquisition of additional interest in subsidiaries from non-controlling interests	**(1 357)**	(181)
Issue of share of additional interest in subsidiaries to non-controlling interests	**39**	–
Net cash inflow from financing activities	**5 755**	2 729
Net (decrease)/increase in cash and cash equivalents	**(2 780)**	4 576
Cash and cash equivalents at the beginning of the year	**65 567**	60 756
Cash and cash equivalents acquired through the acquisition of subsidiaries	**890**	–
Cash and cash equivalents impacted by the disposal of subsidiaries	**(33)**	67
Effect of exchange rate changes on cash and cash equivalents	**663**	168
Transfer to non-current assets held for sale	**(4)**	–
Cash and cash equivalents at the end of the year	**64 303**	65 567
Mandatory reserve balances included above*	**22 959**	21 489

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

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – IFRS (AUDITED)

for the year ended 30 June

	Ordinary share capital and ordinary equityholders' funds				
R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 1 July 2014	55	5 531	**5 586**	(651)	461
Net proceeds of the issue of share capital	–	1 611	**1 611**	–	–
Proceeds of issue of share capital	–	1 629	**1 629**	–	–
Share issue expenses	–	(18)	**(18)**	–	–
Share movements relating to the unwind of the staff share trust*	1	873	**874**	–	–
Disposal of subsidiaries	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Consolidation of treasury shares	–	(18)	**(18)**	–	–
Total comprehensive income for the year	–	–	**–**	(140)	(271)
Vesting of share-based payments	–	–	**–**	–	–
Balance as at 30 June 2015	56	7 997	**8 053**	(791)	190
Net proceeds of issue of share capital	–	–	**–**	–	–
Proceeds of issue of share capital	–	–	**–**	–	–
Share issue expenses	–	–	**–**	–	–
Share movements relating to the unwind of the staff share trust	–	–	**–**	–	–
Acquisition of subsidiaries	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Consolidation of treasury shares	–	(45)	**(45)**	–	–
Total comprehensive income for the year	–	–	**–**	(139)	118
Vesting of share-based payments	–	–	**–**	–	–
Balance as at 30 June 2016	56	7 952	**8 008**	(930)	308

* *Shares previously treated as treasury shares.*

Ordinary share capital and ordinary equityholders' funds								
Share-based payment reserve	Available-for-sale reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Reserves attributable to ordinary equity-holders	NCNR preference shares	Non-controlling interests	Total equity
2 783	436	2 352	270	69 277	**74 928**	**4 519**	**3 184**	**88 217**
–	–	–	–	–	**–**	**–**	**–**	**1 611**
–	–	–	–	–	**–**	**–**	**–**	**1 629**
–	–	–	–	–	**–**	**–**	**–**	**(18)**
–	–	–	–	–	**–**	**–**	**–**	**874**
–	–	–	–	–	**–**	**–**	**(48)**	**(48)**
(532)	–	–	10	(983)	**(1 505)**	**–**	**(24)**	**(1 529)**
–	–	–	–	(10 724)	**(10 724)**	**–**	**(764)**	**(11 488)**
–	–	–	–	–	**–**	**(310)**	**–**	**(310)**
–	–	–	10	(10)	**–**	**–**	**–**	**–**
–	–	–	–	(28)	**(28)**	**–**	**(149)**	**(177)**
–	–	–	154	(156)	**(2)**	**–**	**–**	**(20)**
–	(372)	405	(183)	21 623	**21 062**	**310**	**1 108**	**22 480**
(2 230)	–	–	–	1 224	**(1 006)**	**–**	**–**	**(1 006)**
21	64	2 757	261	80 223	**82 725**	**4 519**	**3 307**	**98 604**
–	–	–	–	–	**–**	**–**	**39**	**39**
–	–	–	–	–	**–**	**–**	**24**	**24**
–	–	–	–	–	**–**	**–**	**15**	**15**
–	–	–	–	–	**–**	**–**	**–**	**–**
–	–	–	–	–	**–**	**–**	**19**	**19**
5	–	–	20	(16)	**9**	**–**	**10**	**19**
–	–	–	–	(12 608)	**(12 608)**	**–**	**(761)**	**(13 369)**
–	–	–	–	–	**–**	**(342)**	**–**	**(342)**
–	–	–	18	(18)	**–**	**–**	**–**	**–**
–	–	–	–	(1 077)	**(1 077)**	**–**	**(10)**	**(1 087)**
–	–	–	–	10	**10**	**–**	**–**	**(35)**
–	(505)	553	75	22 563	**22 665**	**342**	**1 197**	**24 204**
(17)	–	–	–	30	**13**	**–**	**–**	**13**
9	(441)	3 310	374	89 107	**91 737**	**4 519**	**3 801**	**108 065**

STATEMENT OF HEADLINE EARNINGS – IFRS (AUDITED)

for the year ended 30 June

R million	2016	2015	% change
Profit for the year (refer page 98)	**24 075**	23 124	4
Non-controlling interests	**(1 170)**	(1 191)	(2)
NCNR preference shareholders	**(342)**	(310)	10
Earnings attributable to ordinary equityholders	**22 563**	21 623	4
Adjusted for:	**(176)**	(482)	(63)
(Gain)/loss on disposal of investment securities and other investments of a capital nature	**(5)**	1	
Gain on disposal of available-for-sale assets	**(6)**	(293)	
Transfer to foreign currency translation reserve	**–**	10	
Gain on disposal of investments in subsidiaries	**(82)**	(220)	
(Gain)/loss on disposal of property and equipment	**(148)**	5	
Fair value movement on investment properties	**22**	(33)	
Impairment of goodwill	**8**	–	
Impairment of assets in terms of IAS 36	**47**	–	
Tax effects of adjustments	**(20)**	18	
Non-controlling interests adjustments	**8**	30	
Headline earnings	**22 387**	21 141	6

RECONCILIATION FROM HEADLINE TO NORMALISED EARNINGS

for the year ended 30 June

R million	2016	2015	% change
Headline earnings	**22 387**	21 141	6
Adjusted for:	**468**	145	>100
TRS and IFRS 2 liability remeasurement*	**494**	(34)	(>100)
IFRS 2 share-based payment expenses (BEE)	**–**	75	(100)
Treasury shares**	**(6)**	25	(>100)
IAS 19 adjustment	**(102)**	(107)	(5)
Private equity subsidiary realisations	**82**	186	(56)
Normalised earnings	**22 855**	21 286	7

* *The group uses a TRS with external parties to economically hedge itself against the exposure to changes in the FirstRand share price associated with the group's long-term incentive schemes.*

The TRS is accounted for as a derivative in terms of IFRS, with the full fair value change recognised in NIR.

In the current year, FirstRand's share price declined R8.48 and during the prior year increased R12.57.

This resulted in a significant mark-to-market fair value loss in the current period (compared to a profit in the prior year) being included in the group's IFRS attributable earnings. The normalised results reflect the adjustment to normalise this year-on-year IFRS fair value volatility from the TRS, as described in more detail on page 95 and 96.

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

RECONCILIATION OF NORMALISED TO IFRS SUMMARISED CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2016

R million	Normalised	IFRS 2 share-based payment expense	Private equity expenses	Treasury shares*	Economic hedges
Net interest income before impairment of advances	**43 730**	–	–	–	558
Impairment of advances	**(7 159)**	–	–	–	–
Net interest income after impairment of advances	**36 571**	–	–	–	558
Non-interest revenue	**34 989**	–	1 032	3	(558)
Income from operations	**71 560**	–	1 032	3	–
Operating expenses	**(40 942)**	–	(1 032)	–	–
Net income from operations	**30 618**	–	–	3	–
Share of profit of associates after tax	**930**	–	–	–	–
Share of profit of and joint ventures after tax	**523**	–	–	3	–
Income before tax	**32 071**	–	–	6	–
Indirect tax	**(928)**	–	–	–	–
Profit before tax	**31 143**	–	–	6	–
Income tax expense	**(6 784)**	–	–	–	–
Profit for the year	**24 359**	–	–	6	–
Attributable to					
Non-controlling interests	**(1 162)**	–	–	–	–
NCNR preference shareholders	**(342)**	–	–	–	–
Ordinary equityholders of the group	**22 855**	–	–	6	–
Headline and normalised earnings adjustments	**–**	–	–	(6)	–
Normalised earnings	**22 855**	–	–	–	–

