

for the year ended 30 June 2016



corporate governance



FIRSTRAND

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CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE

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

OBJECTIVE

Governance structures and processes are formally reviewed annually and continuously adapted to accommodate internal developments and reflect national and international best practice. The board considers corporate governance to be a priority and endeavours to go beyond compliance, where appropriate.

FirstRand's overarching corporate governance objective is to ensure that an adequate and effective process of corporate governance, which is consistent with the nature, complexity and risk inherent in the group's on- and off-balance sheet activities and that responds to changes in the group's environment and conditions, is established and maintained.

The above-mentioned objective includes ensuring compliance by the group with all relevant legislation, including but not limited to, the Banks Act, 1990 (Act No. 94 of 1990 – the Act) and the Regulations relating to Banks (the Regulations), compliance with the King Code of Governance Principles for South Africa 2009 (King Code) and any other best practice guidelines deemed appropriate to the effective functioning of the FirstRand group.

A comprehensive corporate governance review is available on the group's website: www.firstrand.co.za.

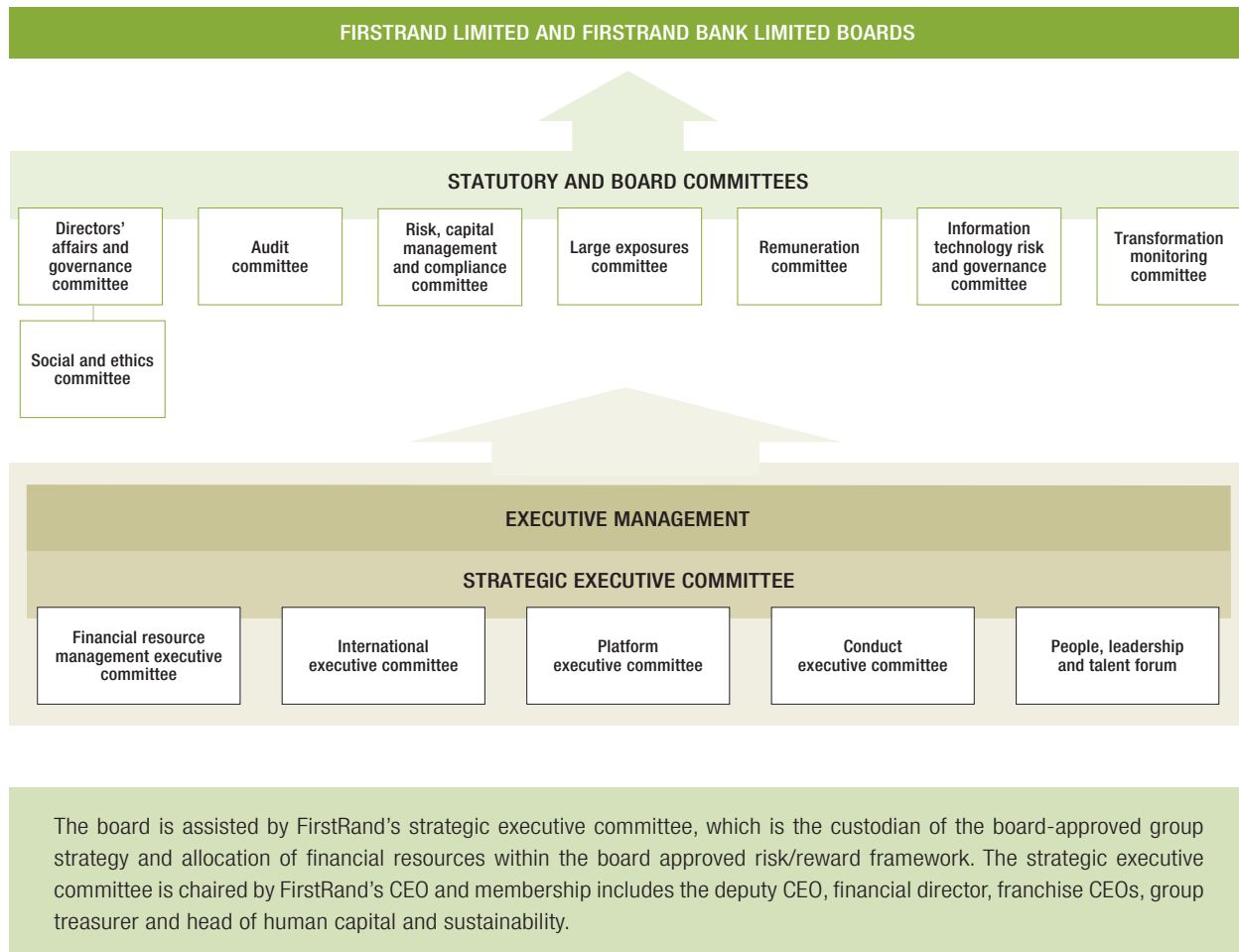
GOVERNANCE STRUCTURE

The board serves as the focal point and custodian of corporate governance in the group. This broad leadership role includes:

- ➡ providing direction and strategy;
- ➡ giving effect to strategy by approving policy, including plans, frameworks, structures and procedures;
- ➡ providing oversight of implementation; and
- ➡ demonstrating accountability and transparency through disclosure.

In discharging its responsibilities, the board is supported by senior management, together with various board committees and other governance forums and panels. Various management forums may be established for the purpose of gathering information, agreeing and tracking actions, and where necessary, escalating findings or recommendations to decision-making forums. In addition, FirstRand subsidiaries have their own boards of directors, which meet as required. FirstRand board committees have formal charters which are approved by the directors' affairs and governance committee at regular intervals.

FirstRand has established the governance structure as depicted below:



A simplified group structure, including major operating divisions, and local and international subsidiaries, is on page 64.

ECONOMIC IMPACT

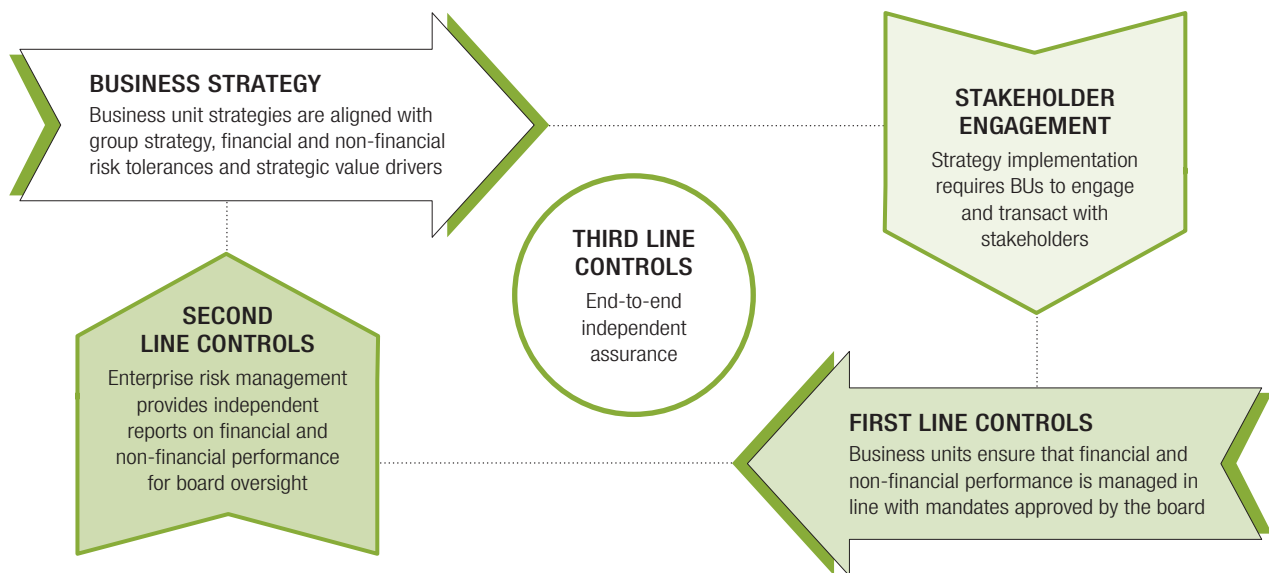
During the year the board oversaw the creation of nearly R100 billion of economic value for the group's stakeholders. Robust governance processes exist for overseeing the sustainability of this value creation.

STATEMENT OF ECONOMIC VALUE ADDED – IFRS

	2016		2015	
	R million	%	R million	%
Value added				
Net interest income after impairment	64 659	64.7	53 810	59.7
Non-operating revenue	38 389	38.4	39 005	43.3
Non-operating expenses	(3 079)	(3.1)	(2 684)	(3.0)
Value added by operations	99 969	100.0	90 131	100.0
To employees				
Salaries, wages and other benefits	24 463	24.5	23 215	25.8
To providers of funding	42 470	42.5	34 373	38.1
Dividends to shareholders	12 950		11 034	
Interest paid	29 520		23 339	
To suppliers	12 856	12.8	11 664	12.9
To government	7 593	7.6	8 076	9.0
Normal tax	6 650		7 164	
Value added tax	921		855	
Capital gains tax	8		19	
Other	14		38	
To communities				
CSI spend	171	0.2	170	0.2
To expansion and growth	12 416	12.4	12 633	14.0
Retained income	9 955		10 899	
Depreciation and amortisation	2 514		2 195	
Deferred income tax	(53)		(461)	
Total value added	99 969	100.0	90 131	100.0

INTEGRATED GOVERNANCE MODEL

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



STAKEHOLDER ENGAGEMENT

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

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

The board, as part of its decision making in the best interests of the group, ensures that a stakeholder-inclusive approach is adopted, which takes into account and balances stakeholder's legitimate and reasonable needs, interests and expectations.

Non-financial reporting policies

FirstRand's non-financial reporting policies are aligned to the Global Reporting Initiative G4 guidelines, incorporating recommendations set out in the King Code, JSE Socially Responsible Investment index, BEE transformation requirements set out by the Financial Sector Charter and the Department of Trade and Industry Codes of Good Practice.

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

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

APPLICATION OF THE KING CODE

The board endorses the contents of the King Code and has satisfied itself that FirstRand has complied therewith in all material aspects throughout the year. The King Code adopts an apply or explain principle whereby a reasonable explanation for non-application of certain principles results in compliance. FirstRand has two areas where it adopts this principle for the year under review, as follows:

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

FirstRand's chairman, Laurie Dippenaar, is non-executive but not independent in terms of the definition of independence adopted by the JSE. He is a major shareholder in RMB Holdings Limited, which owns 34.1% of the issued share capital of FirstRand. The board believes that his specialist knowledge of the financial services industry and of the FirstRand group makes it appropriate for him to hold this position. In line with the JSE Listings Requirements and the King Code, Pat Goss has been appointed as the lead independent non-executive director. The main function of the chairman and lead independent director is, *inter alia*, to mitigate any risk of potential conflicts of interest in board meetings and ensures that the independent members of the board demonstrate impartiality and leadership when required. The chairman and lead independent director are appointed by the board on an annual basis.

All directors, whether classified as executive, non-executive or independent non-executive have a duty to act with independence of mind in the best interest of the group. In addition, there is a clear balance of power and authority at board level to ensure that no one director has unfettered powers of decision-making.

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

FirstRand's audit committee is constituted in accordance with South African banking regulations.

At year end, FirstRand's audit committee comprised six non-executive directors, five of whom are independent. The committee is, therefore, not composed exclusively of independent directors as recommended by King III. Mr Paballo Makosholo represents one of the group's BEE partners and is, therefore, defined as non-independent in terms of group definitions. The board is of the opinion that the specialist skills, experience, knowledge of the group and the value that Mr Makosholo brings to audit committee deliberations warrant his ongoing membership.

FirstRand's application of the 75 King Code principles is available on the group's website: www.firstrand.co.za.

BOARD OF DIRECTORS

As at 30 June 2016, FirstRand had a unitary board of 21 members. 18 of the directors are non-executive, 10 of whom are independent. The board met four times during the year, attended as follows.

	September 2015	November 2015	February 2016	May 2016
Executive directors				
JP Burger	✓	✓	✓	✓
HS Kellan	✓	✓	✓	✓
SE Nxasana ¹	✓	–	–	–
AP Pullinger ²	–	✓	✓	✓
Independent non-executive directors				
VW Bartlett	✓	✓	✓	✓
GG Gelink	✓	✓	✓	✓
PM Goss	✓	✓	✓	A
NN Gwagwa	✓	✓	✓	✓
WE Jardine	✓	✓	✓	✓
RM Loubser	✓	✓	✓	✓
EG Matenge-Sebesho	✓	✓	✓	✓
D Premnarayan	A	✓	✓	✓
BJ van der Ross	✓	✓	✓	✓
JH van Greuning	✓	✓	✓	✓
Non-executive directors				
MS Bomela	✓	✓	✓	✓
P Cooper (alternative director)	✓	✓	✓	A
L Crouse ³	✓	✓	✓	–
LL Dippenaar (chairman)	✓	✓	✓	✓
JJ Durand	✓	✓	✓	✓
PK Harris	✓	✓	A	✓
F Knoetze ⁴	–	–	–	A
PJ Makosholo ²	–	✓	✓	✓
AT Nzimande	✓	✓	✓	✓
KB Schoeman ⁵	A	–	–	–

A – Apologies tendered and accepted.

1. Retired with effect from 30 September 2015.

2. Appointed with effect from 1 October 2015.

3. Retired from the board with effect from 31 March 2016.

4. Appointed with effect from 1 April 2016. Committee meeting date conflicted with arrangements made prior to appointment.

5. Resigned with effect from 30 September 2015, following rotation of Kagiso Charitable Trust representative.

SKILLS AND EXPERIENCE

LAURIE DIPPENAAR

**LAURITZ LANSER (LAURIE) DIPPENAAR (67)***Non-executive chairman*

MCom, CA(SA)

Appointed July 1992

Laurie graduated from Pretoria University, qualified as a chartered accountant with Aiken & Carter (now KPMG) and spent three years at the Industrial Development Corporation before becoming a co-founder of Rand Consolidated Investments in 1977. Rand Consolidated Investments acquired control of Rand Merchant Bank in 1985 and he became an executive director. He was appointed managing director of Rand Merchant Bank in 1988 which position he held until 1992 when RMB Holdings acquired a controlling interest in Momentum Life Assurers (MLA).

He served as executive chairman of MLA from 1992 until the formation of FirstRand in 1998. He was appointed as the first CEO of FirstRand and held this position until the end of 2005 when he assumed a non-executive role. He was elected to the position of chairman of FirstRand in November 2008.

FirstRand – committee memberships

- Directors' affairs and governance
- Remuneration

Directorships – FirstRand group

- FirstRand Bank Limited – chairman
- First National Bank*
- Rand Merchant Bank*

Directorships – external

- OUTsurance Holdings Limited – chairman
- OUTsurance Insurance Company Limited
- OUTsurance Life Insurance Company Limited
- RMB Holdings Limited
- Rand Merchant Investment Holdings Limited

* *Divisional board*

JOHAN BURGER

**JOHAN PETRUS BURGER (57)***Chief executive officer*

BCom (Hons), CA(SA)

Appointed January 2009

Johan joined Rand Merchant Bank in 1986, where he performed a number of roles before being appointed financial director in 1995. Following the formation of FirstRand Limited in 1998, he was appointed financial director of the FirstRand banking group and in 2002 was appointed CFO of the FirstRand group. In addition to his role as group CFO, Johan was appointed as group COO in 2009 and deputy CEO in October 2013. He was appointed as CEO in October 2015.

Prior to joining FirstRand, Johan completed his articles with Coopers & Lybrand (now PwC) and qualified as a chartered accountant in 1984.

Johan graduated from Rand Afrikaans University (now University of Johannesburg) with a BCom (Hons) (Accounting) in 1983.

FirstRand – committee memberships

- Audit – *ex officio*
- Social and ethics
- Large exposures
- Remuneration – *ex officio*
- Risk, capital management and compliance – *ex officio*

Directorships – FirstRand group

- FirstRand Bank Limited
- FirstRand Investment Management Holdings Limited
- First National Bank – chairman*
- Rand Merchant Bank – chairman*
- WesBank*

Directorships – external

- MMI Group Limited
- MMI Holdings Limited – deputy chairman
- Rand Merchant Insurance Holdings Limited
- RMB Holdings Limited
- University of Johannesburg

* *Divisional board*

ALAN PULLINGER

ALAN PATRICK PULLINGER (50)
Deputy chief executive officer

MCom, CA(SA), CFA

Appointed October 2015

Alan graduated from the University of the Witwatersrand in 1991 and qualified as a chartered accountant after serving articles at Deloitte & Touche. He spent five years with Deloitte & Touche and was appointed to the partnership of Deloitte & Touche in 1996.

