FirstRand Limited
(Incorporated in the Republic of South Africa)
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(FirstRand or the group or the company)

PROVISIONAL AUDITED RESULTS AND CASH DIVIDEND DECLARATION
for the year ended 30 June 2016

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.

This announcement covers the provisional audited summarised financial result of FirstRand Limited 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 results. A detailed description of the difference between normalised and IFRS results is provided on pages 95 to 96 of the Analysis of Results booklet on www.firstrand.co.za.

FINANCIAL HIGHLIGHTS

	2016	2015	% change
Diluted normalised earnings per share (cents)	407.4	378.5	8
Normalised earnings (R million)	22 855	21 286	7
Normalised net asset value per share (cents)	1 779.0	1 618.3	10
Ordinary dividend per share (cents)	226.0	210.0	8
ROE (%)	24.0	24.7	
Basic headline earnings per share (cents)	399.2	381.4	5
Basic earnings per share - IFRS (cents)	402.4	390.1	3
Net asset value per share - IFRS (cents)	1 778.8	1 619.1	10

"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. 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

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

** 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 stock broking, 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

STATEMENT OF HEADLINE EARNINGS - IFRS (AUDITED)
for the year ended 30 June

R million	2016	2015	% change
Profit for the year	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.
** Includes FirstRand shares held for client trading activities.

BASIS OF PRESENTATION

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

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34 as allowed by the JSE Listings Requirements. The provisional report, which includes these disclosures, is available on www.firstrand.co.za or from the company’s registered office and upon request.

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

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.

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 www.firstrand.co.za. 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 announcement have been audited by PricewaterhouseCoopers Inc. and Deloitte & Touche, who expressed an unmodified opinion thereon, in terms of ISA 810.

The auditors also expressed an unmodified opinion on the consolidated 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 both the summary contained in this announcement and 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 this announcement. 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.

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	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
Balance as at 1 July 2014	55	5 531	5 586	(651)	461	2 783	436	2 352	270	69 277	74 928	4 519	3 184	88 217
Net proceeds of the issue of share capital	-	1 611	1 611	-	-	-	-	-	-	-	-	-	-	1 611
Proceeds of issue of share capital	-	1 629	1 629	-	-	-	-	-	-	-	-	-	-	1 629
Share issue expenses	-	(18)	(18)	-	-	-	-	-	-	-	-	-	-	(18)
Share movements relating to the unwind of the staff share trust*	1	873	874	-	-	-	-	-	-	-	-	-	-	874
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(48)	(48)
Movement in other reserves	-	-	-	-	-	(532)	-	-	10	(983)	(1 505)	-	(24)	(1 529)
Ordinary dividends	-	-	-	-	-	-	-	-	-	(10 724)	(10 724)	-	(764)	(11 488)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(310)	-	(310)
Transfer from/(to) general risk reserves	-	-	-	-	-	-	-	-	10	(10)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	(28)	(28)	-	(149)	(177)
Consolidation of treasury shares	-	(18)	(18)	-	-	-	-	-	154	(156)	(2)	-	-	(20)
Total comprehensive income for the year	-	-	-	(140)	(271)	-	(372)	405	(183)	21 623	21 062	310	1 108	22 480
Vesting of share-based payments	-	-	-	-	-	(2 230)	-	-	-	1 224	(1 006)	-	-	(1 006)
Balance as at 30 June 2015	56	7 997	8 053	(791)	190	21	64	2 757	261	80 223	82 725	4 519	3 307	98 604
Net proceeds of issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	39	39
Proceeds of issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	24	24
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-	-	15	15
Share movements relating to the unwind of the staff share trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	19	19
Movement in other reserves	-	-	-	-	-	5	-	-	20	(16)	9	-	10	19
Ordinary dividends	-	-	-	-	-	-	-	-	-	(12 608)	(12 608)	-	(761)	(13 369)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(342)	-	(342)
Transfer from/(to) general risk reserves	-	-	-	-	-	-	-	-	18	(18)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	(1 077)	(1 077)	-	(10)	(1 087)
Consolidation of treasury shares	-	(45)	(45)	-	-	-	-	-	-	10	10	-	-	(35)
Total comprehensive income for the year	-	-	-	(139)	118	-	(505)	553	75	22 563	22 665	342	1 197	24 204
Vesting of share-based payments	-	-	-	-	-	(17)	-	-	-	30	13	-	-	13
Balance as at 30 June 2016	56	7 952	8 008	(930)	308	9	(441)	3 310	374	89 107	91 737	4 519	3 801	108 065

* Shares previously treated as treasury shares.

FAIR VALUE HIERARCHY AND MEASUREMENTS (AUDITED)

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)	

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

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.

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