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

	Fair value annuity income (lending)	IAS 19 adjustment	USD liquidity funding	Private equity subsidiary realisations	Other headline earnings adjustments	TRS and IFRS 2 liability remeasure-ment	IFRS
	(2 779)	–	532	–	–	–	**42 041**
	257	–	–	–	–	–	**(6 902)**
	(2 522)	–	532	–	–	–	**35 139**
	2 522	–	(532)	(82)	219	(916)	**36 677**
	–	–	–	(82)	219	(916)	**71 816**
	–	142	–	–	(55)	230	**(41 657)**
	–	142	–	(82)	164	(686)	**30 159**
	–	–	–	–	–	–	**930**
	–	–	–	–	–	–	**526**
	–	142	–	(82)	164	(686)	**31 615**
	–	–	–	–	–	–	**(928)**
	–	142	–	(82)	164	(686)	**30 687**
	–	(40)		–	20	192	**(6 612)**
	–	102	–	(82)	184	(494)	**24 075**
	–	–	–	–	(8)	–	**(1 170)**
	–	–	–	–	–	–	**(342)**
	–	102	–	(82)	176	(494)	**22 563**
	–	(102)	–	82	(176)	494	**292**
	–	–	–	–	–	–	**22 855**

RECONCILIATION OF NORMALISED TO IFRS SUMMARISED CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2015

R million	Normalised	IFRS 2 share-based payment expense	Private equity expenses	Treasury shares*	Economic hedges
Net interest income before impairment of advances	38 610	–	–	(61)	(158)
Impairment of advances	(5 787)	–	–	–	–
Net interest income after impairment of advances	32 823	–	–	(61)	(158)
Non-interest revenue	32 709	–	1 102	43	158
Income from operations	65 532	–	1 102	(18)	–
Operating expenses	(36 740)	(75)	(1 102)	(5)	–
Net income from operations	28 792	(75)	–	(23)	–
Share of profit of associates after tax	1 085	–	–	–	–
Share of profit of and joint ventures after tax	414	–	–	40	–
Income before tax	30 291	(75)	–	17	–
Indirect tax	(884)	–	–	–	–
Profit before tax	29 407	(75)	–	17	–
Income tax expense	(6 626)	–	–	(42)	–
Profit for the year	22 781	(75)	–	(25)	–
Attributable to					
Non-controlling interests	(1 185)	–	–	–	–
NCNR preference shareholders	(310)	–	–	–	–
Ordinary equityholders of the group	21 286	(75)	–	(25)	–
Headline and normalised earnings adjustments	–	75	–	25	–
Normalised earnings	21 286	–	–	–	–

* *Includes FirstRand shares held for client trading activities*

Fair value annuity income (lending)	IAS 19 adjustment	USD liquidity funding	Private equity subsidiary realisations	Other headline earnings adjustments	TRS and IFRS 2 liability remeasure-ment	IFRS
(2 974)	–	204	–	–	–	35 621
637	–	–	–	–	–	(5 150)
(2 337)	–	204	–	–	–	30 471
2 337	–	(204)	(220)	530	966	37 421
–	–	–	(220)	530	966	67 892
–	149	–	–	–	(919)	(38 692)
–	149	–	(220)	530	47	29 200
–	–	–	–	–	–	1 085
–	–	–	–	–	–	454
–	149	–	(220)	530	47	30 739
–	–	–	–	–	–	(884)
–	149	–	(220)	530	47	29 855
–	(42)	–	10	(18)	(13)	(6 731)
–	107	–	(210)	512	34	23 124
–	–	–	24	(30)	–	(1 191)
–	–	–	–	–	–	(310)
–	107	–	(186)	482	34	21 623
–	(107)	–	186	(482)	(34)	(337)
–	–	–	–	–	–	21 286

RECONCILIATION OF NORMALISED TO IFRS SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

R million	Normalised	Treasury shares*	Reallocation of credit investments	IFRS
ASSETS				
Cash and cash equivalents	**64 303**	–	–	**64 303**
Derivative financial instruments	**40 551**	–	–	**40 551**
Commodities	**12 514**	–	–	**12 514**
Investment securities	**142 747**	(99)	42 706	**185 354**
Advances	**851 405**	–	(42 706)	**808 699**
Accounts receivable	**10 152**	–	–	**10 152**
Current tax asset	**428**	–	–	**428**
Non-current assets and disposal groups held for sale	**193**	–	–	**193**
Reinsurance assets	**36**	–	–	**36**
Investments in associates	**4 964**	–	–	**4 964**
Investments in joint ventures	**1 294**	50	–	**1 344**
Property and equipment	**16 909**	–	–	**16 909**
Intangible assets	**1 569**	–	–	**1 569**
Investment properties	**386**	–	–	**386**
Defined benefit post-employment asset	**9**	–	–	**9**
Deferred income tax asset	**1 866**	–	–	**1 866**
Total assets	**1 149 326**	(49)	–	**1 149 277**
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	**14 263**	–	–	**14 263**
Derivative financial instruments	**50 782**	–	–	**50 782**
Creditors, accruals and provisions	**17 285**	–	–	**17 285**
Current tax liability	**270**	–	–	**270**
Liabilities directly associated with disposal groups held for sale	**141**	–	–	**141**
Deposits	**919 930**	–	–	**919 930**
Employee liabilities	**9 771**	–	–	**9 771**
Other liabilities	**8 311**	–	–	**8 311**
Policyholder liabilities	**1 402**	–	–	**1 402**
Tier 2 liabilities	**18 004**	–	–	**18 004**
Deferred income tax liability	**1 053**	–	–	**1 053**
Total liabilities	**1 041 212**	–	–	**1 041 212**
Equity				
Ordinary shares	**56**	–	–	**56**
Share premium	**8 056**	(104)	–	**7 952**
Reserves	**91 682**	55	–	**91 737**
Capital and reserves attributable to ordinary equityholders	**99 794**	(49)		**99 745**
NCNR preference shares	**4 519**	–	–	**4 519**
Capital and reserves attributable to equityholders of the group	**104 313**	(49)	–	**104 264**
Non-controlling interests	**3 801**	–	–	**3 801**
Total equity	**108 114**	(49)	–	**108 065**
Total equity and liabilities	**1 149 326**	(49)	–	**1 149 277**

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

RECONCILIATION OF NORMALISED TO IFRS SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

R million	Normalised	Treasury shares*	Reallocation of credit investments	IFRS
ASSETS				
Cash and cash equivalents	65 567	–	–	65 567
Derivative financial instruments	34 500	–	–	34 500
Commodities	7 354	–	–	7 354
Investment securities	137 448	(82)	27 805	165 171
Advances	779 171	–	(27 805)	751 366
Accounts receivable	7 977	32	–	8 009
Current tax asset	109	6	–	115
Non-current assets and disposal groups held for sale	373	–	–	373
Reinsurance assets	388	–	–	388
Investments in associates	5 781	–	–	5 781
Investments in joint ventures	1 234	48	–	1 282
Property and equipment	16 288	–	–	16 288
Intangible assets	1 068	–	–	1 068
Investment properties	460	–	–	460
Defined benefit post-employment asset	4	–	–	4
Deferred income tax asset	1 540	–	–	1 540
Total assets	1 059 262	4	–	1 059 266
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	5 685	–	–	5 685
Derivative financial instruments	40 917	–	–	40 917
Creditors, accruals and provisions**	17 622	2	–	17 624
Current tax liability	351	2	–	353
Liabilities directly associated with disposal groups held for sale	–	–	–	–
Deposits	865 521	–	–	865 521
Employee liabilities	9 734	–	–	9 734
Other liabilities	6 876	–	–	6 876
Policyholder liabilities	542	–	–	542
Tier 2 liabilities	12 497	–	–	12 497
Deferred income tax liability	913	–	–	913
Total liabilities	960 658	4	–	960 662
Equity				
Ordinary shares	56	–	–	56
Share premium	8 056	(59)	–	7 997
Reserves	82 666	59	–	82 725
Capital and reserves attributable to ordinary equityholders	90 778	–	–	90 778
NCNR preference shares	4 519	–	–	4 519
Capital and reserves attributable to equityholders of the group	95 297	–	–	95 297
Non-controlling interests	3 307	–	–	3 307
Total equity	98 604	–	–	98 604
Total equity and liabilities	1 059 262	4	–	1 059 266

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

** *In the prior year provisions were presented in a separate line on the statement of financial position. This amount has been restated.*

FAIR VALUE MEASUREMENTS (AUDITED)

VALUATION METHODOLOGY

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

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

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

Recurring fair value measurements

Recurring fair value measurements include financial assets, financial liabilities and non-financial assets, including investment properties and commodities that the group measures at fair value at the end of each reporting period.