He joined RMB in 1998 (prior to the creation of FirstRand Limited) and was appointed as CEO of RMB in 2008 until his promotion to deputy CEO of FirstRand on 1 October 2015.

FirstRand – committee memberships

- Audit – *ex officio*
- Large exposures
- Remuneration – *ex officio*
- Risk, capital management and compliance – *ex officio*
- Social and ethics
- Transformation monitoring

Directorships – FirstRand group

- FirstRand Bank Limited
- FirstRand EMA Holdings Proprietary Limited
- FirstRand Finance Company Proprietary Limited
- FirstRand Insurance Holdings Proprietary Limited
- FirstRand Life Assurance Limited
- FirstRand Investment Holdings Proprietary Limited
- FirstRand Investment Management Holdings Proprietary Limited
- NewDisc Proprietary Limited
- First National Bank*
- Rand Merchant Bank*
- WesBank*

Directorships – external

- St Mary's School

** Divisional board*
HARRY KELLAN

HETASH (HARRY) SURENDRAKUMAR KELLAN (44)
Financial director

BCom, BCom (Hons), CA(SA)

Appointed January 2014

Harry started his career with the FirstRand group in 2005 at FNB as FNB group financial manager. He was appointed CFO of FNB in 2007, a position he held until his appointment to FirstRand as financial director in January 2014.

Prior to joining FirstRand, Harry completed his articles with Arthur Andersen and qualified as a chartered accountant in 1998 after graduating from the University of the Witwatersrand in 1994. After completing his articles, he specialised in financial services at Arthur Andersen from June 1998 to August 2000, including a year at the London office. He then joined HSBC South Africa in September 2000 where he held the position of associate director in corporate finance.

FirstRand – committee memberships

- Audit – *ex officio*
- Large exposures
- Remuneration – *ex officio*
- Risk, capital management and compliance – *ex officio*

Directorships – FirstRand group

- FirstRand Bank Limited
- FirstRand EMA Holdings Proprietary Limited
- FirstRand Finance Company Proprietary Limited
- FirstRand Insurance Holdings Proprietary Limited
- FirstRand Life Assurance Limited
- FirstRand Investment Holdings Proprietary Limited
- NewDisc Proprietary Limited
- First National Bank*

** Divisional board*

VIV BARTLETT

**VIVIAN WADE (VIV) BARTLETT (73)***Independent non-executive director*

AMP (Harvard), FIBSA

Appointed May 1998

Viv started his career with Barclays Bank DCO South Africa, which in 1987 became First National Bank of Southern Africa. After four years of overseas secondments he returned to South Africa in 1972 where he served as general manager and managing director at various group companies until being appointed as group managing director and CEO of First National Bank of Southern Africa in 1996. In 1998, he was appointed deputy CEO of FirstRand Bank, a position he held until his retirement in 2004.

FirstRand – committee memberships

- Audit
- Directors' affairs and governance
- IT governance – chairman
- Large exposures

Directorships – FirstRand group

- FirstRand Bank Limited
- First National Bank*

* *Divisional board*

MARY BOMELA

**MARY SINA BOMELA (43)***Non-executive director*

BCom (Hons), CA(SA), MBA

Appointed September 2011

Mary was appointed to the position of CEO of the Mineworkers Investment Company Proprietary Limited (MIC) in July 2010 and was appointed to the board in September 2011.

Prior to joining the MIC, Mary was the CFO of Freight Dynamics and an executive in the corporate services division of the South African Institute of Chartered Accountants. She has held executive positions in the resources, media, utilities and financial services sector.

Mary is a chartered accountant and holds a BCom (Hons) in financial management from the University of Cape Town, a BCom (Hons) with the Certificate in the Theory of Accountancy from the University of KwaZulu-Natal and an MBA from the University of Pretoria.

FirstRand – committee memberships

- Directors' affairs and governance
- Social and ethics
- Transformation monitoring
- Risk, capital management and compliance

Directorships – FirstRand group

- FirstRand Bank Limited
- FirstRand Investment Management Holdings Limited

Directorships – external

- Envision Trust – trustee
- Metrofile Holdings Limited
- Mineworkers Investment Company Proprietary Limited
- Peermont Global Proprietary Limited
- Primedia Holdings Proprietary Limited
- Sishen Iron Ore Company Proprietary Limited
- Torre Industries Limited

PETER COOPER

PETER COOPER (60)

Alternate non-executive director

BCom (Hons), HDip Tax, CA(SA)

Appointed July 2013

Peter graduated from the University of Cape Town. After qualifying as a chartered accountant in 1981 he worked in the financial services sector, first as a tax consultant and later specialising in structured finance. Peter joined Rand Merchant Bank's special projects division in 1992 and transferred to RMB Holdings Limited in 1997. He is the immediate past CEO of RMB Holdings (FirstRand's most significant shareholder) as well as of its sister company, Rand Merchant Investment Holdings Limited, both of which are listed on the JSE Limited.

FirstRand – committee memberships

- Directors' affairs and governance
- Transformation monitoring

Directorships – FirstRand group

- FirstRand Bank Limited – alternate non-executive director

Directorships – external

- Imperial Holdings Limited
- MMI Holdings Limited
- OUTsurance Holdings Limited
- OUTsurance International Holdings Proprietary Limited
- OUTsurance Insurance Company Limited
- OUTsurance Life Assurance Company Limited
- RMB Holdings Limited
- Rand Merchant Investment Holdings Limited
- RMB-SI Investments Proprietary Limited –chairman
- RMB Structured Insurance Limited
- RMB Structured Life Limited
- RMI Investment Managers Group Proprietary Limited

JANNIE DURAND

JAN JONATHAN (JANNIE) DURAND (49)

Non-executive director

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

Appointed October 2012

Jannie studied at the University of Stellenbosch and after obtaining his BAcc degree in 1989 and BAcc (Hons) degree in 1990, he obtained his MPhil (Management Studies) degree from Oxford in 1992. He qualified as a chartered accountant in 1995.

He joined the Rembrandt Group in 1996. He became financial director of VenFin Limited in 2000 and CEO in May 2006. Jannie was appointed chief investment officer of Remgro Limited in November 2009 and CEO from 7 May 2012.

FirstRand – committee memberships

- Directors' affairs and governance
- Remuneration

Directorships – FirstRand group

- FirstRand Bank Limited

Directorships – external

- Distell Group Limited
- Mediclinic International Limited
- RCL Foods Limited
- Remgro Limited
- Rand Merchant Investment Holdings Limited
- RMB Holdings Limited – alternate director

GRANT GELINK**GRANT GLENN GELINK (66)**

Independent non-executive director

BCompt (Hons), BCom (Hons), CA(SA)

Appointed January 2013

Grant has had extensive work experience within Deloitte South Africa, which includes the following positions spanning over 26 years – CEO (2006 to 2012), CEO: human capital corporation (2004 to 2006), managing partner: consulting and advisory services (2001 to 2006) and partner in charge Pretoria office (1997 to 1999).

FirstRand – committee memberships

- Audit
- Directors' affairs and governance
- Risk, capital management and compliance

Directorships – FirstRand group

- FirstRand Bank Limited
- WesBank*

Directorships – external

- Allied Electronics Corporation Limited (ALTRON)
- Grindrod Limited
- MTN Zakhele (RF) Limited
- Santam Limited
- Multisource Proprietary Limited

* *Divisional board*

PAT GOSS**PATRICK MAGUIRE (PAT) GOSS (68)**

Independent non-executive director

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

Appointed May 1998

Pat, after graduating from the University of Stellenbosch, served as president of the Association of Economics and Commerce Students, representing South Africa at The Hague and Basel. He qualified as a chartered accountant with Ernst & Young and subsequently joined the Industrial Development Corporation. Most of his active career was spent in food retailing and the hospitality industry.

He has served as a director of various group companies for the past 35 years. A former chairman of the Natal Parks Board, his family interests include Umngazi River Bungalows and certain other conservation related activities.

FirstRand – committee memberships

- Directors' affairs and governance
- Remuneration – chairman

Directorships – FirstRand group

- FirstRand Bank Limited
- Rand Merchant Bank*

Directorships – external

- Gossaker Investments Proprietary Limited
- Gringoss Investments Proprietary Limited
- Goss and Company Proprietary Limited
- Rand Merchant Investment Holdings Limited
- RMB Holdings Limited
- Umngazi Mouth Proprietary Limited

* *Divisional board*

LULU GWAGWA

NOLULAMO NOBAMBISWANO (LULU) GWAGWA (57)

Independent non-executive director

BA (Fort Hare), MTRP (Natal), MSc (cum laude) (London), PhD (London)
Appointed February 2004

Lulu worked as a town planner in the private, public and NGO sectors between 1981 and 1986, before furthering her studies. In 1992 she joined the University of Natal as a senior lecturer in the Department of Town and Regional Planning. In 1995 she was appointed as a deputy director general in the national Department of Public Works, where she was responsible for the national public works programme and the transformation of the construction industry.

From 1998 to 2003, she was the CEO of the Independent Development Trust. She is currently the CEO of Lereko Investments.

FirstRand – committee memberships

- Directors' affairs and governance
- Social and ethics
- Transformation monitoring – chairman

Directorships – FirstRand group

- FirstRand Bank Limited

Directorships – external

- Cisco Technology and Services (South Africa) Proprietary Limited
- Lereko Eco Proprietary Limited
- Lereko Investment Holdings Proprietary Limited
- Lereko Metier Capital Growth Fund Managers Proprietary Limited
- Massmart Holdings Limited
- Sun International Limited
- Tsebo Holdings Proprietary Limited

PAUL HARRIS

PAUL KENNETH HARRIS (66)

Non-executive director

MCom
Appointed July 1992

Paul graduated from the University of Stellenbosch and joined the Industrial Development Corporation in 1974. He was a co-founder of Rand Consolidated Investments in 1977, which merged with Rand Merchant Bank (RMB) in 1985, at which time he became an executive director. He spent four years in Australia where he founded Australian Gilt Securities (later to become RMB Australia) and returned to South Africa in 1991 as deputy managing director of RMB. In 1992, he took over as CEO. Subsequent to the formation of FirstRand, he was appointed CEO of FirstRand Bank Holdings in 1999, a position he held until December 2005 when he was appointed CEO of FirstRand. He retired at the end of 2009 and has remained on the boards as a non-executive director.

FirstRand – committee memberships

- Directors' affairs and governance

Directorships – FirstRand group

- FirstRand Bank Limited

Directorships – external

- Advent Sport Entertainment and Media Proprietary Limited
- Multisource Telecomms Proprietary Limited
- Quarme Investment Proprietary Limited
- Quarme Conservation Proprietary Limited
- Remgro Limited
- RMB Holdings Limited
- Rand Merchant Investment Holdings Limited

ROGER JARDINE

**WILLIAM RODGER (ROGER) JARDINE (50)***Independent non-executive director*

BSc (Physics), MSc (Radiological Physics)

Appointed July 2010

Roger was national coordinator of science and technology policy in the department of economic planning of the African National Congress from 1992 to 1995. In 1995, he became director general of the Department of Arts, Culture, Science and Technology. He was chairman of the board of the CSIR and the Nuclear Energy Corporation between 1999 and 2005. In 1999, Roger joined Kagiso Media Limited as CEO and in 2006 became the COO of Kagiso Trust Investments.

Roger was the CEO of Aveng Limited between July 2008 and August 2013. In February 2014 he took up the position of chief executive of the Primedia Group. He was appointed to the boards of FirstRand Bank during 2004 and FirstRand Limited during 2010.

FirstRand – committee memberships

- Directors' affairs and governance – chairman
- Large exposures

Directorships – FirstRand group

- FirstRand Bank Limited

Directorships – external

- Go Transit Proprietary Limited
- Jozi Gold Proprietary Limited
- Primedia Holdings Proprietary Limited
- Primedia Proprietary Limited

FAFFA KNOETZE

**FRANCOIS (FAFFA) KNOETZE (53)***Non-executive director*

BCom (Hons), Fellow of the Actuarial Society of South Africa

Appointed April 2016

Faffa graduated from the University of Stellenbosch in 1984 and became a fellow of the Actuarial Society of South Africa in 1992.

After starting his actuarial career at Sanlam as a marketing actuary in the life business, he spent most of his working career at Alexander Forbes, where he was the valuator and consulting actuary to a number of pension and provident funds, and carried the overall responsibility for the full service offering of Alexander Forbes to its retirement fund clients in the Stellenbosch region.

He joined Remgro on 2 December 2013 and focuses on the company's interests in the financial services (insurance and banking) and sports industries.

FirstRand – committee memberships

- Directors' affairs and governance
- Risk, capital management and compliance

Directorships – FirstRand group

- FirstRand Bank Limited
- FirstRand Insurance Holdings Proprietary Limited
- FirstRand Life Assurance Limited
- First National Bank*
- Rand Merchant Bank*
- WesBank*

Directorships – external

- Business Partners Limited
- OUTsurance Holdings Limited
- OUTsurance Insurance Company Limited
- OUTsurance Life Insurance Company Limited
- Payprop Capital Proprietary Limited
- Premier Team Holdings Limited
- Remgro Sport Investments Proprietary Limited
- Rand Merchant Investment Holdings Limited – alternate director
- RMB Holdings Limited
- Saracens Limited
- Sports Science Institute of South Africa NPC
- Sports Science Share Block Proprietary Limited
- Stellenbosch Academy of Sport Properties Proprietary Limited
- Western Province Rugby Proprietary Limited

* *Divisional board*

RUSSELL LOUBSER

RUSSELL MARK LOUBSER (66)

Independent non-executive director

BCom (Hons) (Accounting),

MCom (Statistics), CA(SA)

Appointed September 2014

Russell was the CEO of the Johannesburg Stock Exchange (JSE) from January 1997 until December 2011. During his tenure he conceptualised the demutualisation of the JSE, and it was converted into a public company in 2005 and listed in 2006.

Prior to being appointed to the JSE, Russell was executive director of financial markets at Rand Merchant Bank Limited (RMB), which he joined in May 1985. He was part of the small team at RMB that started the stock index derivatives industry in SA in 1987. He was also a member of the King Committee on Corporate Governance for 15 years, a member of the Securities Regulation Panel of SA for 15 years and served on the board of directors of the World Federation of Exchanges (WFE) for approximately 13 years. Russell has also served as a council member of the University of Pretoria since 2007.

FirstRand – committee memberships

- Audit
- Directors' affairs and governance
- Large exposures – chairman
- Remuneration
- Risk, capital management and compliance – chairman

Directorships – FirstRand group

- FirstRand Bank Limited
- FirstRand Investment Management Holdings Limited – chairman
- FirstRand Insurance Holdings Proprietary Limited – chairman
- FirstRand Life Assurance Limited – chairman
- First National Bank*
- Rand Merchant Bank*

Directorships – external

- Aardklop Foundation – NPC
- Aardklop Nasionale Kunsteffees – NPO
- Afrika Tikkun – NPO
- PLC Nominees Proprietary Limited
- Strate Proprietary Limited
- Bandurria Proprietary Limited
- Marcar Family Investments (Pty) Limited

* Divisional board

PABALLO MAKOSHOLO

PABALLO JOEL MAKOSHOLO (37)

Non-executive director

MCom (South African and International Taxation), International Executive Development Programme (Wits Business School), CA(SA)

Appointed October 2015

Paballo graduated from the University of Johannesburg (formerly RAU) and qualified as a chartered accountant after serving articles at KPMG. He spent three years with KPMG in audit and corporate finance, and thereafter one year with Rothschild Investment Bank as an executive.

He joined Kagiso Trust in 2006 and was appointed chief financial and investment executive, a position he held for ten years. He is currently chief operations officer at Kagiso Capital.