Financial instruments

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

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

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

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 asset 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 Non-current Assets Held for Sale and Discontinued Operations* where the recoverable amount is based on the fair value less costs to sell;
- I*FRS 3 Business Combinations* where assets and liabilities are measured at fair value at acquisition date; and
- I*AS 36 Impairment of Assets* where the recoverable amount is based on the fair value less costs to sell.

These fair value measurements are determined on a case by case basis as they occur within each reporting period.

Financial instruments not measured at fair value

This category includes 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, such as market prices quoted on BESA, or in accordance with generally acceptable pricing models such as a discounted cash flow analysis. Except for the amounts included on page 127, for all other financial instruments at amortised cost the carrying value is equal to or a reasonable approximation of the fair value.

FAIR VALUE HIERARCHY AND MEASUREMENTS

The group classifies assets and liabilities measured at fair value using a fair value hierarchy that reflects whether observable or unobservable inputs are used in determining the fair value of the item. If this information is not available, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The valuation techniques employed by the group include, *inter alia*, quoted prices for similar assets or liabilities in an active market, quoted prices for the same asset or liability in an inactive market, adjusted prices from recent arm's length transactions, option-pricing models, and discounted cash flow techniques.

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

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

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

Measurement of assets and liabilities at level 2

The table below sets out the valuation techniques applied by the group for recurring fair value measurements of assets and liabilities categorised as level 2.

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs
Derivative financial instruments			
Forward rate agreements	Discounted cash flows	Future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates, curves and credit spreads
Swaps	Discounted cash flows	Future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. The reset date of each swaplet is determined in terms of legal documents.	Market interest rates and curves
Options	Option pricing model	The Black Scholes model is used.	Strike price of the option, market-related discount rate, forward rate and cap and floor volatility
Forwards	Discounted cash flows	Future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market projected forward value.	Market interest rates and curves
Equity derivatives	Industry standard models	The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and applying extrapolation techniques to match the appropriate risk profile.	Market interest rates, curves, volatilities, dividends and share prices
Loans and advances to customers			
Other loans and advances	Discounted cash flows	Future cash flows are discounted using market-related interest rates adjusted for credit inputs, over the contractual period. Although the fair value of credit is not significant year-on-year it may become significant in future. In the event that credit spreads are observable for a counterparty, loans and advances to customers are classified as level 2 of the fair value hierarchy.	Market interest rates, curves and credit spreads
Investment securities			
Equities listed in an inactive market	Discounted cash flows	For listed equities, the listed price is used where the market is active (i.e. level 1). However, if the market is not active and the listed price is not representative of fair value, a valuation technique is used to determine the fair value. The valuation technique will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. Future cash flows are discounted using market-related interest rates. Where the valuation technique incorporates observable inputs for credit risk, level 2 of the fair value hierarchy is deemed appropriate.	Market interest rates and curves

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs
Investment securities continued			
Unlisted bonds or bonds listed in an inactive market	Discounted cash flows	Unlisted bonds or bonds listed in an inactive market are valued similarly to advances measured at fair value. Future cash flows are discounted using market-related interest rates adjusted for credit inputs, over the contractual period. Where the valuation technique incorporates observable inputs for credit risk, level 2 of the fair value hierarchy is deemed appropriate.	Market interest rates and curves
Unlisted equities	Price earnings (P/E) model	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place in which case level 2 classifications are used.	Market transactions
Negotiable certificates of deposit	Discounted cash flows	Future cash flows are discounted using market-related interest rates. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and curves
Treasury bills	BESA bond pricing model	The BESA bond pricing model uses the BESA mark-to-market bond yield.	Market interest rates and curves
Non-recourse investments	Discounted cash flows	Future cash flows are discounted using a discount rate which is determined as a base rate plus a spread. The base rate is determined by the legal agreements as either a bond or swap curve. The spread approximates the level of risk attached to the cash flows. When there is a change in the base rate in the market, the valuation is adjusted accordingly. The valuation model is calibrated to reflect transaction price at initial recognition.	Market interest rates and curves
Investments in funds and unit trusts	Third party valuations	For certain investments in funds (such as hedge funds) or unit trusts, where an internal valuation technique is not applied, the group places reliance on valuations from third parties such as broker quotes or valuations from asset managers. Where considered necessary, the group applies minority and marketability or liquidity discount adjustments to these third party valuations. Third party valuations are reviewed by the relevant franchise's investment committee on a regular basis. Where these underlying investments are listed, these third party valuations can be corroborated with reference to listed share prices and other market data and are thus classified in level 2 of the fair value hierarchy.	Market transactions (listed)

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs
Deposits			
Call and non-term deposits	None – the undiscounted amount is used	The undiscounted amount of the deposit is the fair value due to the short-term nature of the instruments. These deposits are financial liabilities with a demand feature and the fair value is not less than the amount payable on demand i.e. the undiscounted amount of the deposit.	None – the undiscounted amount approximates fair value and no valuation is performed
Non-recourse deposits	Discounted cash flows	Fair value for interest rate and foreign exchange risk with no valuation adjustment for own credit risk. Valuation adjustments are affected for changes in the applicable credit ratings of the assets.	Market interest rates, foreign exchange rates and credit inputs
Other deposits	Discounted cash flows	The forward curve adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves
Other liabilities	Discounted cash flows	Future cash flows are discounted using market-related interest rates. Where the value of a liability is linked to the performance of an underlying and the underlying is observable, these liabilities are classified as level 2.	Market interest rates or performance of underlying
Tier 2 liabilities	Discounted cash flows	Future cash flows are discounted using market-related interest rates.	Market interest rates and curves
Policyholder liabilities under investment contracts			
Unit-linked contracts or contracts without fixed benefits	Adjusted value of underlying assets	The underlying assets related to the contracts are recognised by the bank. The investment contracts require the bank to use these assets to settle the liabilities. The fair value of investment contract liabilities, therefore, is determined with reference to the fair value of the underlying assets. The fair value is determined using the current unit price of the underlying unitised assets linked to the liability and multiplying this by the number of units attributed to the policyholders at reporting date. The fair value of the liability is never less than the amount payable on surrender, discounted for the required notice period where applicable.	Spot price of underlying
Contracts with fixed and guaranteed terms	Discounted cash flows	The liability fair value is the present value of the future payments, adjusted using appropriate market-related yield curves to maturity.	Market interest rates and curves
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Discounted cash flows	Future cash flows are discounted using market-related interest rates and curves adjusted for credit inputs.	Market interest rates and curves

Measurement of assets and liabilities at level 3

The table below sets out the valuation techniques applied by the group for recurring fair value measurements of assets and liabilities categorised as level 3.

Instrument	Valuation technique	Description of valuation technique and main assumptions	Significant unobservable inputs of level 3 items
Derivative financial instruments			
Options	Option pricing model	The Black Scholes model is used.	Volatilities
Equity derivatives	Industry standard models	The models calculate fair value based on input parameters such as share prices (unlisted), dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and applying extrapolation techniques to match the appropriate risk profile.	Volatilities and unlisted share prices
Loans and advances to customers			
Investment banking book	Discounted cash flows	The group has elected to designate the investment banking book of advances at fair value through profit or loss. Credit risk is not observable and could have a significant impact on the fair value measurement of these advances and as such, these advances are classified as level 3 on the fair value hierarchy. Future cash flows are discounted using market-related interest rates. To calculate the fair value of credit the group uses a valuation methodology based on the credit spread matrix, which considers loss given default, tenor and the internal credit committee rating criteria. The fair value measurement includes the original credit spread and is repriced when there is a change in rating of the counterparty. A decline in credit rating would result in an increase in the spread above the base rate for discounting purposes and consequently a reduction of the fair value of the advance. Similarly an increase in credit rating would result in a decrease in the spread below the base rate and an increase of the fair value of the advance.	Credit inputs
Other loans and advances	Discounted cash flows	Future cash flows are discounted using market-related interest rates adjusted for credit inputs, over the contractual period. Although the fair value of credit is not significant year-on-year it may become significant in future. For this reason, together with the fact that the majority of South African counterparties do not have actively traded or observable credit spreads, the group has classified other loans and advances to customers at level 3 of the fair value hierarchy.	Credit inputs

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

Instrument	Valuation technique	Description of valuation technique and main assumptions	Significant unobservable inputs of level 3 items
Investment securities			
Equities listed in an inactive market	Discounted cash flows	For listed equities, the listed price is used where the market is active (i.e. level 1). However, if the market is not active and the listed price is not representative of fair value, a valuation technique is used to determine the fair value. The valuation technique will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. Future cash flows are discounted using market-related interest rates. Where the valuation technique incorporates unobservable inputs for equities e.g. PE ratios, level 3 of the fair value hierarchy is deemed appropriate.	Unobservable PE ratios
Unlisted bonds or bonds listed in an inactive market	Discounted cash flows	Unlisted bonds or bonds listed in an inactive market are valued similarly to advances measured at fair value. Future cash flows are discounted using market-related interest rates adjusted for credit inputs, over the contractual period. Where the valuation technique incorporates unobservable inputs for credit risk, level 3 of the fair value hierarchy is deemed appropriate.	Credit inputs
Unlisted equities	P/E model	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount rate for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place.	Growth rates and P/E ratios
Investments in funds and unit trusts	Third party valuations	For certain investments in funds (such as hedge funds) or unit trusts, where an internal valuation technique is not applied, the group places reliance on valuations from third parties such as broker quotes or valuations from asset managers. Where considered necessary, the group applies minority and marketability or liquidity discount adjustments to these third party valuations. Third party valuations are reviewed by the relevant franchise's investment committee on a regular basis. Where these underlying investments are unlisted, the group has classified these at level 3 of the fair value hierarchy, as there is no observable market data to which to compare the third party valuations.	None (unlisted) – third party valuations used, minority and marketability adjustments

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

Instrument	Valuation technique	Description of valuation technique and main assumptions	Significant unobservable inputs of level 3 items
Investment properties	Adjusted market prices	The fair value of investment properties is determined by obtaining a valuation from an independent professional valuer not related to the group. This fair value is based on observable market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Variables are obtained through surveys and comparable recent market transactions not publicly quoted. These valuations are reviewed annually by a combination of independent and internal valuation experts. Changes in the unobservable valuables do not result in significantly different valuations for the investment properties.	Income capitalisation rates
Other liabilities	Discounted cash flows	For preference shares which require the group to share a portion of profits of underlying contracts with a third party, the value of the liability is linked to the performance of the underlying, where the underlying is not observable, these liabilities are classified as level 3. Future cash flows are discounted using market-related interest rates, adjusted for the performance of the underlying contracts.	Performance of underlying contracts
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Discounted cash flows	Future cash flows are discounted using a market-related interest rate and curves adjusted for credit inputs.	Credit inputs

Non-recurring fair value measurements

For non-recurring fair value measurements, the fair value hierarchy classification and valuation technique applied in determining fair value will depend on the underlying asset or liability being measured. Where the underlying assets or liabilities are those for which recurring fair value measurements are required as listed in the table above, the technique applied and the inputs into the models would be in line with those as set out in the table. Where the underlying assets or liabilities are not items for which recurring fair value measurements are required, for example, property and equipment or intangible assets, the carrying value is considered to be equal to or a reasonable approximation of the fair value. This will be assessed per transaction and details will be provided in the relevant notes of the annual financial statements when applicable. An impairment of R115 million was recognised against a joint venture in the current year. The recoverable amount for purposes of calculating the impairment was determined based on the fair value and classified as level 3 of the fair value hierarchy. During the prior year the recoverable amount of certain associates was determined based on the fair value for the purpose of calculating impairments.

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

The following table presents the fair value measurements and fair value hierarchy of assets and liabilities of the group which are recognised at fair value.

	2016			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	241	40 248	62	40 551
Advances	–	43 944	161 880	205 824
Investment securities	83 612	31 856	45 236	160 704
Non-recourse investments	–	11 716	–	11 716
Commodities	12 514	–	–	12 514
Investment properties	–	–	386	386
Total fair value assets – recurring	96 367	127 764	207 564	431 695
Non-recurring fair value measurements				
Assets acquired in business combinations	427	890	164	1 481
Total fair value assets – non-recurring	427	890	164	1 481
Liabilities				
Recurring fair value measurements				
Short trading positions	14 263	–	–	14 263
Derivative financial instruments	121	50 533	128	50 782
Deposits	2 406	99 446	679	102 531
Non-recourse deposits	–	11 716	–	11 716
Other liabilities	–	3 371	1 479	4 850
Policyholder liabilities under investment contracts	–	1 090	–	1 090
Total fair value liabilities – recurring	16 790	166 156	2 286	185 232
Non-recurring fair value measurements				
Liabilities acquired in business combinations	–	–	562	562
Total fair value liabilities – non-recurring	–	–	562	562

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

	2015			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	95	34 335	70	34 500
Advances	–	40 790	160 528	201 318
Investment securities	75 692	45 116	27 027	147 835
Non-recourse investments	–	16 357	–	16 357
Commodities	7 354	–	–	7 354
Investment properties	–	460	–	460
Total fair value assets – recurring	83 141	137 058	187 625	407 824
Non-recurring fair value measurements				
Assets acquired in business combinations	–	–	–	–
Total fair value assets – non-recurring	–	–	–	–
Liabilities				
Recurring fair value measurements				
Short trading positions	5 685	–	–	5 685
Derivative financial instruments	50	40 862	5	40 917
Deposits	2 207	96 277	1 273	99 757
Non-recourse deposits	–	16 357	–	16 357
Other liabilities	–	3 348	–	3 348
Policyholder liabilities under investment contracts	–	–	–	–
Total fair value liabilities – recurring	7 942	156 844	1 278	166 064
Non-recurring fair value measurements				
Liabilities acquired in business combinations	–	–	–	–
Total fair value liabilities – non-recurring	–	–	–	–

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

Transfers between fair value hierarchy levels

The following represents the significant transfers into levels 1, 2 and 3 and the reasons for these transfers. Transfers between levels of the fair value hierarchy are deemed to occur at the beginning of the reporting period.

	2016		
R million	Transfers in	Transfers out	Reasons for transfers in
Level 1	**–**	**(2 821)**	There were no transfers into level 1.
Level 2	**–**	**(522)**	There were no transfers into level 2.
Level 3	**3 343**	**–**	The market for certain bonds listed in South Africa has become inactive in the current period because of stresses in the macro environment. The market price is therefore not representative of fair value and a valuation technique is applied. Because of credit valuation being unobservable the bonds have been classified into level 3 of the hierarchy. An evaluation of the observability of volatilities used in determining the fair value of certain over-the-counter options has resulted in a transfer of R107 million out of level 2 of the fair value hierarchy and into level 3. An evaluation of the significant inputs utilised in determining the fair value of investment property, considering current market factors, resulted in a transfer of R416 million out of level 2 of the fair value hierarchy and into level 3.
Total transfers	**3 343**	**(3 343)**	

	2015		
R million	Transfers in	Transfers out	Reasons for transfers in
Level 1	–	–	There were no transfers in or out of level 1.
Level 2	64	(4 709)	Deposits and loans of R61 million were transferred into level 2 from level 3 as the inputs used to calculate their fair value became observable. An additional R3 million was transferred into level 2 due to the lifting of a trading suspension on the related investment securities. These instruments have been allocated to level 2 of the hierarchy as the market for these instruments is not yet considered to be active.
Level 3	4 709	(64)	Corporate bonds to the value of R4 709 million were transferred into level 3. The market for these bonds is not active and the fair value is determined using a valuation technique that makes use of unobservable inputs for interest rate and foreign exchange and unobservable inputs for credit. Level 3 of the fair value hierarchy is therefore deemed more appropriate.
Total transfers	4 773	(4 773)	

ADDITIONAL DISCLOSURES FOR LEVEL 3 FINANCIAL INSTRUMENTS

Changes in level 3 instruments with recurring fair value measurements

The following table show a reconciliation of the opening and closing balances for assets and liabilities measured at fair value on a recurring basis classified as level 3 in terms of the fair value hierarchy.