FirstRand – committee memberships

- Audit
- Directors' affairs and governance
- Transformation monitoring

Directorships – FirstRand group

- FirstRand Bank Limited
- FirstRand Insurance Holdings Proprietary Limited
- FirstRand Life Assurance Limited
- FirstRand Empowerment Trust
- WesBank*

Directorships – external

- Kagiso Tiso Holdings Proprietary Limited
- Johannesburg Housing Company
- KCDF IH
- Mthatha Airport Agricultural Services
- Tiamire Investments Proprietary Limited
- Kagiso Enterprises Private Equity Fund Proprietary Limited
- Kagiso Trust Consultancy Proprietary Limited
- Kagiso Active Training
- Phinako HR Solutions cc
- Kagiso Africa Investments
- Kagiso Trust Strategic Investments

* Divisional board

ETHEL MATENGE-SEBESHO

**ETHEL GOTHATAMODIMO MATENGE-SEBESHO (61)***Independent non-executive director*

MBA (Brunel), CAIB (SA)

Appointed July 2010

Ethel is currently working for Home Finance Guarantors Africa Reinsurance (HFGA Re), whose main objective is to facilitate access to housing finance in the low to medium income market in Africa. Her main role is to drive the establishment of new markets for the company in a number of African countries.

Prior to joining HFGA Re, Ethel was head of Housing Institutions at National Housing Finance Corporation, where she was part of a team that introduced social housing in South Africa. She has previously worked for Standard Chartered Bank in Botswana, at which time she obtained the Institute of Bankers' qualification and MBA from Brunel University of London.

Ethel has served on various bodies, among them, Air Botswana (vice chairman), Oikocredit (an international development financial institution based in the Netherlands), Botswana Investment and Trade Centre (vice chairman) and Momentum Investments.

FirstRand – committee memberships

- Audit
- Directors' affairs and governance

Directorships – FirstRand group

- FirstRand Bank Limited
- FirstRand Investment Management Holdings Limited
- First National Bank*

Directorships – external

- Capevin Holdings Limited
- EMS Investments Proprietary Limited
- Remgro-Capevin Investments Limited
- Finmark Trust
- Distell Group Limited

* *Divisional board*

TANDI NZIMANDE

**AMANDA TANDIWE (TANDI) NZIMANDE (46)***Non-executive director*

BCom, CTA (UCT), CA(SA), HDip Co Law (Wits)

Appointed February 2008

Tandi, a chartered accountant, has had a varied career since qualifying at KPMG in 1996. She worked as a corporate finance advisor at Deutsche Bank for five years, following which she acquired and ran a small business in the postal and courier industry for four years. During that period she also consulted to WDB Investment Holdings, which she eventually joined as its chief financial officer, a position she vacated in May 2016. At WDB she had a wide portfolio of responsibility including the finance and corporate governance functions, human resources, as well as participating in transactions and managing investment relationships through board representation. Her past board memberships include OUTsurance, Rennies Travel and Masana Fuel Solutions. Tandi has recently launched her own business focused on executive coaching.

Tandi gained exposure and an appreciation of the workings of an NGO in her interactions with the WDB Trust, the sole shareholder of WDBIH. Her exposure to the NGO space was further broadened when she joined the Hollard Foundation Trust as a trustee in 2013 and started working more closely with its early childhood development programme, *Kago yaBana*, as well as its youth employment accelerator programme, *Harambee*. Tandi is a fellow of the Africa Leadership Initiative. She is also a member of the South African Institute of Chartered Accountants, African Women Chartered Accountants as well as the Association of Black Securities and Investment Professionals.

FirstRand – committee memberships

- Directors' affairs and governance
- Remuneration
- Transformation monitoring

Directorships – FirstRand group

- FirstRand Bank Limited

Directorships – external

- KYB Early Childhood Development Enterprise Incubator Proprietary Limited
- Maemo Motors Proprietary Limited
- Harambee Youth Employment Accelerator Advisory Board
- Hollard Foundation Trust – trustee

DEEPAK PREMNARAYEN

DEEPAK PREMNARAYEN (70)

Independent non-executive director

BA Economics (Hons) India

Appointed January 2009

Deepak founded the ICS Group in 1998 to pursue emerging infrastructure development opportunities in India. He continues to serve as the executive chairman of the Group. ICS subsequently expanded into the real estate space and now has interests in:

- asset management;
- property development and management services;
- architectural design services;
- car parking;
- hospitality; and
- financial services: banking and corporate finance.

He is associated with various chambers such as:

- president of the Indian Merchants' Chamber and member of the managing committee;
- member of the Confederation of Indian Industry (CII) National Council;
- chair of the CII Nordic Region Committee;
- convener of the India-South Africa CEOs Forum;
- member of CII India-Qatar CEOs Business Forum;
- member of CII National Council Committees such as:
 - banking;
 - public policy;
 - financial inclusion; and
 - services.

FirstRand – committee memberships

- Directors' affairs and governance

Directorships – FirstRand group

- FirstRand Bank Limited

Directorships – external

- ICS Group
- Noida Toll Bridge Company Limited (India)
- Tata International
- Triangle Real Estate India Fund LLC (Mauritius)
- Triangle Real Estate India Holdings Limited (Mauritius)
- Triangle Real Estate India Investments Limited (Mauritius)
- Triangle Real Estate India Projects Limited (Mauritius)

BENEDICT VAN DER ROSS

BENEDICT JAMES VAN DER ROSS (69)

Independent non-executive director

Dip Law (UCT)

Appointed May 1998

Ben is a director of companies. He has a diploma in Law from the University of Cape Town and was admitted to the Cape Side Bar as an attorney and conveyancer. He had a private practice for 16 years. He became an executive director at the Urban Foundation for five years until 1990 and then joined the Independent Development Trust where he was deputy CEO from 1995 to 1998. He acted as CEO of the South African Rail Commuter Corporation from 2001 to 2003 and as CEO of Business South Africa from 2003 to 2004. He served on the board of The Southern Life Association from 1986 until the formation of the FirstRand Group in 1998.

FirstRand – committee memberships

- Directors' affairs and governance
- Large exposures
- Remuneration
- Social and ethics
- Transformation monitoring

Directorships – FirstRand group

- FirstRand Bank Limited
- First National Bank*
- WesBank* – chairman

Directorships – external

- Distell Group Limited
- Emira Property Fund Limited
- Lewis Group Limited
- MMI Holdings Limited
- Momentum Collective Investments (RF) Proprietary Limited
- Met Collective Investments (RF) Proprietary Limited
- Momentum Asset Management Nominees Proprietary Limited
- Momentum Investments Proprietary Limited
- Naspers Limited
- Naspers Investments (RF) Limited
- Strategic Real Estate Management Proprietary Limited – chairman, managers of the Emira Property Fund

* *Divisional board*

HENNIE VAN GREUNING



JAN HENDRIK (HENNIE) VAN GREUNING (63)

Independent non-executive director

DCom (Economics), DCompt (Accounting Science), CA(SA), CFA
Appointed January 2009

Hennie joined the World Bank in 1994 from the South African Reserve Bank where he served as financial manager (1986 – 1989) and Registrar of Banks (1990 – 1994). Prior to this he was a partner at Deloitte, where he spent ten years.

During his World Bank career he worked in the Financial Sector Development department as well as the Europe and Central Asia region. He retired from the World Bank Treasury, as senior adviser to the treasurer, in 2009. He has worked extensively on financial regulatory, securities accounting and operational risk management issues.

He was involved in three World Bank publications: International Financial Reporting Standards, Analysing Banking Risk and Risk Analysis for Islamic Banks, as well as a CFA Institute publication on International Financial Statement Analysis.

FirstRand – committee memberships

- Audit – chairman
- Social and ethics – chairman
- Directors' affairs and governance
- Risk, capital management and compliance

Directorships – FirstRand group

- FirstRand Bank Limited
- First National Bank*

Directorships – external

- Bank Islam Brunei Darussalam, Brunei

* *Divisional board*

DIRECTORS' AFFAIRS AND GOVERNANCE COMMITTEE



WR Jardine
Chairman

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

The purpose of the directors' affairs and governance committee is to assist the board in evaluating the adequacy, efficiency and appropriateness of the corporate governance structures and practices of the group in terms of the South African financial services regulations, the Companies Act, no. 7 of 2008, relevant international regulations, the JSE Listings Requirements, the King III code and other regulations having a bearing on the activities of the group. In addition, the committee fulfils the role of the nominations committee, as required by the King Code, and maintains the board directorship continuity programme.

2016 IN REVIEW

QUARTER ONE

- ➔ Approved the 2015 governance assessments
 - directors' affairs and governance committee assessment
 - board assessment
 - Regulation 39 assessment
- ➔ Considered the outcomes of individual director and company secretary performance assessments, including a special review of directors serving for nine years or more
- ➔ Opined on group nominations and retirements
- ➔ Conducted annual review of non-executive directors' fees

QUARTER TWO

- ➔ Approved the 2016 group corporate governance objective and plan
- ➔ Approved a proposal on corporate governance rationalisation which included proposals to form the new information technology risk and governance, and social, ethics and transformation monitoring committees
- ➔ Opined on group nominations and retirements
- ➔ Conducted technical director training on the third draft of the Financial Sector Regulation Bill and twin peaks overview and enabling effective compliance oversight through case studies

QUARTER THREE

- ➔ Approved governance assessment templates
- ➔ Opined on group nominations and retirements
- ➔ Considered executive succession planning proposals and process
- ➔ Considered gender diversity targets per JSE Listings Requirements
- ➔ Reviewed and approved its committee charter
- ➔ Reviewed and approved the nominations committee charter
- ➔ Conducted technical director training on cybercrime and IT risk, Financial Intelligence Centre Act Amendment Bill and JSE amendments on price sensitive information

QUARTER FOUR

- ➔ Approved the 2016 governance assessments
 - directors' affairs and governance committee assessment
 - board assessment
 - Regulation 39 assessment
- ➔ Opined on group nominations and retirements
- ➔ Conducted technical director training on liquidity risk and personal account trading – director dealings

AT EVERY MEETING

- ➔ Considered reports from the social and ethics committee

REGULATORY REQUIREMENTS

In line with Regulation 39 of the Banks Act, the committee is required to assess and document whether the processes implemented by the FirstRand group relating to corporate governance, internal controls, risk management, capital management and capital adequacy have successfully achieved the corporate governance objectives set and approved by the board.

The assessments conducted during the year confirmed that, overall, an adequate and effective process of corporate governance, which is consistent with the nature, complexity and risk inherent in the group's on- and off-balance sheet activities, has been implemented.

NOMINATIONS COMMITTEE

There is a clear policy in place detailing procedures for appointments to the board. Such appointments are formal and transparent, and a matter for the board as a whole, assisted by the committee and, when necessary, the nominations committee. Prior to the appointment of a new director, the nominations committee is responsible for interviewing nominees for the role and making recommendations to the directors' affairs and governance committee as to their suitability.

The nominations committee meets *ad hoc* when the need arises and is constituted exclusively of six non-executive directors, the majority of whom are independent, and is chaired by the chairman of the directors' affairs and governance committee.

The nominations committee convened once during the reporting period as follows.

	February 2016
WR Jardine (chairman)	✓
LL Dippenaar	✓
PM Goss	✓
NN Gwagwa	✓
BJ van der Ross	✓
JH van Greuning	✓

When appointing directors, the board takes cognisance of its needs in terms of different skills, experience, cultural and gender diversity, size and demographics. Whilst no specific targets have been set, the board is committed to increasing its gender diversity at board and top management level, in line with the nominations committee charter.

The retirement age for non-executive directors is 70 and may be extended after an annual review process, if unanimous agreement is reached by the board that the skills and experience of a director warrant retention.

Each year, one third of FirstRand's non-executive directors retire. There is no limit to the number of times that a director may be re-elected to the board. When FirstRand directors retire from the board they automatically retire from the committees on which they serve.

Non-executive directors are expected to ensure that appointments to boards outside of the group do not impinge on their ability to perform their duties as directors of FirstRand and do not present any material conflicts of interest. The appointment of all directors to the board requires the approval of shareholders at the annual general meeting. In addition, in terms of South African banking regulations, all directors of a bank or a bank-controlling company must be approved by the South African Reserve Bank. During the year, the committee oversaw the necessary actions for ensuring compliance with this requirement.

The directors are accountable and responsible for all actions of board committees. This is emphasised during induction training provided to new directors. Other ongoing training and education courses allow directors to familiarise themselves with FirstRand's operations, the business environment, fiduciary duties and responsibilities, the board's expectations in respect of a director's commitment and ethical behaviour, and keeping abreast of regulatory changes and trends. The committee oversees director induction and ongoing training programmes.

ANNUAL ASSESSMENT

During the year the committee measured their effectiveness and that of the individual members. As part of these evaluations the independence of independent non-executive directors is evaluated, in particular those directors who have served continuously for nine years or more.

Evaluations conducted during the year identified no material concerns in respect of the board, board committees or individual director performance.

PROCEEDINGS AND PERFORMANCE REVIEW

The committee is chaired by Roger Jardine, an independent non-executive director, and consists of all FirstRand's non-executive directors.

Attendance at committee meetings was as follows.

	September 2015	November 2015	February 2016	May 2016
WR Jardine (chairman)	✓	✓	✓	✓
VW Bartlett	✓	✓	✓	✓
GG Gelink	✓	✓	✓	✓
PM Goss	✓	✓	✓	A
NN Gwagwa	✓	✓	✓	A
RM Loubser	✓	✓	✓	✓
EG Matenge-Sebesho	✓	✓	✓	A
D Premnarayan	A	✓	✓	✓
BJ van der Ross	A	✓	✓	✓
JH van Greuning	✓	✓	✓	✓
MS Bomela	✓	✓	✓	✓
P Cooper	✓	✓	A	✓
L Crouse ¹	✓	✓	A	-
LL Dippenaar	✓	✓	✓	✓
JJ Durand	✓	✓	✓	✓
PK Harris	✓	✓	A	✓
F Knoetze ²	—	—	—	A
JP Makosholo ³	—	✓	✓	✓
AT Nzimande	✓	✓	✓	✓

A – Apologies tendered and accepted.

1. Retired with effect from 31 March 2016.

2. Appointed with effect from 1 April 2016. Committee meeting date conflicted with arrangements made prior to appointment.

3. Appointed with effect from 1 October 2015.

The committee chairman attends the annual general meeting.

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

CONFLICTS OF INTEREST

Policies are in place to manage any potential conflicts of interest. Directors sign a declaration stating that they are not aware of any undeclared conflicts of interest that may exist due to their interest in, or association with, any other company. In addition, directors disclose interests in contracts and related party transactions in order for the board to assess whether such transactions are done on arm's length, commercial terms. In such instances, directors will recuse themselves from deliberations on these matters.

All information acquired by directors in the performance of their duties, which is not disclosed publicly, is treated as confidential. Directors may not use, or appear to use, such information for personal advantage or for the advantage of third parties.

COMPANY SECRETARY

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

Ms Carnita Low (BA LLB, LLM – Tax, MBA) was appointed as FirstRand Limited's company secretary in January 2014. She is not a director of FirstRand and is also the secretary to the board committees and subsidiary boards.

An assessment of the performance of the company secretary is included in the annual director and board assessment process and, in compliance with the JSE Listings Requirements, the board is satisfied that the company secretary:

- is competent, suitably qualified and experienced;
- has the requisite skills, knowledge and experience to advise the board on good governance;
- maintains an arm's length relationship with the board and directors; and
- has discharged her responsibilities effectively for the year under review.



WR JARDINE

Chairman, directors' affairs and governance committee

7 September 2016

REMUNERATION COMMITTEE



Pat Goss
Chairman

The remuneration committee's main objective is to align the interests of group employees with those of shareholders, depositors, regulators and other stakeholders. The committee aims to ensure that pay is appropriate for the value added by each employee and is benchmarked fairly against market practices across all the different roles in the group.

2016 IN REVIEW

QUARTER ONE

- Reviewed 2015 variable pay pools, individual allocations and deferral structures
- Approved compensation packages based on group and individual performance
- Approved corporate performance targets for long-term incentives
- Approved variable pay pools, including long-term incentives

QUARTER TWO

- Reviewed remuneration governance processes, including risk and control staff
- Received reporting on developments in compensation best practices

QUARTER FOUR

- Approved compensation principles
- Approved appropriateness of separate remuneration for risk and control staff
- Received reporting from independent advisors
- Approved annual performance scorecards and key measures

GOVERNANCE AND ETHICS OF PAY

Remuneration is increasingly seen as an ethical issue. For example, the King IV code suggests that remuneration practices should be overseen by the social and ethics committee, and that the company should comment on how social responsibility is considered when assessing the gap between the company's highest- and lowest-paid earners.