R million	Derivative financial assets	Advances	Investment securities	Investment properties	Derivative financial liabilities	Other liabilities	Deposits
Balance as at 30 June 2014	120	151 810	3 958	–	5	–	1 327
Gains/losses recognised in profit or loss	(35)	7 123	1 136	–	4	–	(13)
Gains/losses recognised in other comprehensive income	–	–	27	–	–	–	–
Purchases, sales, issue and settlements	(15)	322	17 175	–	(4)	–	13
Transfer out of/into level 3	–	(6)	4 707	–	–	–	(56)
Exchange rate differences	–	1 279	24	–	–	–	2
Balance as at 30 June 2015	**70**	**160 528**	**27 027**	**–**	**5**	**–**	**1 273**
Gains/losses recognised in profit or loss	**9**	**7 776**	**5 915**	**(22)**	**13**	**36**	**67**
Gains/losses recognised in other comprehensive income	**–**	**–**	**16**	**–**	**–**	**–**	**–**
Purchases, sales, issue and settlements	**(19)**	**(8 392)**	**9 374**	**–**	**3**	**1 422**	**(669)**
Acquisitions/disposals of subsidiaries	**–**	**–**	**–**	**(7)**	**–**	**21**	**–**
Transfer (out) of/into level 3	**–**	**–**	**2 821**	**416**	**107**	**–**	**–**
Exchange rate differences	**2**	**1 968**	**83**	**(1)**	**–**	**–**	**8**
Balance as at 30 June 2016	**62**	**161 880**	**45 236**	**386**	**128**	**1 479**	**679**

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

ADDITIONAL DISCLOSURES FOR LEVEL 3 FINANCIAL INSTRUMENTS *continued*

Unrealised gains or losses on level 3 instruments with recurring fair value measurements

The valuation model for level 3 assets or liabilities typically relies on a number of inputs that are readily observable either directly or indirectly. Thus, the gains and losses presented below include changes in the fair value related to both observable and unobservable inputs.

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

	2016		2015	
R million	Gains/losses recognised in the income statement	Gains/losses recognised in other comprehensive income	Gains/losses recognised in the income statement	Gains/losses recognised in other comprehensive income
Assets				
Derivative financial instruments	**9**	**–**	24	–
Advances*	**7 235**	**–**	5 456	–
Investment securities	**5 652**	**16**	987	27
Investment properties	**(22)**	**–**	–	–
Total	**12 874**	**16**	6 467	27
Liabilities				
Derivative financial instruments	**19**	**–**	4	–
Deposits	**(58)**	**–**	(37)	–
Other liabilities	**19**	**–**	–	–
Total	**(20)**	**–**	(33)	–

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

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

ADDITIONAL DISCLOSURES FOR LEVEL 3 FINANCIAL INSTRUMENTS *continued*

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

The table below illustrates the sensitivity of the significant inputs when changed to reasonably possible alternative inputs.

Asset/liability	Significant unobservable inputs	Unobservable input to which reasonably possible changes are applied	Reasonably possible changes applied
Derivative financial instruments	Volatilities	Volatilities	Increased and decreased by 10%.
Advances	Credit	Credit migration matrix	The credit migration matrix is used as part of the group's credit risk management process for advances measured at fair value through profit or loss. The matrix is a simulation model that contains a matrix of probabilities for downgrading or upgrading to another rating bucket. The migration matrix is based on actual observed rating migrations from S&P over the long term and is based on the fair value in the 75th percentile.
Investment securities	Credit, growth rates and P/E ratios of unlisted investments	Unobservable	Increased and decreased by 10%.
Deposits	Credit risk of the cash collateral leg of credit linked notes	Credit migration matrix	The deposits included in level 3 of the hierarchy represent the collateral leg of credit-linked notes. The most significant unobservable input in determining the fair value of the credit-linked notes is the credit risk component. The sensitivity to credit risk has been assessed in the same way as for advances using the credit migration matrix with the deposit representing the cash collateral component thereof.
Other liabilities	Performance of underlying contracts	Profits on the underlying contracts	Increased by 10% and decreased by 1%.

ADDITIONAL DISCLOSURES FOR LEVEL 3 FINANCIAL INSTRUMENTS *continued*

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

	2016			2015		
		Reasonably possible alternative fair value			Reasonably possible alternative fair value	
R million	Fair value	Using more positive assumptions	Using more negative assumptions	Fair value	Using more positive assumptions	Using more negative assumptions
Assets						
Derivative financial instruments	**62**	**71**	**55**	70	92	58
Advances	**161 880**	**162 868**	**160 489**	160 528	161 601	158 170
Investment securities	**45 236**	**45 803**	**44 688**	27 027	27 386	26 665
Total financial assets measured at fair value in level 3	**207 178**	**208 742**	**205 232**	187 625	189 079	184 893
Liabilities						
Derivative financial instruments	**128**	**124**	**129**	5	4	5
Deposits	**679**	**614**	**784**	1 273	1 146	1 401
Other liabilities	**1 479**	**1 462**	**1 626**	–	–	–
Total financial liabilities measured at fair value in level 3	**2 286**	**2 200**	**2 539**	1 278	1 150	1 406

FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The following represents the fair values of financial instruments not carried at fair value on the statement of financial position but for which fair value is required to be disclosed. For all other financial instruments the carrying value is equal to or a reasonable approximation of the fair value.

	2016				
R million	Carrying value	Total fair value	Level 1	Level 2	Level 3
Assets					
Advances	**602 875**	**606 713**	–	**96 693**	**510 020**
Investment securities	**12 934**	**12 931**	**444**	**12 083**	**404**
Total financial assets at amortised cost	**615 809**	**619 644**	**444**	**108 776**	**510 424**
Liabilities					
Deposits	**805 683**	**805 469**	**7 897**	**794 523**	**3 049**
Other liabilities	**3 434**	**3 436**	**–**	**1 851**	**1 586**
Tier 2 liabilities	**18 004**	**18 216**	**–**	**18 216**	**–**
Total financial liabilities at amortised cost	**827 121**	**827 121**	**7 897**	**814 590**	**4 635**

	2015				
R million	Carrying value	Total fair value	Level 1	Level 2	Level 3
Assets					
Advances	550 048	552 703	–	94 263	458 440
Investment securities	979	985	–	401	584
Total financial assets at amortised cost	551 027	553 688	–	94 664	459 024
Liabilities					
Deposits	749 407	749 357	5 274	738 816	5 267
Other liabilities	3 526	3 531	–	2 211	1 320
Tier 2 liabilities	12 497	12 702	–	12 702	–
Total financial liabilities at amortised cost	765 430	765 590	5 274	753 729	6 587

DAY 1 PROFIT OR LOSS

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

R million	2016	2015
Opening balance	**11**	20
Day 1 profits or losses not recognised on financial instruments initially recognised in the current year	**37**	–
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(9)**	(9)
Closing balance	**39**	11

SUMMARISED SEGMENT REPORT – IFRS (AUDITED)

	2016							
			RMB					
R million	FNB	FNB Africa	Investment banking	Corporate banking	WesBank	FCC	Consoli-dation adjust-ments	Total
Profit for the year before tax	**16 572**	**1 313**	**7 364**	**1 586**	**5 494**	**575**	**(2 217)**	**30 687**
Total assets	**333 515**	**49 217**	**395 822**	**39 311**	**205 700**	**271 289**	**(145 577)**	**1 149 277**
Total liabilities	**316 963**	**49 309**	**385 887**	**37 435**	**200 356**	**135 134**	**(83 872)**	**1 041 212**

	2015							
			RMB					
R million	FNB	FNB Africa	Investment banking	Corporate banking	WesBank	FCC	Consoli-dation adjust-ments	Total
Profit for the year before tax	14 904	1 621	6 785	1 357	4 562	2 003	(1 377)	29 855
Total assets	308 759	41 269	376 355	39 347	184 822	226 514	(117 800)	1 059 266
Total liabilities	294 065	40 891	367 760	37 705	178 232	98 919	(56 910)	960 662

supplementary information

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HEADLINE EARNINGS ADDITIONAL DISCLOSURE

Set out below is additional information pertaining to *Section 1 of Circular 02/2015 – Sector-Specific Rules for Headline Earnings*.