FirstRand relies on the value creation of its employees to deliver on its commitments to stakeholders in a competitive market environment. The remuneration committee's main role is to align the interests of the group's employees with those of shareholders, depositors, regulators and other stakeholders. It also aims to ensure that employee compensation is appropriate for the value added by each employee and compensation is benchmarked fairly against market practices across all the different roles in the group.

SUSTAINABILITY

FirstRand's performance management framework ensures remuneration fits into to the group's strategic objectives to:

- ➔ deliver long-term franchise value;
- ➔ achieve superior and sustainable economic returns to shareholders;
- ➔ maintain acceptable levels of volatility; while
- ➔ ensuring balance sheet strength.

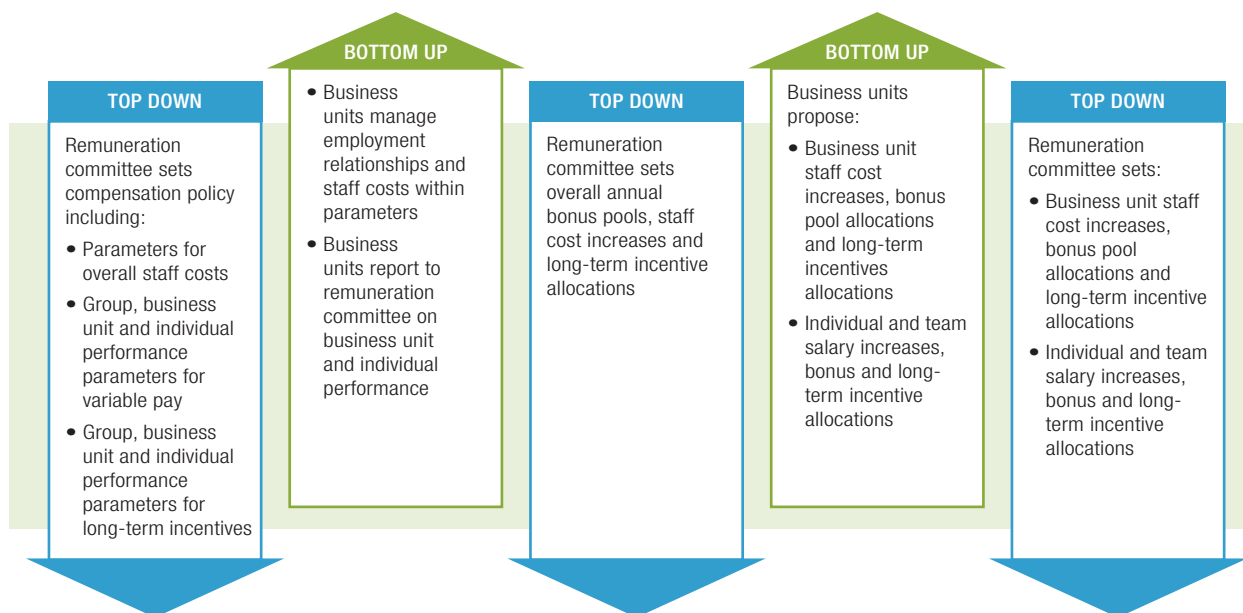
FirstRand's performance management framework requires that management produce positive net income after capital charge (NIACC) and group targets are set within the group's overall risk appetite.

Another way of looking at NIACC is the amount of earnings left after shareholders and other capital providers are compensated for their investments. Management only start to share in these earnings thereafter.

The committee believes that the amount and mix of compensation applied during the year is in line with FirstRand's core business imperative.

ANNUAL COMPENSATION PROCESS

The remuneration committee adopts a combination of top-down and bottom-up approaches to ensure that it effectively oversees the group's pay practices.



Guaranteed pay

Guaranteed pay is market related and reflects the responsibilities, skills and expertise of the individual and role. The following independent salary surveys are used to benchmark against the market:

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

Performance related

Performance pay is not guaranteed and recognises individual performance and overall contribution to business unit performance. Measures include:

- return on capital;
- earnings growth and NIACC;
- performance within risk appetite;
- quality of earnings; and
- recognition for establishing a business or turning an established business around as opposed to benefiting from existing franchise value.

The size of the performance-related pay pool and its allocation in the group takes current and potential future risks into account for in-force business. These include:

- cost and amount of capital required to support risks taken;
- liquidity risk taken in the conduct of business;
- timing and certainty of calculated, but not yet earned, accounting profits included in financial reports;
- reputational and regulatory compliance;
- audit, and risk, capital management and compliance committees findings;
- quality and sustainability of earnings;
- progress on transformation; and
- culture and leadership.

LONG-TERM INCENTIVES

In order to link pay to the time horizon of risk taken on by the group, long-term incentives are dependent on certain corporate performance targets (CPTs) being met. These CPTs are measured on a cumulative basis over a three-year period.

CPTs for the group's long-term incentive schemes are clearly defined in the schedule in note 31 of the annual financial statements. These CPTs are set by the committee for each annual award and are not adjusted retrospectively. Long-term incentives do not dilute FirstRand's existing shares in the market as the group does not issue shares in order to meet its long-term incentive obligations.

The committee uses some discretion in determining the total amount of long-term incentive awards made to any employee. At 30 June 2016, no employee's participation in the group's long-term incentive schemes exceeded 2% of the total number of shares awarded.

In order for the current conditional incentive plan to vest, FirstRand must be NIACC positive at cost of equity +5% and achieve growth in normalised EPS which equals or exceeds South African nominal GDP plus 1% growth on a cumulative basis over a three-year period, from base year end 30 June 2015 to the financial year end immediately preceding the vesting date.

Malus and clawback

If performance conditions are not satisfied, long-term incentive allocations are forfeited. The committee has the discretion to claw-back value received by employees in the event of misconduct.

Minimum shareholding

A minimum shareholding has been set for prescribed officers, strategic executive committee members and franchise executive committee members in order to further align their interests with those of other stakeholders. At any given point such employees must hold FirstRand shares to the value of at least 50% of their last three year's annual post-tax long-term incentives (LTI) vesting. Those who do not meet this requirement are given five years to reach the 50% minimum shareholding requirement.

INTERNAL PAY GAPS

Benchmarking of guaranteed pay across the different roles in the group has been performed in consultation with employee representatives. Outcomes-based compensation (OBC) programmes have been put in place for parts of the group requiring large volumes of clerical or procedural work. Employee development plans exist to help employees who show potential for adding more value to the group.

Pay principles for all roles include:

- ➔ guaranteed pay in line with the volume of work, the level of responsibility and individual value-add in the role; and
- ➔ OBC based on performance measured after adjusting for the amount of risk taken on and the cost of capital incurred.

DEFERRAL OF VARIABLE PAY

For senior executives and all other employees whose actions have a material impact on the risk exposure of the group, a significant amount of compensation is deferred.

2016 DEFERRAL STRUCTURE

Performance payment	Deferred conditional awards	Payment date			
		Aug 2016	Dec 2016	Jun 2017	Sep 2018
≤ R650k	No	100%	—	—	—
≤ R2 million	No	R650k + 33% of balance of cash portion	33% of balance of cash portion	33% of balance of cash portion	—
> R2 million	30% of amount above R2 million	R650k + 33% of balance of cash portion	33% of balance of cash portion	33% of balance of cash portion	Qualifying awards vest
> R2 million (all employees earning variable compensation above R6.5 million)	50% of amount above R2 million	R650k + 33% of balance of cash portion	33% of balance of cash portion	33% of balance of cash portion	Qualifying awards vest
> R2 million (FirstRand and franchise executive committee members)	50% of amount above R2 million	R650k + 33% of balance of cash portion	33% of balance of cash portion	33% of balance of cash portion	Qualifying awards vest

MATERIAL RISK TAKERS

Material risk takers are defined as employees who have influence over the risk assumed in the course of conducting business. The committee defines material risk takers and control staff as the group's executive officers as defined in the South African Banks Act and group heads of risk and control functions.

In terms of the Companies Act, no. 71 of 2008, prescribed officers are defined as employees who exercise general executive control over and management of, the whole or a significant portion of the business activities of the group. FirstRand defines its prescribed officers as the group CEO, deputy group CEO, financial director and the CEOs of the group's operating franchises (FNB, RMB and WesBank) which contribute materially to group performance. All of these officers are members of the group strategic executive committee and attend board meetings.

RISK, COMPLIANCE AND INTERNAL AUDIT STAFF

Risk and compliance employees are compensated based on the achievement of risk management objectives. Remuneration of employees in the risk and compliance functions is reviewed annually and benchmarked to ensure that it is market related and adequate to attract and retain appropriately qualified and skilled staff. The heads of group enterprise risk management and group regulatory risk management provide input into the compensation levels of risk managers across the group. A subcommittee, the risk and compliance remuneration committee, which has non-executive director representation, plays an independent oversight role of the remuneration of employees in the various risk and compliance functions at franchise level.

NON-EXECUTIVE DIRECTORS

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

PROCEEDINGS

FirstRand's remuneration committee is chaired by an independent non-executive director and is composed of non-executive directors, the majority of whom are independent. Mr Loubser and Ms Nzimande represent the risk, capital and compliance committee, and the social and ethics committee, respectively.

Executives attending committee meetings do so in an *ex officio* capacity.

Attendance at committee meetings was as follows.

	July 2015	September 2016	May 2016
PM Goss (chairman)	✓	✓	✓
VW Bartlett	✓	✓	✓
LL Dippenaar	✓	✓	✓
JJ Durand	✓	✓	✓
RM Loubser	✓	✓	✓
AT Nzimande	✓	✓	✓
BJ van der Ross	✓	✓	✓

The chairman of the remuneration committee attends the annual general meeting.

The chairman of FirstRand's risk, capital management and compliance committee (RCC) has confirmed to the committee that the risk element of FirstRand's compensation policy has been properly considered to discourage inappropriately risky behaviour.

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



PM GOSS
Chairman, remuneration committee

7 September 2016

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

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

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

<i>R thousand</i>	2016			2015		
	Services as directors			Services as directors		
	FSR	Group	Total	FSR	Group	Total
Independent non-executive directors paid in ZAR						
VW Bartlett	1 035	262	1 297	952	185	1 137
JJH Bester (retired 3 December 2014)	–	–	–	638	1 269	1 907
G Gelink	1 191	1 160	2 351	972	325	1 297
PM Goss	868	202	1 070	810	269	1 079
NN Gwagwa	693	197	890	623	220	843
WR Jardine	792	84	876	637	111	748
RM Loubser	2 062	1 605	3 667	1 151	876	2 027
EG Mantenge-Sebesho	822	556	1 378	740	495	1 235
BJ van der Ross	911	749	1 660	774	726	1 500
Non-executive directors paid in ZAR						
MS Bomela	908	358	1 266	798	232	1 030
P Cooper (alternative to Paul Harris)	294	80	374	291	195	486
L Crouse (retired 31 March 2016)	854	28	882	972	97	1 069
LL Dippenaar (chairman)	5 028	258	5 286	4 463	237	4 700
JJ Durand	681	63	744	621	93	714
PK Harris	521	44	565	486	48	534
F Knoetze (appointed 1 April 2016)	134	208	342	–	–	–
AT Nzimande	768	80	848	690	195	885
PJ Makosholo (appointed 1 October 2015)	607	382	989	–	–	–
KB Schoeman (resigned 30 September 2015)	95	–	95	555	78	633
Total non-executive directors paid in ZAR	18 264	6 316	24 580	16 173	5 651	21 824
Foreign domiciled independent non-executive directors paid in USD						
USD thousand						
D Premnarayan ^{1,2}	305	20	325	347	22	369
JH van Greuning	290	290	580	245	254	499

1. Fees include services in India.

2. Disclosure of fees paid to Mr D Premnarayan for services rendered to the group's Indian operations were inadvertently omitted for the periods 2009 to 2015. The above disclosure has been restated with the inclusion of an additional USD 216 000 paid for the period to June 2015. The omitted amounts are disclosed as follows: 2009: USD 622 253; 2010: USD 120 000; 2011: USD 118 945; 2012: USD 191 682; 2013: USD 216 000 and 2014: USD 216 000.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

<i>R thousand</i>	2016	2015	2014	2013	2012
SE Nxasana¹ (retired 30 September 2015)					
Cash package paid during the year	2 113	8 056	7 522	7 037	6 614
Retirement contributions paid during the year	250	955	891	834	786
Other allowances ²	22	82	75	68	81
Subtotal: guaranteed package	2 385	9 093	8 488	7 939	7 481
Performance related in respect of the year ³	–	12 915	10 000	11 460	9 600
Portion of performance related deferred in share awards ⁴	–	11 415	11 000	6 640	5 400
Subtotal: variable pay	–	24 330	21 000	18 100	15 000
Total guaranteed and variable pay	2 385	33 423	29 488	26 039	22 481
Value of shares vested during the year⁵					
Conditional incentive plan/conditional share plan	21 946	25 358	20 747	18 249	–
Two-year bonus deferral	12 170	9 661	8 449	8 833	–
Total value of shares taken up	34 116	35 019	29 196	27 082	–
JP Burger¹					
Cash package paid during the year	8 461	7 040	6 591	6 103	5 776
Retirement contributions paid during the year	978	1 056	981	915	866
Other allowances ²	178	119	98	156	118
Subtotal: guaranteed package	9 617	8 215	7 670	7 174	6 760
Performance related in respect of the year ³	13 165	11 770	9 000	10 440	8 760
Portion of performance related deferred in share awards ⁴	11 165	10 270	10 000	5 960	4 840
Subtotal: variable pay	24 330	22 040	19 000	16 400	13 600
Total guaranteed and variable pay	33 947	30 255	26 670	23 574	20 360
Value of shares vested during the year⁵					
Conditional incentive plan/conditional share plan	17 580	20 313	15 807	13 687	–
Two-year bonus deferral	10 924	8 659	7 540	7 639	–
Total value of shares taken up	28 504	28 972	23 347	21 326	–

1. FirstRand defines its prescribed officers as the group CEO, deputy group CEO, financial director and the CEOs of the group's operating franchises (FNB, RMB and WesBank) that contribute materially to group performance. All of these officers are members of the group strategic executive committee and attend board meetings.
2. Other allowances includes travel and medical.
3. Variable compensation paid in cash in respect of the year ended June, is paid (with an interest factor) in three tranches, during the following year ending on 30 June.
4. Performance payments deferred as a conditional award in terms of the FirstRand conditional incentive plan (CIP) vest two years after the award date. Refer to note 31 in the annual financial statements.
5. Value of shares taken up in prior years excludes benefits derived in terms of the share appreciation rights (APR) and BEE staff schemes. Benefits in terms of the APR vested after three years and could be exercised between vesting and expiry after five years. In some cases the benefit derived in terms of the APR schemes represents five years of cumulative value aggregation and has, therefore, been excluded from the table above (refer to the 2014 annual financial statements). Refer to note 3.2 below for benefits derived in terms of the group's ten-year BEE schemes.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (continued)

<i>R thousand</i>	2016	2015	2014	2013	2012
AP Pullinger^{1,7}					
Cash package paid during the year	5 433	2 322	2 174	2 036	1 981
Retirement contributions paid during the year	1 075	464	556	407	339
Other allowances ²	154	133	13	122	99
Subtotal: guaranteed package	6 662	2 919	2 743	2 565	2 419
Performance related in respect of the year ³	11 000	11 750	15 000	13 200	11 400
Portion of performance related deferred in share awards ⁴	9 000	10 250	9 000	7 800	6 600
Subtotal: variable pay	20 000	22 000	24 000	21 000	18 000
Total guaranteed and variable pay	26 662	24 919	26 743	23 565	20 419
Value of shares vested during the year⁵					
Conditional incentive plan/conditional share plan	13 692	15 799	12 870	11 406	
Two-year bonus deferral	14 296	11 808	11 408	11 118	
Total value of shares taken up	27 988	27 607	24 278	22 524	
HS Kellan^{1,6}					
Cash package paid during the year	4 938	4 493	4 046		
Retirement contributions paid during the year	405	402	362		
Other allowances ²	118	108	98		
Subtotal: guaranteed package	5 461	5 003	4 506		
Performance related in respect of the year ³	4 937	4 500	4 416		
Portion of performance related deferred in share awards ⁴	2 938	3 000	1 944		
Subtotal: variable pay	7 875	7 500	6 360		
Total guaranteed and variable pay	13 336	12 503	10 866		
Value of shares vested during the year⁵					
Conditional incentive plan/conditional share plan	9 814	7 674			
Two-year bonus deferral	2 786	1 293			
Total value of shares taken up	12 600	8 987			

1. FirstRand defines its prescribed officers as the group CEO, deputy group CEO, financial director and the CEOs of the group's operating franchises (FNB, RMB and WesBank) that contribute materially to group performance. All of these officers are members of the group strategic executive committee and attend board meetings.