ISSUE 1 – RE-MEASUREMENT RELATING TO PRIVATE EQUITY ACTIVITIES (ASSOCIATES AND JOINT VENTURES, EXCLUDING ANY PRIVATE EQUITY INVESTMENTS CARRIED AT FAIR VALUE IN TERMS OF IAS 39) REGARDED AS OPERATING OR TRADING ACTIVITIES

	Year ended 30 June		
R million	2016	2015	% change
Aggregate cost of portfolio	**1 676**	2 781	(40)
Aggregate carrying value	**3 618**	4 651	(22)
Aggregate fair value*	**7 246**	8 934	(19)
Equity-accounted income**	**1 125**	1 135	(1)
Profit on realisation#	**953**	653	46

* *Aggregate fair value is disclosed including non-controlling interests.*

** *Income from associates and joint ventures is disclosed post-tax.*

Profit on realisation is disclosed post-tax and non-controlling interests.

ISSUE 2 – CAPITAL APPRECIATION ON INVESTMENT PRODUCTS

	Year ended 30 June		
R million	2016	2015	% change
Carrying value of investment properties	**386**	460	(16)
Fair value of investment properties	**386**	460	(16)

CONTINGENCIES AND COMMITMENTS (AUDITED)

as at 30 June

R million	2016	2015	% change
Contingencies			
Guarantees	**34 733**	34 995	(1)
Letters of credit	**7 339**	6 010	22
Total contingencies	**42 072**	41 005	3
Capital commitments			
Contracted capital commitments	**1 736**	916	90
Capital expenditure authorised not yet contracted	**2 528**	4 424	(43)
Total capital commitments	**4 264**	5 340	(20)
Other commitments			
Irrevocable commitments	**101 418**	87 464	16
Operating lease and other commitments	**3 978**	3 252	22
Total other commitments	**105 396**	90 716	16
Total contingencies and commitments	**151 732**	137 061	11

NUMBER OF ORDINARY SHARES IN ISSUE

for the year ended 30 June

	2016		2015	
	IFRS‡	Normalised	IFRS‡	Normalised
Shares in issue				
Opening balance as at 1 July	**5 609 488 001**	**5 609 488 001**	5 637 941 689	5 637 941 689
Shares issued	**–**	**–**	35 420 014	35 420 014
Shares bought back*	**–**	**–**	(4 762 878)	(63 873 702)
Shares cancelled**	**–**	**–**	(59 110 824)	–
Less: treasury shares	**(2 201 270)**	**–**	(2 956 365)	–
– Shares for client trading#	**(2 201 270)**	**–**	(2 956 365)	–
Number of shares in issue (after treasury shares)	**5 607 286 731**	**5 609 488 001**	5 606 531 636	5 609 488 001
Weighted average number of shares				
Weighted average number of shares before treasury shares	**5 609 488 001**	**5 609 488 001**	5 637 941 689	5 637 941 689
Shares issued	**–**	**–**	14 944 335	17 661 486
Shares bought back	**–**	**–**	(2 374 915)	(31 849 353)
Shares cancelled	**–**	**–**	(29 474 438)	–
Less: treasury shares	**(1 800 471)**	**–**	(77 479 695)	–
– BEE staff trusts	**–**	**–**	(75 907 935)	–
– Shares for client trading	**(1 800 471)**	**–**	(1 571 760)	–
Weighted average number of shares in issue	**5 607 687 530**	**5 609 488 001**	5 543 556 976	5 623 753 822
Dilution impact:				
Staff schemes	**–**	**–**	–	–
BEE staff trusts	**–**	**–**	–	–
Diluted weighted average number of shares in issue	**5 607 687 530**	**5 609 488 001**	5 543 556 976	5 623 753 822
Number of shares for normalised earnings per share calculation				
Weighted average and diluted weighted average number of shares for calculation of normalised earnings and diluted earnings per share†	**n/a**	**5 609 488 001**	n/a	5 623 753 822

* *For IFRS reporting, only the shares bought back from the unconsolidated trusts resulted in a reduction in shares issued as the shares in the consolidated trusts were historically treated as treasury shares. For normalised reporting all shares in the consolidated and unconsolidated trusts were treated as externally issued.*

** *For IFRS reporting, shares held by the consolidated trusts were treated as treasury shares. For normalised reporting, shares held by the consolidated trusts were treated as externally issued.*

For normalised reporting, shares held for client trading activities are treated as externally issued.

† *Number of shares calculated on a normalised basis.*

‡ *Audited.*

KEY MARKET INDICATORS AND SHARE STATISTICS

for the year ended 30 June

	2016	2015	% change
Market indicators			
USD/ZAR exchange rate			
– Closing	**14.66**	12.14	21
– Average	**14.51**	11.45	27
GBP/ZAR exchange rate			
– Closing	**19.67**	19.12	3
– Average	**21.47**	18.02	19
SA prime overdraft (%)	**10.50**	9.25	
SA average prime overdraft (%)	**9.92**	9.24	
SA average CPI (%)	**5.58**	5.14	
JSE All Share Index	**52 218**	51 807	1
JSE Banks Index*	**6 513**	7 835	(17)
Share statistics			
Share price			
– High for the year (cents)	**5 780**	5 847	(1)
– Low for the year (cents)	**3 408**	4 002	(15)
– Closing (cents)	**4 484**	5 332	(16)
Shares traded			
– Number of shares (millions)	**3 491**	2 539	37
– Value of shares (R million)	**161 496**	123 832	30
– Turnover in shares traded (%)	**62.25**	45.80	
Share price performance			
FirstRand average share price (cents)	**4 731**	4 901	(3)
JSE Bank Index (average)*	**6 775**	7 260	(7)
JSE All Share Index (average)	**51 228**	51 242	–

* *JSE rebased the Banks Index with effect from 3 August 2015 (dividing the index value by 10 after the close of business on 31 July 2015), therefore the change in the prior year numbers.*

COMPANY INFORMATION

DIRECTORS

LL Dippenaar (chairman), JP Burger (chief executive officer), AP Pullinger (deputy chief executive officer), HS Kellan (financial director), VW Bartlett, MS Bomela, P Cooper (alternate), JJ Durand, GG Gelink, PM Goss, NN Gwagwa, PK Harris, WR Jardine, F Knoetze, RM Loubser, PJ Makosholo, EG Matenge-Sebesho, AT Nzimande, D Premnarayen (India), BJ van der Ross, JH van Greuning

COMPANY SECRETARY AND REGISTERED OFFICE

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

JSE SPONSOR

Rand Merchant Bank (a division of FirstRand Bank Limited)
Corporate Finance
1 Merchant Place, Corner Fredman Drive and Rivonia Road
Sandton 2196
Tel: +27 11 282 8000
Fax: +27 11 282 4184

NAMIBIAN SPONSOR

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

TRANSFER SECRETARIES – SOUTH AFRICA

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001
PO Box 61051, Marshalltown 2107
Tel: +27 11 370 5000
Fax: +27 11 688 5248

TRANSFER SECRETARIES – NAMIBIA

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

LISTED FINANCIAL INSTRUMENTS OF THE GROUP AND ITS SUBSIDIARIES

LISTED EQUITY INSTRUMENTS

Johannesburg Stock Exchange (JSE)

Ordinary shares

Issuer	Share code	ISIN code
FirstRand Limited	FSR	ZAE000066304

Non-cumulative non-redeemable B preference shares

Issuer	Share code	ISIN code
FirstRand Limited	FSRP	ZAE000060141

Namibian Stock Exchange (NSX)

Ordinary shares

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

Botswana Stock Exchange (BSE)

Ordinary shares

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

LISTED DEBT INSTRUMENTS

Johannesburg Stock Exchange (JSE)

	Issuer	Bond code	ISIN code
Subordinated debt	FirstRand Bank Limited	FRB05	ZAG000031337
	FirstRand Bank Limited	FRB09	ZAG000047804
	FirstRand Bank Limited	FRB10	ZAG000092487
	FirstRand Bank Limited	FRB11	ZAG000102054
	FirstRand Bank Limited	FRB12	ZAG000116278
	FirstRand Bank Limited	FRB13	ZAG000116286
	FirstRand Bank Limited	FRB14	ZAG000116294
	FirstRand Bank Limited	FRB15	ZAG000124199
	FirstRand Bank Limited	FRB16	ZAG000127622
	FirstRand Bank Limited	FRB17	ZAG000127630
	FirstRand Bank Limited	FRB18	ZAG000135229
	FirstRand Bank Limited	FRB19	ZAG000135310
	FirstRand Bank Limited	FRB20	ZAG000135385
	FirstRand Bank Limited	FRBC21	ZAG000052283
	FirstRand Bank Limited	FRBC22	ZAG000052390
Senior unsecured	FirstRand Bank Limited	FRBZ01	ZAG000049255
	FirstRand Bank Limited	FRBZ02	ZAG000072711
	FirstRand Bank Limited	FRBZ03	ZAG000080029
	FirstRand Bank Limited	FRJ16	ZAG000073826
	FirstRand Bank Limited	FRJ17	ZAG000094343
	FirstRand Bank Limited	FRJ18	ZAG000084187
	FirstRand Bank Limited	FRJ19	ZAG000104563

	Issuer	Bond code	ISIN code
Senior unsecured	FirstRand Bank Limited	FRJ20	ZAG000109596
	FirstRand Bank Limited	FRJ21	ZAG000115858
	FirstRand Bank Limited	FRJ25	ZAG000124256
	FirstRand Bank Limited	FRS36	ZAG000077397
	FirstRand Bank Limited	FRS37	ZAG000077793
	FirstRand Bank Limited	FRS43	ZAG000078643
	FirstRand Bank Limited	FRS46	ZAG000079807
	FirstRand Bank Limited	FRS49	ZAG000081787
	FirstRand Bank Limited	FRS51	ZAG000086117
	FirstRand Bank Limited	FRS56	ZAG000087271
	FirstRand Bank Limited	FRS59	ZAG000089855
	FirstRand Bank Limited	FRS62	ZAG000090614
	FirstRand Bank Limited	FRS64	ZAG000092529
	FirstRand Bank Limited	FRS81	ZAG000100892
	FirstRand Bank Limited	FRS85	ZAG000104985
	FirstRand Bank Limited	FRS86	ZAG000105008
	FirstRand Bank Limited	FRS87	ZAG000105420
	FirstRand Bank Limited	FRS88	ZAG000106154
	FirstRand Bank Limited	FRS90	ZAG000106410
	FirstRand Bank Limited	FRS94	ZAG000107871
	FirstRand Bank Limited	FRS96	ZAG000108390
	FirstRand Bank Limited	FRS100	ZAG000111634
	FirstRand Bank Limited	FRS101	ZAG000111774
	FirstRand Bank Limited	FRS102	ZAG000111782
	FirstRand Bank Limited	FRS103	ZAG000111840
	FirstRand Bank Limited	FRS104	ZAG000111857
	FirstRand Bank Limited	FRS107	ZAG000112061
	FirstRand Bank Limited	FRS108	ZAG000113515
	FirstRand Bank Limited	FRS109	ZAG000113564
	FirstRand Bank Limited	FRS110	ZAG000113663
	FirstRand Bank Limited	FRS112	ZAG000115395
	FirstRand Bank Limited	FRS113	ZAG000115478
	FirstRand Bank Limited	FRS114	ZAG000116070
	FirstRand Bank Limited	FRS115	ZAG000116740
	FirstRand Bank Limited	FRS117	ZAG000117706
	FirstRand Bank Limited	FRS119	ZAG000118951
	FirstRand Bank Limited	FRS120	ZAG000119298
	FirstRand Bank Limited	FRS121	ZAG000120643
	FirstRand Bank Limited	FRS122	ZAG000121062
	FirstRand Bank Limited	FRS123	ZAG000121328
	FirstRand Bank Limited	FRS124	ZAG000122953
	FirstRand Bank Limited	FRS126	ZAG000125188
	FirstRand Bank Limited	FRS127	ZAG000125394
	FirstRand Bank Limited	FRS129	ZAG000125865
	FirstRand Bank Limited	FRS130	ZAG000125873
	FirstRand Bank Limited	FRS131	ZAG000126186
	FirstRand Bank Limited	FRS132	ZAG000126194
	FirstRand Bank Limited	FRS133	ZAG000126541

LISTED DEBT INSTRUMENTS *continued*

JSE *continued*

	Issuer	Bond code	ISIN code
Senior unsecured	FirstRand Bank Limited	FRS134	ZAG000126574
	FirstRand Bank Limited	FRS135	ZAG000126608
	FirstRand Bank Limited	FRS136	ZAG000126780
	FirstRand Bank Limited	FRS137	ZAG000127549
	FirstRand Bank Limited	FRS138	ZAG000127556
	FirstRand Bank Limited	FRS139	ZAG000128646
	FirstRand Bank Limited	FRS140	ZAG000129842
	FirstRand Bank Limited	FRS141	ZAG000130048
	FirstRand Bank Limited	FRS142	ZAG000130782
	FirstRand Bank Limited	FRS143	ZAG000130790
	FirstRand Bank Limited	FRS144	ZAG000131483
	FirstRand Bank Limited	FRX16	ZAG000084203
	FirstRand Bank Limited	FRX17	ZAG000094376
	FirstRand Bank Limited	FRX18	ZAG000076472
	FirstRand Bank Limited	FRX19	ZAG000073685
	FirstRand Bank Limited	FRX20	ZAG000109604
	FirstRand Bank Limited	FRX23	ZAG000104969
	FirstRand Bank Limited	FRX24	ZAG000073693
	FirstRand Bank Limited	FRX26	ZAG000112160
	FirstRand Bank Limited	FRX30	ZAG000124264
	FirstRand Bank Limited	FRX31	ZAG000084195
	FirstRand Bank Limited	FRX45	ZAG000076480
Inflation-linked bonds	FirstRand Bank Limited	FRBI22	ZAG000079666
	FirstRand Bank Limited	FRBI23	ZAG000076498
	FirstRand Bank Limited	FRBI25	ZAG000109588
	FirstRand Bank Limited	FRBI28	ZAG000079237
	FirstRand Bank Limited	FRBI33	ZAG000079245
Credit-linked notes	FirstRand Bank Limited	FRC46	ZAG000082959
	FirstRand Bank Limited	FRC61	ZAG000087347
	FirstRand Bank Limited	FRC66	ZAG000088485
	FirstRand Bank Limited	FRC67	ZAG000088741
	FirstRand Bank Limited	FRC69	ZAG000088766
	FirstRand Bank Limited	FRC71	ZAG000088923
	FirstRand Bank Limited	FRC72	ZAG000088956
	FirstRand Bank Limited	FRC74	ZAG000089178
	FirstRand Bank Limited	FRC76	ZAG000089574
	FirstRand Bank Limited	FRC78	ZAG000089806
	FirstRand Bank Limited	FRC82	ZAG000090796
	FirstRand Bank Limited	FRC83	ZAG000090952
	FirstRand Bank Limited	FRC84	ZAG000090986
	FirstRand Bank Limited	FRC86	ZAG000091182
	FirstRand Bank Limited	FRC87	ZAG000091570