2. Other allowances includes travel and medical.

3. Variable compensation paid in cash in respect of the year ended June, is paid (with an interest factor) in three tranches, during the following year ending on 30 June.

4. Performance payments deferred as a conditional award in terms of the FirstRand conditional incentive plan vest two years after the award date. Refer to note 31 in the annual financial statements.

5. Value of shares taken up in prior years excludes benefits derived in terms of the share appreciation rights and BEE staff schemes. Benefits in terms of the APR vested after three years and could be exercised between vesting and expiry after five years. In some cases the benefit derived in terms of the APR schemes represents five years of cumulative value aggregation and has, therefore, been excluded from the table above (refer to the 2014 annual financial statements). Refer to note 3.2 below for benefits derived in terms of the group's ten-year BEE schemes.

6. Prescribed officer appointed 1 October 2013. Emoluments include earnings in prior role from 1 July 2013 to 30 September 2013.

7. Prescribed officer appointed effective 30 September 2015. Emoluments include earnings in prior role from 1 July 2015 to 30 September 2015.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *(continued)*

<i>R thousand</i>	2016	2015	2014	2013	2012
J Formby (CEO RMB)^{1,7}					
Cash package paid during the year	2 630				
Retirement contributions paid during the year	236				
Other allowances ²	178				
Subtotal: guaranteed package	3 044				
Performance related in respect of the year ³	10 625				
Portion of performance related deferred in share awards ⁴	8 625				
Subtotal: variable pay	19 250				
Total guaranteed and variable pay	22 294				
Value of shares vested during the year⁵					
Conditional incentive plan/conditional share plan	6 024				
Two-year bonus deferral	9 898				
Total value of shares taken up	15 922				
J Celliers (CEO FNB)^{1,6}					
Cash package paid during the year	5 867	5 513	4 901		
Retirement contributions paid during the year	582	551	490		
Other allowances ²	118	108	122		
Subtotal: guaranteed package	6 567	6 172	5 513		
Performance related in respect of the year ³	6 625	5 950	5 400		
Portion of performance related deferred in share awards ⁴	4 625	4 450	2 600		
Subtotal: variable pay	11 250	10 400	8 000		
Total guaranteed and variable pay	17 817	16 572	13 513		
Value of shares vested during the year⁵					
Conditional incentive plan/conditional share plan	13 057	3 611			
Two-year bonus deferral	2 566	1 431			
Total value of shares taken up	15 623	5 042			

1. FirstRand defines its prescribed officers as the group CEO, deputy group CEO, financial director and the CEOs of the group's operating franchises (FNB, RMB and WesBank) that contribute materially to group performance. All of these officers are members of the group strategic executive committee and attend board meetings.

2. Other allowances includes travel and medical.

3. Variable compensation paid in cash in respect of the year ended June, is paid (with an interest factor) in three tranches, during the following year ending on 30 June.

4. Performance payments deferred as a conditional award in terms of the FirstRand conditional incentive plan vest two years after the award date. Refer to note 31 in the annual financial statements.

5. Value of shares taken up in prior years excludes benefits derived in terms of the share appreciation rights and BEE staff schemes. Benefits in terms of the APR vested after three years and could be exercised between vesting and expiry after five years. In some cases the benefit derived in terms of the APR schemes represents five years of cumulative value aggregation and has, therefore, been excluded from the table above (refer to the 2014 annual financial statements). Refer to note 3.2 below for benefits derived in terms of the group's ten-year BEE schemes.

6. Prescribed officer appointed 1 October 2013. Emoluments include earnings in prior role from 1 July 2013 to 30 September 2013.

7. Prescribed officer appointed effective 30 September 2015. Emoluments include earnings in prior role from 1 July 2015 to 30 September 2015.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (continued)

<i>R thousand</i>	2016	2015	2014	2013	2012
C de Kock (CEO WesBank)^{1,6}					
Cash package paid during the year	3 972	3 098	2 778		
Retirement contributions paid during the year	347	291	266		
Other allowances ²	98	69	71		
Subtotal: guaranteed package	4 417	3 458	3 115		
Performance related in respect of the year ³	5 000	4 250	4 200		
Portion of performance related deferred in share awards ⁴	3 000	2 750	1 800		
Subtotal: variable pay	8 000	7 000	6 000		
Total guaranteed and variable pay	12 417	10 458	9 115		
Value of shares vested during the year⁵					
Conditional incentive plan/conditional share plan	6 846	8 125			
Two-year bonus deferral	2 273	1 879			
Total value of shares taken up	9 119	10 004			

1. FirstRand defines its prescribed officers as the group CEO, deputy group CEO, financial director and the CEOs of the group's operating franchises (FNB, RMB and WesBank) that contribute materially to group performance. All of these officers are members of the group strategic executive committee and attend board meetings.

2. Other allowances includes travel and medical.

3. Variable compensation paid in cash in respect of the year ended June, is paid (with an interest factor) in three tranches, during the following year ending on 30 June.

4. Performance payments deferred as a conditional award in terms of the FirstRand Conditional Incentive Plan vest two years after the award date. Refer to note 31 in the annual financial statements.

5. Value of shares taken up in prior years excludes benefit derived in terms of the Share Appreciation Rights (APR) and BEE Staff schemes. Benefits in terms of the APR vested after three years and could be exercised between vesting and expiry after 5 years. In some cases the benefit derived in terms of the APR schemes represents five years of cumulative value aggregation and has therefore been excluded from the table above (refer to the 2014 annual financial statements). Refer to note 3.2 below for benefits derived in terms of the group's 10 year BEE schemes.

6. Prescribed officer appointed 1 October 2013. Emoluments include earnings in prior role from 1 July 2013 to 30 September 2013.

Benefits derived by executive directors in terms of the long-term incentive schemes are disclosed on pages 36 to 39.

Cash package, retirement contributions and other allowances reflect what was paid to the prescribed officers during the year ended 30 June 2016 although the FirstRand remuneration cycle runs from 1 August to 31 July.

The cash variable pay and variable pay deferred in CIP awards for 2016 reflect the amounts that were allocated to the prescribed officer in respect of the year ended 30 June 2016, however, the cash portion will be paid in future periods in terms of the group's deferral structure shown on page 28.

All executive directors and prescribed officers have a notice period of one month. Non-executive directors are appointed for a period of three years and are subject to the Companies Act, no. 71 of 2008 provision relating to removal.

Co-investment scheme

In addition to contractual and performance remuneration, eligible prescribed officers are entitled to participate in the co-investment scheme. Profit share, as shown in the table below, is based on a capital contribution placed at risk by participants. There is no cost to the group associated with the co-investment scheme.

<i>R thousand</i>	2016	2015
JP Burger	2 101	5 387
J Formby	4 071	—
SE Nxasana	172	1 064
AP Pullinger	2 305	6 384

Benefits derived during the financial year ended 30 June 2015 in respect of the group's ten-year BEE schemes

<i>Rand</i>	FirstRand black non-executive director's scheme	FirstRand black employee share scheme
SE Nxasana	39 415 004	35 629 735
HS Kellan	—	38 980 992

DEFINITIONS FOR REMUNERATION HEALTH CHECK PEER GROUP DISCLOSURES

1. Peer group includes big four South African universal banks. ROE for FirstRand is as disclosed at 24% for the year to 30 June 2016. For the remainder of the peer group (big four excluding FirstRand's contribution) it is the weighted average as at 31 December 2015 in line with these banks' financial year ends.
2. NIACC % of total is calculated using each bank's own cost of equity as disclosed as well as earnings and NAV for respective year ends.
For FirstRand this includes the five years from 30 June 2012 to 30 June 2016. For the rest of the peer group, this includes the five years from 31 December 2011 to 31 December 2015.
3. For FirstRand earnings CAGR includes the five years from 30 June 2012 to 30 June 2016. For the rest of the peer group this includes the five year weighted average across the peer group (excluding FirstRand) from 31 December 2011 to 31 December 2015.

PRESCRIBED OFFICERS' OUTSTANDING LONG-TERM INCENTIVES
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	Outstanding long-term incentives					
	2016 (CIP allocation made in September 2015)		2015 (CIP allocation made in September 2014)			
	CIP	Bonus deferral CIP	CIP	Special three-year bonus deferral CIP	Bonus deferral CIP	
EXECUTIVE DIRECTORS						
SE Nxasana (retired 30 September 2015)						
Opening balance (number of shares)			324 363	15 909	243 051	
Granted/taken up (number of shares)		216 013				
Closing balance (number of shares)		216 013	324 363	15 909	243 051	
Vesting date		21/09/2017	12/09/2017	12/09/2017	13/09/2016	
JP Burger						
Opening balance (number of shares)			260 728	15 025	220 956	
Granted/taken up (number of shares)	295 776	194 345				
Closing balance (number of shares)	295 776	194 345	260 728	15 025	220 956	
Vesting date	21/09/2018	21/09/2017	12/09/2017	12/09/2017	13/09/2016	
AP Pullinger						
Opening balance (number of shares)			204 384		198 860	
Granted/taken up (number of shares)	189 236	193 967				
Closing balance (number of shares)	189 236	193 967	204 384		198 860	
Vesting date	21/09/2018	21/09/2017	12/09/2017		13/09/2016	
HS Kellan						
Opening balance (number of shares)			121 526		42 954	
Granted/taken up (number of shares)	132 465	56 770				
Closing balance (number of shares)	132 465	56 770	121 526		42 954	
Vesting date	21/09/2018	21/09/2017	12/09/2017		13/09/2016	

*Definitions**CIP – conditional incentive plan**Bonus deferral CIP – bonus deferral conditional incentive plan*

* The benefits derived in the 2015/2016 financial year have been included in the value of shares taken up during the year under the executive director's and prescribed officer's emoluments.

	Outstanding long-term incentives		Vested long-term incentives*		
	2014 (CIP allocation made in September 2013)		2014 (bonus deferral CIP allocation made in September 2013)	2013 (CIP allocation made in September 2012)	2013 (CIP allocation made in June 2013)
	CIP	Special CIP	Bonus deferral	CIP	Special CIP
	435 820		214 916	432 604	
			(214 916)	(432 604)	
	435 820				
	15/09/2016		10/09/2015	11/09/2015	
	349 563	87 895	192 907	346 545	
			(192 907)	(346 545)	
	349 563	87 895			
	15/09/2016	01/10/2016	10/09/2015	11/09/2015	
	242 752		252 462	269 895	
			(252 462)	(269 895)	
	242 752				
	15/09/2016		10/09/2015	11/09/2015	
	161 835		49 198	136 747	67 700
			(49 198)	(136 747)	(67 700)
	161 835				
	15/09/2016		10/09/2015	11/09/2015	01/06/2016

PRESCRIBED OFFICERS' OUTSTANDING LONG-TERM INCENTIVES (continued)
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	Outstanding long-term incentives					
	2016 (CIP allocation made in September 2015)		2015 (CIP allocation made in September 2014)			
	CIP	Bonus deferral CIP	CIP	Special three-year bonus deferral CIP	Bonus deferral CIP	
PRESCRIBED OFFICERS						
J Celliers						
Opening balance (number of shares)			181 184		57 449	
Granted/taken up (number of shares)	189 236	84 210				
Closing balance (number of shares)	189 236	84 210	181 184		57 449	
Vesting date	21/09/2018	21/09/2017	12/09/2017		13/09/2016	
C de Kock						
Opening balance (number of shares)			154 669		39 772	
Granted/taken up (number of shares)	141 927	52 039				
Closing balance (number of shares)	141 927	52 039	154 669		39 772	
Vesting date	21/09/2018	21/09/2017	12/09/2017		13/09/2016	
J Formby						
Opening balance (number of shares)			64 078		141 412	
Granted/taken up (number of shares)	94 618	158 485				
Closing balance (number of shares)	94 618	158 485	64 078		141 412	
Vesting date	21/09/2018	21/09/2017	12/09/2017		13/09/2016	

*Definitions**CIP – conditional incentive plan**Bonus deferral CIP – bonus deferral conditional incentive plan*

* The benefits derived in the 2015/2016 financial year have been included in the value of shares taken up during the year under the executive directors' and prescribed officers' emoluments.

	Outstanding long-term incentives		Vested long-term incentives*		
	2014 (CIP allocation made in September 2013)		2014 (bonus deferral CIP allocation made in September 2013)	2013 (CIP allocation made in September 2012)	2013 (CIP allocation made in June 2013)
	CIP	Special CIP	Bonus deferral	CIP	Special CIP
	226 569		45 314	143 944	135 400
			(45 314)	(143 944)	(135 400)
	226 569				
	15/09/2016		10/09/2015	11/09/2015	01/06/2016
	145 651	57 481	40 135	134 948	
			(40 135)	(134 948)	
	145 651	57 481			
	15/09/2016	04/04/2017	10/09/2015	11/09/2015	
	92 732		174 782	118 754	
			(174 782)	(118 754)	
	92 732				
	15/09/2016		10/09/2015	11/09/2015	

AGGREGATE COMPENSATION DISCLOSURES

<i>R million</i>	2016
Employees receiving variable awards (number of employees)	
Employees receiving variable compensation	21 319
Employees receiving union-agreed variable compensation ¹	16 669
Total variable awards	37 988
Employees receiving sign-on and severance (number of employees)	
Sign on awards granted	94
Severance awards	520
Total sign on and severance awards	614
Sign on and severance (R million)	
Value of sign on awards granted	17
Value of severance awards	102
Total value of sign on and severance awards	119
Portion of 2016 compensation not deferred (R million)	
Guaranteed compensation	14 333
Union agreed variable compensation ¹	241
Variable compensation ²	3 159
Vested share-based long term incentives (LTIs) exercised and paid ³	1 819
Total value of not deferred compensation	19 552
Portion of 2016 compensation deferred (R million)	
2 nd and 3 rd cash tranches of variable compensation ⁵	791
Portion of 2016 variable compensation deferred in shares ⁵	344
Total value of deferred compensation	1 135
Cumulative outstanding deferred compensation at 30 June 2015 and 2016^{4,7} (R million)	
2016 share-based LTI award	1 520
2 nd and 3 rd cash tranches of variable compensation	791
Portion of variable compensation deferred (cumulative 2015 and 2016)	385
Share-linked LTI awards (cumulative 2013, 2014 and 2015)	2 098
Total cumulative outstanding deferred compensation	4 794
Total deferred compensation clawed back (R million)	–

1. Guaranteed bonuses paid to non-managerial employees in the form of 13th cheques in terms of the group's annual union negotiations.

2. Includes tranche 1 of cash-settled variable compensation.

3. LTIs are share-based incentives that only become exercisable to clearly defined vesting criteria.

4. All deferred compensation is subject to clearly defined performance criteria to ensure alignment of employee remuneration with company performance.

5. Portion of cash bonus deferred to 2nd and 3rd tranche payments in December and June respectively of the proceeding financial year.

6. Cash portion of variable compensation deferred in FirstRand shares and subject to vesting criteria.

7. The values disclosed for LTIs have been determined on pro rata vesting basis assuming that the conditions precedent have been met. These incentives are however still subject to individual, business unit and corporate performance criteria before becoming exercisable.

AUDIT COMMITTEE



Hennie van Greuning
Chairman

The audit committee has adopted formal terms of reference that have been approved by the board of directors and reviewed annually. The audit committee has executed its duties during the past financial year in accordance with these terms of reference, section 64 of the Banks Act (1990), section 94(7) of the Companies Act (2008), King III on corporate governance and the JSE Listings Requirements, where appropriate.

2016 IN REVIEW

QUARTER ONE

- Evaluated the performance and effectiveness of the external auditors and recommended the external auditors for reappointment
- Satisfied itself with respect to the expertise and experience of the financial director and the finance function
- Assessed the performance and independence of the chief audit executive and the internal audit function
- Reviewed a documented assessment, including key assumptions, of the going concern assertion
- Reviewed and approved the annual financial statements and shareholder circular
- Reviewed the report on the financial internal control and going concern of FirstRand, in terms of Regulation 40(4) of the Banks Act regulations

QUARTER TWO

- Considered the external audit report on regulatory audit
- Considered feedback from the external auditors on their SARB bilateral meeting
- Conducted financial trend analysis of the year-to-date performance
- Agreed on the interim results procedures
- In consultation with executive management, agreed to the engagement letter, terms of engagement and budgeted audit fees for the 2016 financial year
- Considered IFRS 9 update and prepared for the SARB bilateral meeting

QUARTER THREE

- Reviewed and approved shareholder documents and interim financial statements
- Reviewed the external audit plan for the forthcoming financial year end
- Considered industry trends update from the external auditors
- Reviewed and approved audit committee charter
- Reviewed and approved internal audit charter
- Discussion on trilateral feedback with the SARB

QUARTER FOUR

- Reviewed the annual corporate governance assessments in terms of Regulation 39 (18) of the Banks Act regulations
- Approved the group internal audit plan for the forthcoming year end
- Considered IFRS 9 update and impact assessment
- Conducted a technical accounting session on IFRS 9
- Tabled the JSE proactive monitoring reports for compliance with IFRS

AT EVERY MEETING

Considered the external auditor's independence and service agreement, including non-audit fees and oversaw a formal procedure that governs the process whereby the external auditors are considered for non-audit services.

Received the following quarterly reports

- ➔ internal audit
- ➔ combined assurance
- ➔ financial trends
- ➔ updates from the risk, capital and compliance committee
- ➔ franchise audit committee chairpersons' reports
- ➔ proposed future legislation or changes to accounting standards/tax laws or other regulations

EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The committee has nominated, for election at the annual general meeting, Deloitte & Touche and PricewaterhouseCoopers Inc. as the external audit firms responsible for performing the functions of auditors for the 2017 year.

The committee ensured that the appointment of the auditors complied with all legislation relating to the appointment of auditors. The committee has satisfied itself that the external auditors and lead partners were independent of the group, as set out in section 94(8) of the Companies Act.

This included consideration of:

- ➔ representations made by the external auditors to the audit committee;
- ➔ independence criteria specified by the Independent Regulatory Board for Auditors and international regulatory bodies as well as criteria relating to internal governance processes within audit firms;
- ➔ previous appointments of the auditors;
- ➔ extent of other work undertaken by the auditors for the group; and
- ➔ tenure of the auditors and rotation of the lead partners.

The committee encouraged effective communication between the external and internal audit functions.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The committee reviewed the accounting policies and financial statements of the company and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

An audit committee process has been established to receive and deal appropriately with any concerns or complaints relating to the reporting practices of the company. No matters of significance have been raised in the past financial year.

The committee confirms that it was able to carry out its work to fulfil its statutory mandate under normal and unrestricted conditions. The committee is satisfied that the assurance obtained during meetings, corroborated by the review of documentation deemed necessary, and its own analyses sustain its conclusions reached for the 2016 year.

RELATIONSHIP WITH OTHER GOVERNANCE COMMITTEES

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

The group's risk, capital management and compliance committee monitors refinements to the group's information technology framework. The committee holistically oversees information governance and provides a comprehensive and transparent review of the effectiveness of information governance mechanisms within the group. Based on the reports received, the committee is satisfied that the group is able to effectively manage its information resources.

OUTLOOK

The committee's role is to oversee the effective functioning of the group control environment. The committee recognises that there are many initiatives underway in the group in response to changes to regulatory requirements and that these represent significant demands on resources and infrastructure.

The committee has conducted assessments and training on the impact of *IFRS 9 – Financial Instruments* with significant progress being made during the year to ensure the group's readiness for its implementation. The new standard includes revised guidance on the classification and measurement of financial assets and includes a new expected credit loss model for calculating impairment as well as amended rules for hedge accounting.

EVALUATION OF THE EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

The committee is of the view that Mr HS Kellan (BCom, BCom (Hons), CA(SA)), the group financial director, possesses the appropriate expertise and experience to meet his responsibilities in that position.

The committee is satisfied with:

- the expertise and adequacy of resources within the finance function; and
- the experience, expertise and continuous professional development of senior members of the finance function.

Feedback was obtained from both external and internal audit in making the above assessments.

PROCEEDINGS AND PERFORMANCE REVIEW

At year end the committee consisted of six members: five independent non-executive directors and one non-executive director. FirstRand's CEO, deputy CEO, financial director, chief audit executive, external auditors, heads of finance, risk and compliance, and other assurance providers attend committee meetings in an *ex officio* capacity.

The external auditors and chief audit executive meet independently with the non-executive members as and when required. The composition of the committee is designed to include members with practical banking expertise in accordance with the Banks Act.

Attendance at committee meetings was as follows.

	Appointed	August 2015	November 2015	November 2015 (Trilateral)	February 2016	May 2016
JH van Greuning (chairman)	September 2009	✓	✓	✓	✓	✓
VW Bartlett	February 2009	A	✓	✓	✓	✓
L Crouse ¹	July 2010	✓	✓	✓	✓	–
GG Gelink	January 2010	✓	✓	✓	✓	✓
RM Loubser	September 2014	✓	✓	✓	✓	✓
PJ Makosholo	March 2016	–	–	–	–	✓
EG Matenge-Sebesho	July 2010	✓	✓	✓	✓	✓

A – Apology tendered and accepted.

1. Retired from the board with effect from 31 March 2016. He will, however, continue as a specialist consultant (non-member) to the audit committee.

The effectiveness of the audit committee and its individual members is assessed on an annual basis.



JH VAN GREUNING
Chairman, audit committee

7 September 2016

RISK, CAPITAL MANAGEMENT AND COMPLIANCE COMMITTEE



Russell Loubser
Chairman

It is the task of the risk, capital management and compliance (RCC) committee to oversee the group's risk governance structures and processes in a manner that enables sustainable value creation for stakeholders in an increasingly complex operating environment.

2016 IN REVIEW

QUARTER ONE

- ➔ Recommendations from the regulatory risk management committee on proposed committee structure changes for more effective governance of regulatory risk
- ➔ Review of operational risk appetite parameters and governance methodology as recommended by the operational risk committee
- ➔ Update on franchise IT risk profile and group IT governance by chief information officers

QUARTER TWO

- ➔ Reviewed and approved changes to board limits and risk appetite
- ➔ Assumptions underlying the group's internal capital adequacy and assessment process (ICAAP) and stress testing process including a review of management plans to address additional risks arising from the risk scenarios
- ➔ Review and approval of the group recovery plan as recommended by the asset, liability and capital committee
- ➔ Review and approval of board risk assessment
- ➔ Membership of the RCC committee subcommittees to ensure that there is adequate knowledge, skills and experience for effective risk management

QUARTER THREE

- ➔ Reports from management on the impact of the weaker oil and gas commodity prices on the balance sheet
- ➔ Presentations by management as mandated by subcommittees for the escalation of the review of market risk and forex stress funding limits on the back of capital market developments
- ➔ Feedback to the committee on the SARB bilateral meetings held, including discussions on how the group manages the liquidity coverage ratio (LCR)

QUARTER FOUR

- ➔ Annual group insurance renewal programme to ensure adequate cover for FirstRand
- ➔ Liaison with the audit committee to identify common themes and exchange information to enhance audit and risk management oversight practices and processes
- ➔ LCR limit review as recommended by the asset, liability and capital committee
- ➔ Independent assessment of current and future risks including communication of the outcomes and concerns to management and the board for consideration in strategic planning and risk management processes

AT EVERY MEETING

- ➔ Global and local macroeconomic developments and how these are expected to impact the different portfolios in the group
- ➔ Overview by the group CRO and portfolio risk heads on developments in the different risk types
- ➔ Presentations by franchise CROs giving detail and insight on specific risk areas
- ➔ Approval of risk management models used across different risk types
- ➔ Review and approval of governance frameworks, charters and mandates

The committee ensures that effective policies and plans for risk management are implemented and that appropriate risk disclosures are communicated timeously and in sufficient detail to the group's stakeholders.

The RCC committee's responsibilities are to:

- approve risk management policies, frameworks, strategies and processes;
- monitor containment of risk exposures within the risk appetite framework;
- report assessment of the adequacy and effectiveness of the risk appetite, risk management, ICAAP and compliance processes to the board;
- monitor the implementation of the risk management strategy, risk appetite limits, and the effectiveness of risk management;
- initiate and monitors corrective action, where appropriate;
- monitor that the group takes appropriate action to manage its regulatory and supervisory risks and complies with applicable laws, rules, codes and standards;
- approve regulatory capital models, risk and capital targets, limits and thresholds; and
- monitor capital adequacy and ensure that a sound capital management process exists.

A detailed discussion of specific risk management actions undertaken during the year in response to developments in the group's evolving risk management environment is provided in the Basel Pillar 3 disclosure, which is available on the group's website, www.firstrand.co.za

PROCEEDINGS AND PERFORMANCE REVIEW

The committee is composed exclusively of non-executive directors and independent specialist advisors with the majority being independent non-executive directors. Attendees to the meetings in an *ex officio* capacity include:

- group CEO;
- deputy group CEO;
- financial director;
- group and franchise CROs;
- chief audit executive;
- group portfolio risk heads;
- head of regulatory risk management, and
- external auditors.

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

	August 2015	November 2015	February 2016	May 2016
RM Loubser – chairman	A	✓	✓	✓
JJH Bester	✓	✓	✓	✓
MS Bomela	✓	✓	✓	✓
L Crouse	✓	✓	✓	✓
GG Gelink	A	✓	✓	✓
Z Roscherr (specialist consultant)	✓	✓	✓	✓
JH van Greuning	✓	✓	✓	✓

A – Apologies tendered and accepted

The committee is satisfied that the group has adequate resources, systems, skills and remuneration practices to facilitate the ongoing effectiveness of the risk, capital management and compliance functions.



R LOUBSER

Chairman, risk, capital management and compliance committee

7 September 2016

TRANSFORMATION MONITORING COMMITTEE



Lulu Gwagwa
Chairman

The implementation of the group's BEE strategy rests with executive management and the committee receives regular and detailed reports on progress from the group's executive teams. The committee ensures that the group's transformation strategy builds on its socioeconomic objectives.

2016 IN REVIEW

QUARTER ONE

- ➔ Oversaw employment equity progress, including Financial Sector Charter and Department of Labour goals
- ➔ Reviewed attrition of ACI (African, Coloured and Indian) talent
- ➔ Oversaw plans for supplier development programmes and the creation of a new supplier development fund (Vumela II)

QUARTER THREE

- ➔ Oversaw the final year progress against the three-year Department of Labour employment equity plan
- ➔ Reviewed compliance with transformation legislation in operations outside of South Africa

QUARTER FOUR

- ➔ Analysed FirstRand's employment equity compared to the 2015 South African Commissioner of Employment Equity report
- ➔ Reviewed gender equality and group networking initiatives for women
- ➔ Preferential procurement practices were discussed with special focus on spending with black-owned and black women-owned entities

AT EVERY MEETING

- ➔ Monitored employee wellness and received reports on global trends
- ➔ Oversaw the strategic objectives and draft of the Employment Equity plan for 2016 to 2019

The group believes it has built a strong framework to build upon and remains committed to broad-based socioeconomic transformation in all of the societies in which it operates.

FUNDING-INCLUSIVE ECONOMIC DEVELOPMENT

During the year the group contributed R8 219 million to empowerment financing initiatives, which included affordable housing and energy infrastructure.

<i>R million</i>	2016	2015	% change
Affordable housing	2 001	1 991	1
Energy infrastructure	1 634	1 250	31

FINANCIAL INCLUSION

Access to financial services aims to ensure that all South Africa's people are able to transact easily and securely. This has two components: firstly, that people have the necessary electronic access to opening a bank account that allows them to invest, borrow and transact; and secondly, to have geographic reach allowing people to participate in banking. FirstRand's retail bank, FNB, is particularly strong with its electronic access offerings. This includes cellphone banking, eWallet, online and money transfers.

Consumer financial education is an additional offering supporting the deepening of financial services and financial planning into society.

<i>R million</i>	2016	2015	% change
Consumer education spend LSM 1 – 8*	21	20	—

* FNB and WesBank run financial consumer education initiatives which target mainstream market customers. The programmes educate both customers and potential customers on how to manage personal finances to equip them to make informed financial decisions.

WORKPLACE DIVERSITY

The group's strategic diversity objective is to develop and retain key black talent in order to sustain a strong pipeline for top and senior management. This will be achieved through targeted recruitment, skills and leadership development programmes, and further alignment of succession planning.

FirstRand supports diversity as being in the best long term interest of the group and of South Africa.

WORKFORCE PROFILE: JUNE 2016

Occupational levels	Male				Total male	Female				Total female	Foreign nationals	Total
	African	Coloured	Indian	White		African	Coloured	Indian	White			
Top management	6	–	6	33	45	5	2	2	3	12	2	59
Senior management	108	48	187	710	1 053	71	33	100	323	527	29	1 609
Middle management	1 604	540	1 107	2 424	5 675	1 503	844	1 024	2 191	5 562	182	11 419
Junior management	2 107	763	546	715	4 131	3 789	2 122	941	1 765	8 617	89	12 837
Semi-skilled & discretionary decision making	2 545	631	257	221	3 654	5 489	1 564	461	712	8 226	25	11 905
Unskilled and defined decision making	118	15	–	1	134	233	17	–	2	252	1	387
Total SA workforce	6 488	1 997	2 103	4 104	14 692	11 090	4 582	2 528	4 996	23 196	328	38 216

SUPPLY CHAIN MANAGEMENT

During the year the group implemented programmes to increase procurement from black-owned and black women-owned entities.

R million	2016	%	2015	%
Spend with black-owned suppliers*	3 006	20.7	1 778	13.0
Spend with black women-owned suppliers**	1 660	11.4	845	6.20
Spend with EME and QSE suppliers#	3 112	21.5	2 663	19.5

BEE procurement information is reported per calendar year in line with regulatory reporting timelines.

* 50.1% black-owned suppliers.

** 30% black women-owned suppliers.

Exempt micro enterprises (turnover less than R5 million); qualifying small enterprise (turnover between R6 million and R35 million).

BEE SCORECARD

The group retained level 2 BEE status.

	Maximum points	2016	2015	% change
Equity ownership	14 + 3	16.77	16.53	2
Management control	8 + 1	6.26	6.33	1
Employment equity	15 + 3	10.43	10.23	2
Skills development	10.00	9.04	8.88	2
Preferential procurement	16.00	16.00	15.43	4
Empowerment financing	15.00	15.00	15.00	–
Enterprise development	5.00	5.00	5.00	–
Access to financial services	14.00	13.67	12.84	7
Socioeconomic development	3.00	3.00	3.00	–
TOTAL	100 +7	95.17	93.24	2

All Financial Sector Charter elements of BEE are disclosed based on performance for the year ended 31 December 2015.

PROCEEDINGS AND PERFORMANCE REVIEW

FirstRand's transformation monitoring committee is chaired by an independent non-executive director and comprises five non-executive directors, two of whom are independent. The chief executives of FirstRand's operating franchises and other senior management attend in an *ex officio* capacity.

Attendance during the year was as follows.

	August 2015	February 2016	June 2016
NN Gwagwa (chairman)	✓	✓	✓
MS Bomela	✓	✓	✓
P Cooper	✓	✓	✓
AT Nzimande	✓	A	✓
PJ Makosholo	✓	✓	✓
KB Schoeman	✓	✓	✓
BJ van der Ross	✓	✓	✓

A – Apologies tendered and accepted.

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



NN GWAGWA

Chairman, transformation monitoring committee

7 September 2016

SOCIAL AND ETHICS COMMITTEE



Hennie van Greuning
Chairman

As a financial services provider, FirstRand is a trust business. The ability to manage culture and conduct risk effectively and intelligently is not only a source of sound risk management, but fundamentally, a source of competitive advantage.