	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC94A	ZAG000106725
	FirstRand Bank Limited	FRC95	ZAG000092792
	FirstRand Bank Limited	FRC96A	ZAG000106733
	FirstRand Bank Limited	FRC98	ZAG000093220
	FirstRand Bank Limited	FRC99	ZAG000093501
	FirstRand Bank Limited	FRC101	ZAG000093576
	FirstRand Bank Limited	FRC105	ZAG000093998
	FirstRand Bank Limited	FRC106	ZAG000093956
	FirstRand Bank Limited	FRC107	ZAG000094574
	FirstRand Bank Limited	FRC108	ZAG000094871
	FirstRand Bank Limited	FRC109	ZAG000094889
	FirstRand Bank Limited	FRC112	ZAG000095621
	FirstRand Bank Limited	FRC113	ZAG000095761
	FirstRand Bank Limited	FRC115	ZAG000095852
	FirstRand Bank Limited	FRC116	ZAG000095860
	FirstRand Bank Limited	FRC117	ZAG000095928
	FirstRand Bank Limited	FRC118	ZAG000096280
	FirstRand Bank Limited	FRC121	ZAG000096314
	FirstRand Bank Limited	FRC122	ZAG000096322
	FirstRand Bank Limited	FRC124	ZAG000096579
	FirstRand Bank Limited	FRC125	ZAG000096678
	FirstRand Bank Limited	FRC128	ZAG000096959
	FirstRand Bank Limited	FRC134	ZAG000097056
	FirstRand Bank Limited	FRC135	ZAG000097122
	FirstRand Bank Limited	FRC144	ZAG000097569
	FirstRand Bank Limited	FRC145	ZAG000097627
	FirstRand Bank Limited	FRC148	ZAG000099466
	FirstRand Bank Limited	FRC150	ZAG000099821
	FirstRand Bank Limited	FRC151	ZAG000099904
	FirstRand Bank Limited	FRC152	ZAG000100330
	FirstRand Bank Limited	FRC153	ZAG000100348
	FirstRand Bank Limited	FRC154	ZAG000100694
	FirstRand Bank Limited	FRC155	ZAG000101643
	FirstRand Bank Limited	FRC161	ZAG000102260
	FirstRand Bank Limited	FRC163	ZAG000102898
	FirstRand Bank Limited	FRC166	ZAG000103573
	FirstRand Bank Limited	FRC167	ZAG000104019
	FirstRand Bank Limited	FRC168	ZAG000104753
	FirstRand Bank Limited	FRC169	ZAG000104852
	FirstRand Bank Limited	FRC170	ZAG000105586
	FirstRand Bank Limited	FRC171	ZAG000105719
	FirstRand Bank Limited	FRC172	ZAG000105818
	FirstRand Bank Limited	FRC173	ZAG000105826

	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC174	ZAG000105891
	FirstRand Bank Limited	FRC175	ZAG000106527
	FirstRand Bank Limited	FRC176	ZAG000107178
	FirstRand Bank Limited	FRC177	ZAG000107632
	FirstRand Bank Limited	FRC178	ZAG000107897
	FirstRand Bank Limited	FRC179	ZAG000108168
	FirstRand Bank Limited	FRC180	ZAG000108234
	FirstRand Bank Limited	FRC181	ZAG000108549
	FirstRand Bank Limited	FRC182	ZAG000108713
	FirstRand Bank Limited	FRC183	ZAG000109356
	FirstRand Bank Limited	FRC185	ZAG000111451
	FirstRand Bank Limited	FRC186	ZAG000111576
	FirstRand Bank Limited	FRC188	ZAG000111873
	FirstRand Bank Limited	FRC189	ZAG000112145
	FirstRand Bank Limited	FRC190	ZAG000113994
	FirstRand Bank Limited	FRC191	ZAG000114547
	FirstRand Bank Limited	FRC192	ZAG000114521
	FirstRand Bank Limited	FRC193	ZAG000114620
	FirstRand Bank Limited	FRC194	ZAG000114638
	FirstRand Bank Limited	FRC195	ZAG000114745
	FirstRand Bank Limited	FRC196	ZAG000114729
	FirstRand Bank Limited	FRC197	ZAG000114737
	FirstRand Bank Limited	FRC198	ZAG000114760
	FirstRand Bank Limited	FRC199	ZAG000114844
	FirstRand Bank Limited	FRC200	ZAG000114992
	FirstRand Bank Limited	FRC201	ZAG000115106
	FirstRand Bank Limited	FRC202	ZAG000115114
	FirstRand Bank Limited	FRC203	ZAG000115122
	FirstRand Bank Limited	FRC204	ZAG000115593
	FirstRand Bank Limited	FRC205	ZAG000115619
	FirstRand Bank Limited	FRC206	ZAG000116088
	FirstRand Bank Limited	FRC207	ZAG000117649
	FirstRand Bank Limited	FRC208	ZAG000117656
	FirstRand Bank Limited	FRC209	ZAG000118613
	FirstRand Bank Limited	FRC210	ZAG000120296
	FirstRand Bank Limited	FRC211	ZAG000121013
	FirstRand Bank Limited	FRC212	ZAG000121054
	FirstRand Bank Limited	FRC213	ZAG000121047
	FirstRand Bank Limited	FRC214	ZAG000121039
	FirstRand Bank Limited	FRC215	ZAG000121021
	FirstRand Bank Limited	FRC216	ZAG000121070
	FirstRand Bank Limited	FRC217	ZAG000121088
	FirstRand Bank Limited	FRC218	ZAG000121096

	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC219	ZAG000121138
	FirstRand Bank Limited	FRC220	ZAG000121146
	FirstRand Bank Limited	FRC221	ZAG000121229
	FirstRand Bank Limited	FRC222	ZAG000121294
	FirstRand Bank Limited	FRC223	ZAG000121302
	FirstRand Bank Limited	FRC224	ZAG000121310
	FirstRand Bank Limited	FRC225	ZAG000121435
	FirstRand Bank Limited	FRC227	ZAG000124363
	FirstRand Bank Limited	FRC228	ZAG000124397
	FirstRand Bank Limited	FRC229	ZAG000124850
	FirstRand Bank Limited	FRC230	ZAG000125006
	FirstRand Bank Limited	FRC231	ZAG000125030
	FirstRand Bank Limited	FRC232	ZAG000127994
	FirstRand Bank Limited	FRC233	ZAG000128752
	FirstRand Bank Limited	FRC234	ZAG000130816
	FirstRand Bank Limited	FRC235	ZAG000132390
	FirstRand Bank Limited	FRD003	ZAG000114067
	FirstRand Bank Limited	FRD013	ZAG000128695
Structured notes	FirstRand Bank Limited	COLRMB	ZAE000155222

LISTED DEBT INSTRUMENTS *continued*

NSX

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

London Stock Exchange (LSE)

European medium term note (EMTN) programme

	Issuer	ISIN code
Senior unsecured	FirstRand Bank Limited	XS0610341967
	FirstRand Bank Limited	XS0635404477
	FirstRand Bank Limited	XS0595260141
	FirstRand Bank Limited	XS1225512026
	FirstRand Bank Limited	XS1178685084

SIX Swiss Exchange

	Issuer	ISIN code
Senior unsecured	FirstRand Bank Limited	CH0238315680

DEFINITIONS

Additional Tier 1 capital (AT1)	NCNR preference share capital plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specified regulatory deductions.
CAGR	Compound annual growth rate.
Capital adequacy ratio (CAR)	Total qualifying capital and reserves divided by RWA.
Common Equity Tier 1 (CET1) capital	Share capital and premium plus accumulated comprehensive income and reserves plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specific regulatory deductions.
Cost-to-income ratio	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates and joint ventures.
Credit loss ratio	Total impairment charge per the income statement expressed as a percentage of average advances (average between the opening and closing balance for the year).
Diversity ratio	Non-interest revenue expressed as a percentage of total income including share of profits from associates and joint ventures.
Dividend cover	Normalised earnings per share divided by dividend per share.
Effective tax rate	Tax per the income statement divided by the profit before tax per the income statement.
EMTN	European medium term note programme
Loan-to-deposit ratio	Average advances expressed as a percentage of average deposits.
Loss given default (LGD)	Economic loss that will be suffered on an exposure following default of the counterparty, expressed as a percentage of the amount outstanding at the time of default.
Net income after capital charge (NIACC)	Normalised earnings less the cost of equity multiplied by the average ordinary shareholders' equity and reserves.
Normalised earnings	The group believes normalised earnings more accurately reflect its economic performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies.
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares including treasury shares.
Normalised net asset value	Normalised equity attributable to ordinary equityholders.
Normalised net asset value per share	Normalised equity attributable to ordinary equityholders divided by the number of issued ordinary shares.
Price earnings ratio (times)	Closing price on 30 June divided by basic normalised earnings per share.
Price-to-book (times)	Closing share price on 30 June divided by normalised net asset value per share.
Return on assets (ROA)	Normalised earnings divided by average assets.
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders equity.
Risk weighted assets (RWA)	Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets.
Shares in issue	Number of ordinary shares listed on the JSE.
Tier 1 ratio	Tier 1 capital divided by RWA.
Tier 1 capital	Common Equity Tier 1 capital plus AT 1 capital.
Tier 2 capital	Qualifying subordinated debt instruments plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties plus general provisions for entities on the standardised approach less specified regulatory deductions.
TLAC	Total loss absorbing capacity.
Total qualifying capital and reserves	Tier 1 capital plus Tier 2 capital.
Weighted average number of ordinary shares	Weighted average number of ordinary shares in issue during the year as listed on the JSE.

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