2016 IN REVIEW

QUARTER ONE

- ➔ Reviewed the outcomes of several culture risk assessments with specific focus on the international portfolio
- ➔ Considered the group's environmental, social and governance disclosures, including those relating to the Equator Principles and carbon emissions

QUARTER TWO

- ➔ Reviewed market conduct maturity and associated platform developments
- ➔ Reviewed culture and conduct risk in specialised areas

QUARTER THREE

- ➔ Considered the group's approach to its social value proposition
- ➔ Focused on emerging culture risks, specifically appropriate responses to the rising regulatory burden and its impact on the owner-manager culture of the group

QUARTER FOUR

- ➔ Oversaw reputational risk management processes
- ➔ Oversaw implementation of the business conduct programme with a focus on emerging business in the rest of Africa

AT EVERY MEETING

- ➔ Received reports from the group ethics and conduct risk officer, as well as from franchise representatives, on the following
 - culture risk assessment results and progress on corrective actions
 - business conduct review on whistle-blowing, declarations of interest, anti-bribery and corruption, and client desirability assessments and associated actions
 - market conduct review on responsible competitive practices, retail market conduct (treating customers fairly), wholesale market conduct and conduct in global markets
 - environmental and social conduct review on environmental and social risk analysis, the group's ecological footprint and positive impact banking
 - significant platform implications and salient monitoring of findings for conduct risk programmes evaluated

The role of the social and ethics committee is to assist the board with ensuring responsible business practices within the FirstRand group and monitor group activities in line with section 72 of the Companies Act, No. 71 of 2008, the committee terms of reference and other legal requirements or prevailing codes of best practice in respect of social and economic development. It is charged with providing oversight of all culture and conduct risk programmes in all businesses of the FirstRand group.

GOVERNANCE MODEL

The committee is supported by three types of management structures tasked to oversee and drive business adoption of culture and conduct risk objectives. Work forums (in larger franchises) bring together product houses, sales channels and the risk community to ensure proper coordination and enactment of culture and conduct objectives. These are multi-business operational forums with decision-making mandates and are chaired by business executives.

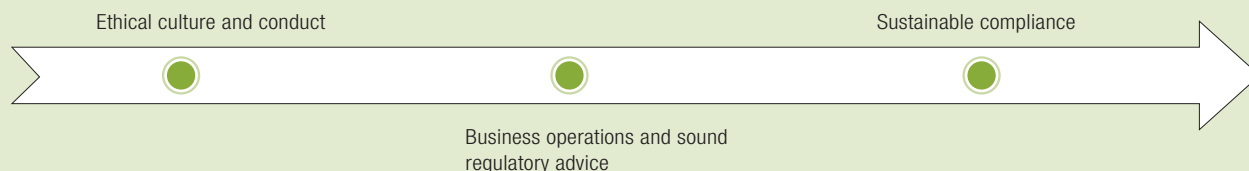
Franchise conduct executive committees set strategy covering the respective culture and conduct themes, and oversee the work of the forums. These are either chaired by the franchise CEO or the group ethics and conduct risk officer. An important development has been the creation of the FirstRand conduct executive committee at FirstRand level, which is chaired by the group deputy CEO.



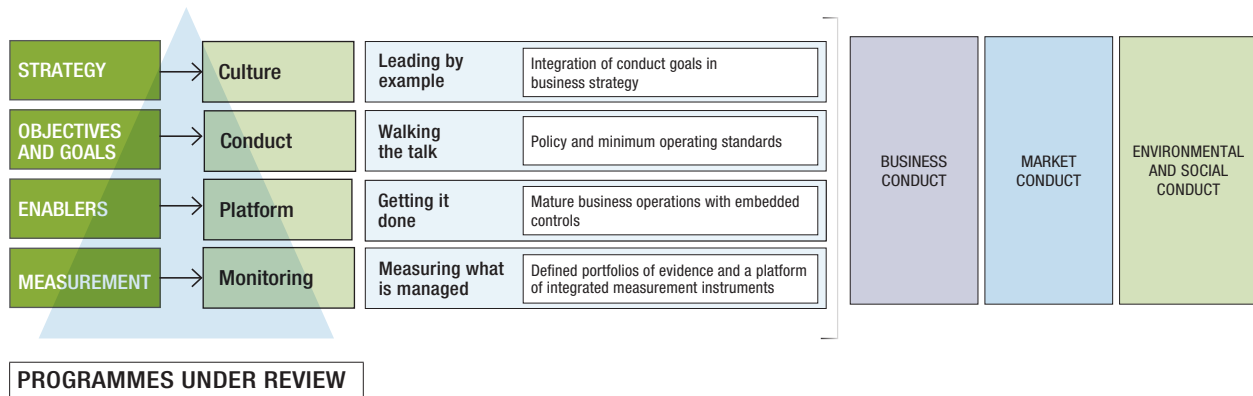
SOCIAL AND ETHICS OVERSIGHT FRAMEWORK AND MANAGEMENT MODEL

Philosophical starting point

Compliance is pursued as an outcome of “doing the right thing”. The aim is to drive integration of regulatory requirements and expectations into business processes (keeping in mind good market conduct outcomes).



The social and ethics committee oversees the promotion of responsible business practices based on performance in the following key areas: culture, conduct, platforms and monitoring. Group values, embodied in corporate culture, are translated into conduct policy. Such policies set behavioural standards for employees and are intended to inform minimum operating standards for key bank systems.



Culture is a strategic priority

The committee endorses a risk philosophy based on the primacy of ethical and competent leadership. Senior management in the group, on behalf of the board, is responsible for leading by example and is tasked with integrating conduct risk objectives into respective business strategies.

Culture risk assessment

The approach to culture risk management combines two disciplines that are usually separately practiced: organisation design and risk management. Emphasis is placed on accurate assessment of culture risk, and the formulation and enactment of effective corrective actions.

Culture risk assessment focuses on three elements – leadership, flow of information and attitude towards customers.

LEADERSHIP	FLOW OF INFORMATION	CUSTOMERS
Ethical and competent leadership	Accurate and timely flow of information with appropriate disclosure	Ethical treatment of clients and attracting ethical clients

CONDUCT PROGRAMMES

The FirstRand code of ethics has elements of the FirstRand philosophy built into it and is the primary reference point for all conduct programmes.

The programmes overseen during the year are organised according to three themes – business conduct, market conduct and the environment.

FirstRand code of ethics		
Business conduct programmes	Market conduct programmes	Environmental conduct programmes
<ul style="list-style-type: none"> conflicts of interest management safe whistle-blowing personal account trading anti-bribery and corruption prevention client desirability/reputation risk 	<ul style="list-style-type: none"> retail market conduct (treating customers fairly) ethical trading in financial markets responsible wholesale banking responsible competitive practices (anti-trust) 	<ul style="list-style-type: none"> environmental and social risk analysis environmental footprint reduction (electricity, waste and water) green-financing and positive impact banking

Business conduct programmes

The committee oversaw several business conduct programmes:

- **The declaration of interest** process was made paperless enabling employees to making quick and convenient declarations of gifts and ownership interests. The programme is well entrenched in the group.
- **Encouraging safe and effective whistle-blowing** continued throughout the year. Significant time has been spent in raising levels of awareness across all jurisdictions within the group. Use of the facility has increased substantially over the reporting period. The facility is managed independently by Deloitte on behalf of the group.
- **Leading Light** is the reward programme that incentivises and rewards employees who demonstrate vigilance in assisting the group to detect and prevent theft, fraud and corruption. Approximately R3 million was awarded during the year to whistle-blowers and innovators. Significant work has been completed to integrate Leading Light with franchise innovation programmes.
- **The group personal account trading programme** continues to mature with the personal account trading policy and associated control room being reviewed, further resourced and improved.
- **Emphasis on the group anti-bribery policy** has increased during the reporting period. Group-wide anti-bribery training has been conducted.
- **The group continues to evaluate clients** based on legal/regulatory risk, sensitive industries/countries and reputational risk.

Market conduct of employees

In addition to business conduct programmes, the committee oversaw several market conduct programmes:

- **Responsible competitive practice** training was heightened with high risk employees receiving dedicated training on responsible competitive practices.
- **An ethical trading in financial markets policy** has been entrenched in the reporting period with improved trade activity monitoring.
- **The FirstRand responsible wholesale banking policy** is a new policy developed as a subpolicy of the FirstRand code of ethics. It highlights behavioural principles and standards applicable to relevant employees.
- **Treating customers fairly**, the group's retail market conduct programme, has gained momentum. The programme incorporates FAIS and National Credit Act considerations under one holistic retail market conduct programme.

Environmental conduct programme

Environmental and social conduct risk

The committee oversaw several environmental and social risk conduct programmes:

- **Equator Principles and ESRA (environmental and social risk assessment)** – during the year significant progress has been made to embed ESRA in the rest of Africa. Ashburton Investments formally signed the United Nations Principles for Responsible Investment (UNPRI) in December 2015 and acquired Atlantic Asset Management, a long-standing signatory to the UNPRI.
- **Ecological footprint** – the FirstRand group energy management guideline was presented for approval at the FirstRand property committee and noted at the social and ethics committee.
- **Positive impact banking** – FirstRand possesses industry-recognised ESRA and eco-footprint programmes. These programmes allow the group to satisfy development finance covenants for general and specific capital funding with a green and socially responsible theme. A dedicated work forum was created and met during the year to identify opportunities to further leverage this capability.

Ecological footprint

Carbon consumption is calculated per franchise and reported internally to the franchise conduct executive committees, as well as externally by way of the Carbon Disclosure Project. FirstRand has an agreed scope 1 and scope 2 carbon emission reduction target of 20% by 2020, from a 2015 financial year base line.

The group's carbon footprint reduced by 11% compared to the prior year. Electricity is approximately 88% of the group's carbon footprint.

CARBON EMISSIONS

(Metric tonnes of CO₂ equivalents)

	2016	2015	change
Scope 1 emissions			
Fuel use in generators	157	997	(84)
Business fleet travel	7 098	7 479	(5)
Refrigerants	2 566	1 844	39
Scope 2 emissions			
Electricity	246 329	268 557	(8)
Scope 3 emissions			
Paper use	2 470	2 336	6
Business road travel	5 627	11 287	(50)
Business air travel	12 873	12 627	2
Fuel well to tank emissions	1 439	1 743	(17)
Electricity transmission losses	2 439	9 857	(75)
Total carbon emissions South African operations*	280 998	316 727	(11)
Total carbon emissions international operations**	17 696	14 746	20
Total carbon emissions FRIHL[#]	12 235	14 745	(17)

* External limited assurance provided on total carbon emissions of South African operations. Prior year restated to include additional operations.

** Emissions from international operations include FNB's operations in Africa as well as international branches and representative offices.

[#] Emissions accounted for in FRIHL are for entities with a shareholding of 50% or more.

PROCEEDINGS AND PERFORMANCE REVIEW

The committee is constituted as a subcommittee of FirstRand's directors' affairs and governance committee in accordance with the statutory requirements set out in section 72 and regulation 43 of the Companies Act, No. 71 of 2008. The committee is constituted exclusively of non-executive directors, two of whom are independent. The CEO, deputy CEO and financial director attend meetings in an *ex officio* capacity. The group ethics and conduct risk officer is a permanent special advisor to the committee and is responsible for the preparations of the committee. The group heads of human capital, organisational development, risk, and compliance, as well as chief risk officers of the group's franchises are standing invitees in an *ex officio* capacity.

The committee chairman is available to report to shareholders at the annual general meeting on matters within its mandate.

Attendance at meetings during the year was as follows.

	August 2015	November 2015	February 2016	May 2016
JH van Greuning (chairman)	✓	✓	✓	✓
MS Bomela	A	✓	✓	✓
NN Gwagwa	✓	✓	✓	✓
BJ van der Ross	✓	✓	✓	✓

A – Apology tendered and accepted.

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



JH VAN GREUNING

Chairman, social and ethics committee

7 September 2016

INFORMATION AND TECHNOLOGY RISK AND GOVERNANCE COMMITTEE



VW Bartlett
Chairman

The world is rapidly advancing in the areas of communication, commerce and financial transactions. This means that progressive banking systems have to adopt and implement appropriate delivery platforms for customers and for internal purposes. Consequently this investment has, and will for the foreseeable future, be the fastest growing. The board, therefore, has a responsibility to ensure that governance around these ongoing and fast changing developments is at the highest level of oversight

The information technology risk and governance committee is responsible for information governance and technology governance in accordance with the King Code and ensures the effectiveness and efficiency of the group's information systems as required by the Banks Act, 94 (1990). The committee was previously as a subcommittee of the operational risk committee, however, with effect from 1 February 2016 is now a subcommittee of the board.

2016 IN REVIEW

QUARTER THREE

- ➔ Reviewed and approved the committee charter and agenda items finalised for the newly constituted committee
- ➔ Oversaw training programme on cybersecurity risk together with a seminar for non-executive board members on the scale and scope of trends in cybersecurity
- ➔ Reviewed internal and external analysis of operating platforms
- ➔ Oversaw the establishment and adoption of an appropriate international benchmark standard for information and cybersecurity

QUARTER FOUR

- ➔ Reviewed remediation processes to ensure that adequate corrective actions have and will be implemented relating to identified IT risks and incidents
- ➔ Reaffirmed and tightened security standards around programme coding to improve processes where weaknesses were identified
- ➔ Reviewed the state of group awareness for increased legislative requirements around information security

AT EVERY MEETING

Reviewed the following reports:

- ➔ Divisional CIO reports and IT risk reports
- ➔ Group information governance report
- ➔ Group Internal Audit reports on IT risk
- ➔ Group information security reports
- ➔ IT legal and regulatory management report
- ➔ Group IT governance profile report

PROCEEDINGS AND PERFORMANCE REVIEW

The committee comprises of an independent non-executive director, two independent IT specialist consultants and one non-independent non-executive specialist consultant. The CEO, deputy CEO and financial director attend meetings in an *ex officio* capacity. In addition, the group chief risk officer, chief audit executive, group heads of IT governance, information and cybersecurity and information governance, franchise IT risk managers and franchise chief information officers are invited in an *ex officio* capacity as and when required.

Attendance since inception in February 2016 was as follows.

	February 2016	May 2016
VW Bartlett (chairman)	✓	✓
AC Meyer (independent specialist consultant)	A	✓
M Chirside (independent specialist consultant)	✓	✓
L Crouse* (non-executive specialist)	–	✓

A – Apology tendered and accepted.

* Appointed with effect from 1 April 2016.

The committee is satisfied that it has fulfilled the requirements of its charter.



VW BARTLETT

Chairman, information and technology risk and governance committee

7 September 2016

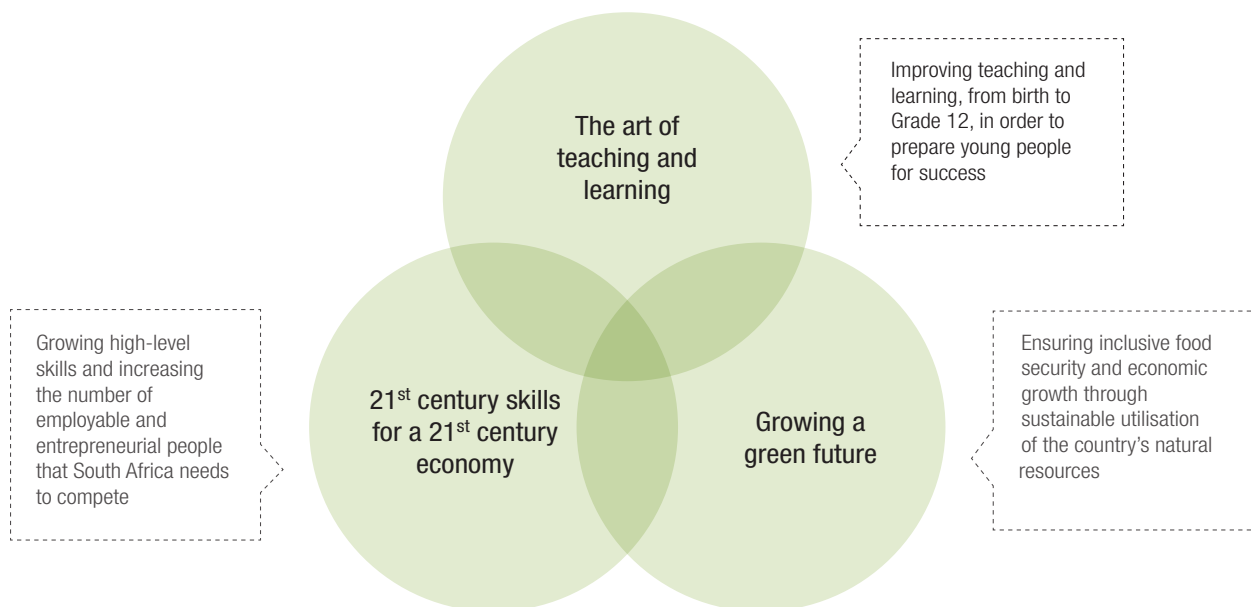


SE Nxasana
Chairman

2016 was the FirstRand Foundation's 18th year and certainly one of its most important. The Foundation receives 1% of FirstRand's net profit after tax and, given the strong performance of the FirstRand group, the Foundation is now one of the largest corporate social investment vehicles in the country.

The trustees have undergone an extensive, in depth strategic review process which culminated in the adoption of a new systemic social investment (SSI) framework in December 2015. SSI is made up of five building blocks:

- The Foundation's work will be **guided by FirstRand's values**.
- **Eight pillars of success** are central to decision-making: focus, understanding, partnership, advocacy, measurement, innovation, risk-taking and long-term thinking.
- **Three cross-cutting priorities** are driven across all activities: mainstreaming disability, embracing technology and building capacity.
- Activities are centred around **three buckets of systemic interest**.



- SSI framework is translated from theory into practice through a range of activities. These include distinct programmes and systemic interventions that complement one another.

2016 IN REVIEW
SOCIAL INVESTMENT PORTFOLIO BREAKDOWN

<i>Investment value (R thousand)</i>	2016	2015	% change
Bursaries and scholarships ¹	24 828	16 143	54
Cross-cutting, emergency and discretionary ²	6 519	6 276	4
Community care ³	–	23 090	(>100)
Creative arts	16 944	13 620	24
Early childhood development	16 810	18 480	(9)
Environment	10 074	8 600	17
FirstRand Volunteers	6 993	6 113	14
Food security and agricultural livelihoods	19 955	14 648	36
Hospice ⁴	28 200	9 100	>100
Innovation for Impact ⁵	4 539	–	>100
KhulaSangam ⁶	433	5 389	(92)
Maths education chairs initiative	6 580	6 000	10
Maths leadership and development ⁷	200	22 290	(>100)
National Education Collaboration Trust ⁸	–	10 000	(>100)
Primary education	10 000	12 190	(18)
Reach Trust ⁹	9 500	–	>100
Thought leadership ¹⁰	9 826	3 500	>100
Total	171 401	175 493	(2)

1. The substantial increase is due mainly to a R7 million social investment to support the design phase of the Ikusasa Student Financial Aid programme.

2. Cross-cutting social investments refer to mainstreaming of disability, embracing technology and capacity-building.

3. The community care programme was closed in 2015.

4. The hospice programme was closed in 2016, which included the approval of substantial exit grants for the programme's 24 partners around the country.

5. In 2016, the Foundation established an Innovation for Impact award.

6. Funding for the second cohort of KhulaSangam interns was approved in 2015, although the programme was actually implemented in 2016.

7. The maths leadership and development programme was closed in 2015.

8. Funding for the National Education Collaboration Trust in 2016 was approved by the FirstRand Empowerment Foundation, a partner of the FirstRand Foundation.

9. A once-off grant was approved to the Reach Trust in 2016 to help build IT infrastructure for distribution of educational materials using feature phones.

10. The substantial increase is due to funding made available to complete a series of strategic research projects.

Monitoring and evaluation

Following a significant investment in building the M&E capacity across select programmes, there has been a great deal of change from last year's report. Through an inclusive, participatory process the Foundation has identified key indicators within each programme that it will track throughout the current grant cycle. This will lead to higher quality data and an improved ability to monitor and manage progress.

The quantitative data provided is taken from reports submitted during the 2016 financial year, but the financial investment in some programmes does not necessarily directly relate to the data, depending on reporting cycles (e.g. ECD programme partners reported during the 2016 financial year on impact of funding from the 2015 financial year).

THE ART OF TEACHING AND LEARNING

FNB early childhood development (ECD) programme

The first year of reporting on the FNB Fund's new ECD strategy took place in 2016. The programme, which is being implemented through support for 11 partners across the country, aims to achieve the following objectives:

- increase access to ECD services to as many children as possible through structured non centre-based programmes; and
- strengthen the capacity of primary caregivers to be involved with, care for and stimulate their children through training and support.

Reports showed significant improvements in language, cognitive, socio-emotional and gross/fine motor skills (although improving accuracy of these measurements remains a priority). One of the foundations most significant social investments is *Ilifa Labantwana*, a national ECD initiative. In collaboration with government and civil society partners, *Ilifa* provides implementation evidence to support the providing of quality ECD services and helps to create the systems and consensus necessary to enable the delivery of these services at scale to the poorest 40% of the population below the age of six. A major highlight from the last year was *Ilifa*'s contribution to securing R800 million in new funding for ECD through National Treasury. The FNB Fund has recently extended the *Ilifa* partnership for an additional five years.

	2016	2015	% change
Total investment (R thousand)	16 810	18 480	(9)
ECD practitioners trained (FCM/CP/playgroup facilitators trained for 2015/16)*	147	597	(75)
Number of children participating in the programme**	2 266	1 870	21
Number of households/families/playgroups with access to age-appropriate learning resources [#]	1 344	—	
Number of primary caregivers participants in the programme [#]	1 451	—	
Children with disabilities participating in the programme [#]	63	—	

* The new three-year strategy focuses on playgroup facilitators instead of ECD centre practitioners. Given the differing training models in how these groups are recruited, there has been a substantial decrease in the number of practitioners reached.

** The number of children reached through the programme has increased slightly. This is primarily due to the intervention period being shorter within non-centre based programmes (2-3 hours per playgroup or family visit). ECD facilitators, therefore, have more flexibility in their work schedules to reach more families/groups of children within a day. Centre-based ECD practitioners are usually bound to one facility and working with one group of children for a longer period.

[#] New measures

RMB creative arts programme

The RMB creative arts programme began a new three-year funding cycle and strategy in 2016, with the first set of reports being submitted in December 2015. The revised programme objectives, which are supported through funding of 24 partners operating in seven provinces, are:

- to promote access to quality arts in education to enable more young South Africans, regardless of physical or socio-economic disadvantages, access to the learning opportunities offered through the creative arts; and
- to facilitate the promotion of excellence in the disciplines of music, dance, drama, visual art and heritage to enable young South African artists to participate effectively in the creative economy.

	2016	2015	% change
Total investment (R thousand)	16 944	13 620	24
People trained in arts disciplines*	1 958	3 262	(40)
Number of graduates who actively participate in the creative economy**	230	—	—
Number of people with disability-provided opportunities through funded projects**	795	—	—

* In 2015, people trained included informal, school-based training (e.g. learners), whereas in 2016 this indicator specifically includes aspiring professionals in the creative economy.

** New measure.

FirstRand Foundation maths education chairs initiative (MECI)

The MECI – an innovative partnership with the National Research Foundation and Anglo American Chairman's Fund – reached the close of its first five-year funding period in 2016. Four of the initial six chairs have been renewed for another five-year cycle. These four chairs – two focusing on secondary schools and two on primary schools – will continue to work towards the initiative's key objectives up until 2021 to:

- ➔ improve mathematics results (pass rates and quality of passes) through quality teaching and learning;
- ➔ improve quality of teaching of in-service mathematics teachers in public primary and secondary schools;
- ➔ research sustainable and practical solutions to the mathematics crisis; and
- ➔ provide leadership in mathematics education and increase solutions-based dialogue.

Overall, maths chairs (working with secondary schools) were able to improve learner performance 6.5% across the schools they worked with.

In addition, over the last five years, MECI has helped to train 1 887 teachers, supported more than 130 postgraduate students, produced 431 research publications, and developed 41 teaching and learning guides. The chairs were also able to present their work at 188 conferences and public forums.

FNB primary education programme

The primary education programme continued to work in 37 schools across two provinces (Free State and KwaZulu-Natal). The programme aims to provide multi-faceted support to participating schools in order to improve school functionality and, ultimately, learner performance. The programme is now in the third year of its pilot phase and will be evaluated in early 2017. Following the evaluation, a decision will be made on the programme's future.

	2016	2015	% change
Total investment (R thousand)	10 000	12 190	(18)
Schools participating in the programme	37	37	0
Principals and school management reached*	804	319	>100
Teachers reached through teaching and curriculum delivery support programme**	888	407	>100
Teachers with improved content and pedagogical knowledge	569	388	129
Teachers trained in supporting learners with learning barriers	989	1 103	(10)
Learners screened for learning barriers [#]	8 635	7 711	12
– poverty-related barriers	4 097	3 238	27
– academic barriers	2 142	3 932	(46)
– health-related barriers	1 721	408	>100
– psychosocial barriers	559	130	>100
– disabilities	116	3	>100
Number of learners with learning barriers successfully assisted [†]	2 711	980	>100

* The significant increase in the number of school management teams reached in 2015/16 is due to the expansion of the management and leadership programme to cover all HODs in the project schools.

** There has been a marked increase in the number of teachers reached in 2015/16. This is because Molteno has gradually phased in all teachers in the project schools over the years.

[#] The number of learners with academic learning barriers has declined. This could be reflecting the increased capacity of teachers to address learning backlogs in literacy and numeracy as a result of training received. The increase in the number of learners with non-academic barriers could be indicative of limited capacity of out-of-school institutions to deal successfully with barriers facing learners.

[†] The number of learners successfully assisted has increased substantially, as this was a priority focus of the programme in the last year. Schools have been especially successful at addressing academic barriers.

21ST CENTURY SKILLS FOR A 21ST CENTURY ECONOMY**FNB tertiary education programme**

The FNB tertiary education programme provides bursaries for financially disadvantaged South Africans to study an undergraduate degree in any South African university. The programme has been in existence for 12 years and has supported more than 350 graduates since inception.

	2016	2015	% change
Total investment (R thousand)	21 078	12 683	66
Number of bursars enrolled in the programme	238	251	(5)
Bursars who passed and are continuing with studies	126	130	(3)
Bursars who passed and graduated	57	50	14
Bursars who failed some modules, but are continuing with studies*	9	26	(65)
Bursars who dropped out*	11	16	(31)
Bursars who are in in-service training**	6	3	100

* There was a decrease in the number of bursars failing some modules and dropping out compared to prior years. This may demonstrate that the psychosocial and academic support provided by the programme has improved.

** This indicator represents learners who have completed their theoretical studies in FET, but are still completing in-service training.

FirstRand Laurie Dippenaar scholarship programme

The scholarship aims to provide exceptional, destiny changing South Africans with an opportunity to study a postgraduate degree overseas. The programme, now in its 10th year, has awarded more than 50 scholarships since inception.

	2016	2015	% change
Total investment (R million)	3 750	3 460	8
Total scholarships awarded*	5	5	—

* Although the number of scholarships awarded remained stable year-on-year, the investment amount increased in response to the depreciation of the rand against foreign currencies.

FirstRand Foundation KhulaSangam programme

After a successful pilot programme in 2013, the *KhulaSangam* programme sent a second cohort of interns to India in January 2016. The programme aims to provide a bridge between tertiary education and employability for unemployed South African graduates. The interns are now completing a six-month internship with Tech Mahindra in Hyderabad. This second cohort included 24 interns, compared to ten who formed part of the pilot. Employment statistics for interns will be tracked once they complete the programme in July 2016 (all ten pilot interns were fully employed within six months of returning to South Africa).

GROWING A GREEN FUTURE

RMB environment programme

The RMB environment programme began a new three-year funding cycle and strategy in 2016 with the first set of reports submitted. The revised programme objectives, which are being supported through funding of 12 partners operating in seven provinces, are to:

- ➔ rehabilitate and restore ecosystems; and
- ➔ equip teachers, environmental students and community members with effective environmental education.

Due to a bridging of funding cycles, programme partners did not submit comparable data during the 2015 financial year. Baseline data for the new cycle was collected in 2016.

WesBank food security and agricultural livelihoods

The WesBank food security and agricultural livelihoods programme is run across four provinces and supports 11 programme partners. The programme objectives are to:

- ➔ support inclusive food security, where a third of food produced is consumed by small-scale farmers;
- ➔ provide technical support and market access for micro-farmers to derive a livelihood out of agriculture;
- ➔ ensure micro-farming uptake while building systems that sustainably support existing home and community food producers; and
- ➔ champion the integration of school food gardens into the delivery of existing school curricula in public schools (through the Jala Peo Programme)

	2016	2015	% change
Total investment (R thousand)	19 955	14 648	36
Number of micro-farmers trained in micro-farming methods for 2016	4 378		
Number of micro-farmers receiving extension services for 2016	4 248		
Number of productive micro-farms in 2016	4 526		
Number functional micro-farming networks	184		
Number of agri-hubs established by the programme	10		

Comparative information has been removed due to a revision in programme strategy and impact measurement.

COMPOSITION

The trustees of the FirstRand Foundation comprise three executives from the group and eight independent trustees with expert knowledge in areas supported by the Foundation. The Foundation is managed by Tshikululu Social Investments, an independent non-profit social investment company.

PROCEEDINGS AND PERFORMANCE REVIEW

During the year the Foundation's trustees conducted an effectiveness survey and are satisfied that they have met the requirements of its charter.



SE NXASANA

Chairman, FirstRand Foundation

7 September 2016

INDEPENDENT ASSURANCE REPORT ON SELECTED NON-FINANCIAL INFORMATION TO THE DIRECTORS OF FIRSTRAND LIMITED

We have undertaken an assurance engagement on selected non-financial information, as presented in the FirstRand Limited group integrated report for the year ended 30 June 2016.

FirstRand applies its own sustainability performance reporting criteria, derived from the Sustainability Reporting Guidelines of the Global Reporting Initiative (G3), the JSE SRI index, BEE transformation reporting requirements and the King III Code on Corporate Governance.

DIRECTORS' RESPONSIBILITY

The directors are responsible for:

- the selection, preparation and presentation of the sustainability information included in the integrated report;
- the identification of stakeholders and stakeholder requirements; and
- establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived and reported in FirstRand's integrated report.

INTERNAL AUDIT RESPONSIBILITY

Internal Audit's responsibility is to express assurance conclusions on the selected non-financial information based on the procedures performed. We have conducted our engagement by applying guidance from the International Standard on Assurance Engagements, ISAE 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. The standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability information is free from material misstatement.

Our procedures selected depend on our judgment including the risks of material misstatement of the selected sustainability information. In making our risk assessments, we considered internal controls relevant to FirstRand's preparation of the report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

Group Internal Audit was not responsible for preparing any part of the report and confirms that we are not aware of any issue that could impair our objectivity in relation to this assurance engagement.

Multiple sources of sustainability assurance providers were utilised, reflecting technical and process competencies necessary for the evaluation of the sustainability information. The following items were included in the scope:

- Verification and review of the accurate transfer and aggregation of information from the franchise records to the FirstRand Limited integrated report relating to:
 - workforce profile;
 - funding of affordable housing and energy infrastructure; and
 - ethics line calls.
- Assurance work performed by Group Internal Audit did not replicate verification assessments performed by the external assurance service providers (Deloitte, KPMG & SizweNtsaluba VSP) and reliance was placed on the assurance opinion issued by the other parties where warranted. These are reflected below:
 - Financial inclusion, BEE scorecard and BEE procurement spend. This information is included in the scope of the review of the dti scorecard that was performed by SizweNtsaluba VSP.
 - Direct environmental footprint: This information is included in the scope of the review of the FirstRand Bank Limited carbon data for the South African operations, prepared in accordance with the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) Greenhouse Gas Reporting Guidelines which is audited by KPMG.
 - Review of the accuracy, validity and completeness of the CSI spend information with reference to the reports provided by Tshikululu Social Investments NPC which is reviewed by Deloitte.

Based on the results of the work performed on the selected non-financial information as presented in FirstRand's integrated report for the year ended 30 June 2016, Group Internal Audit confirms that:

Nothing has come to our attention that causes us to believe that the identified sustainability information selected for our review has not been prepared, in all material respects, in accordance with the defined reporting criteria.

The following areas of improvement were noted and are receiving management's attention:

- ➊ Management assurance has been provided regarding the CSI reports provided by Tshikululu Social Investments. However, Group Internal Audit had previously noted that management had not been able to obtain independent assurance regarding certain information reported on the CSI reports. As part of the combined assurance initiatives that are being implemented, management is working towards obtaining independent assurance on certain information on the CSI reports.
- ➋ The level of data accuracy in the report content was found to be within satisfactory levels. Statements included in the report that required improvement were identified and all suggested changes and identified anomalies were corrected prior to the finalisation of the report. Additional improvements were recommended for further enhancement of sustainability management and reporting within the group.



J JOHN

Chief audit executive

7 September 2016



FIRSTRAND

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