Summarised financial statements 2015

2015

OWNER-MANAGER CULTURE

INNOVATION

ENTREPRENEURSHIP

FRANCHISE VALUE

FIRSTRAND

FIRSTRAND'S OBJECTIVE is to build long-term franchise value and the diversified portfolio of the group has delivered strong growth in earnings, assets and dividends.

This track record has been achieved through a combination of organic growth, acquisitions, and creating extra sources of revenue through the start up and development of completely new businesses.

The group has a portfolio branding strategy and there are a number of leading brands within the group.

FNB First National Bank

RMB

WesBank

ASHBURTON INVESTMENTS

FIRSTRAND

1966/010753/06

Certain entities within the FirstRand group are Authorised Financial Services and Credit Providers. This analysis is available on the group's website: **www.firstrand.co.za**

Email questions to: investor.relations@firstrand.co.za

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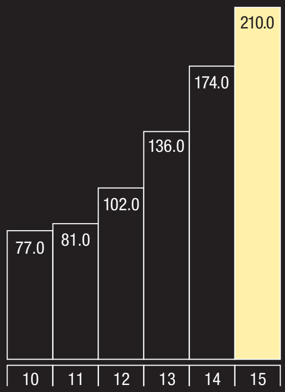
FINANCIAL HIGHLIGHTS

Ordinary dividend per share ↑
21%

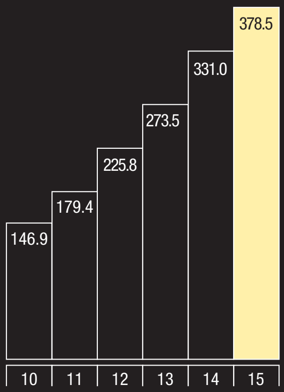
Diluted normalised earnings per share ↑
14%

Normalised net asset value per share ↑
12%

ORDINARY DIVIDEND
PER SHARE
cents



DILUTED NORMALISED
EARNINGS PER SHARE
cents



FIRSTRAND'S SUSTAINABILITY FRAMEWORK

FirstRand has carefully considered the principles and objectives of integrated reporting. The group's objective is to apply best practice, in so far that it supports the group's interpretation of the sustainability of its strategy and operations. It does not seek to tick all the boxes but rather provide stakeholders with enough relevant information to take an informed view on the quality of leadership's strategic thinking, execution of strategy and utilisation of operating platforms, financial resources and risk capacity. The approach is fundamentally designed to present substance over form.

Depicted below is FirstRand's sustainability framework which represents the five key pillars of the group's approach to delivering superior and sustainable returns to its stakeholders. It indicates some key sections or pages in this report where the reader can find narrative and data that substantiates the statement of intent.

CORE PURPOSE

To be the African financial services group of choice through the creation of long-term franchise value.

pg 6 Chairman's statement
pg 12 CEO's report
pg 50 FNB, RMB and WesBank operational reviews

PORTFOLIO MANAGEMENT

Build and actively manage a portfolio of businesses to deliver on this strategic focus; a dynamic process that is constantly measured with appropriate frameworks that balance risk, growth and returns.

pg 12 CEO's report
pg 24 CFO's report

SUSTAINABILITY

Deliver sustainable returns with acceptable levels of earnings volatility; managing the business on a through the cycle basis and utilising strategic and operational levers – capital, balance sheet and operating platforms.

pg 5 Integrated highlights
pg 12 CEO's report
pg 24 CFO's report

VALUES AND CULTURE

Build on the track record of generating organic growth, driven by entrepreneurial culture and dedication to innovation. This has created significant franchise value and is an underpin to sustainable growth going forward.

pg 6 Chairman's statement
pg 12 CEO's report
pg 50 FNB, RMB and WesBank operational reviews

STAKEHOLDERS

Create value for the providers of capital and for the benefit of all stakeholders – customers, regulators, staff and the communities the group serves.

pg 12 CEO's report
pg 24 CFO's report
pg 50 FNB, RMB and WesBank operational reviews

CORE PURPOSE

FIRSTRAND'S VISION

is to be the African financial services group of choice, create long-term franchise value, deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility and maintain balance sheet strength.

The group seeks to achieve this through specific growth strategies in both its domestic market and the rest of Africa, supported by the effective allocation of capital, funding and risk appetite:

1 In its domestic market, the group will continue to protect and grow its lending and transactional franchises through innovation, disruption and specific cross-sell initiatives across group customer bases. In addition, FirstRand believes it can capture a larger share of profits from the broader financial services markets, through leveraging its platforms, skills and proven culture of innovation to deliver highly differentiated channels, products and solutions which enable customers to transact, borrow, save, invest and insure.

2 In the rest of Africa, FirstRand is actively seeking to establish meaningful banking franchises in those countries that the group has prioritised as markets expected to show above average economic growth, and which are well positioned to benefit from the trade and investment flows between Africa, India and China. These markets are mainly in the SADC region and the west and east African hubs.

These strategies are executed through its portfolio of operating franchises, within a framework set by the group. An overview of progress on these strategic objectives and the financial and operational performance of each franchise can be found on pages 50 to 59 of this report.

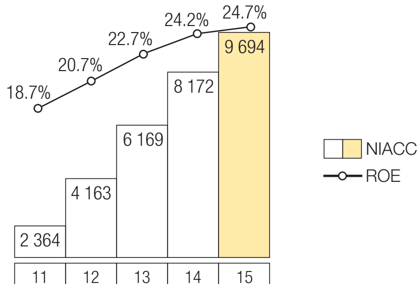
MEASURING PERFORMANCE

The group measures its performance against strategy in many ways, below are a few examples.

CORE PURPOSE

The group believes that the true measures of value creation are return on equity (ROE) and net income after capital charge (NIACC). The group's ROE target range for normal economic cycles is 18% to 22% and it believes that this range is sustainable going forward.

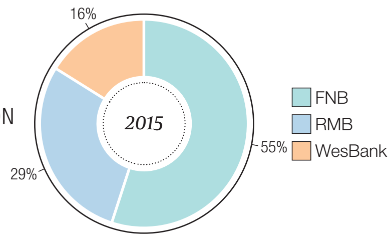
NIACC and ROE



PORTFOLIO MANAGEMENT

The group seeks optimal diversification from its portfolio, from a franchise, segment, geographical and product perspective. This chart demonstrates the current franchise diversification which the group believes represents an appropriate mix of activities.

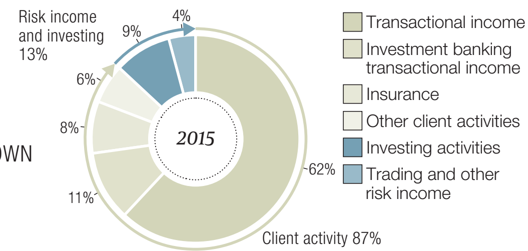
FRANCHISE DIVERSIFICATION *(normalised earnings)*



SUSTAINABILITY

The group believes its client franchise is key to sustainability and therefore analyses the proportion of revenues generated from client activities as this represents the highest quality of earnings. This chart shows that 87% of NIR emanates from client activities. If NII is included, 94% of gross revenue is generated from client activities.

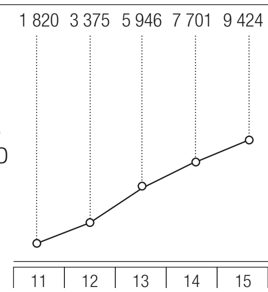
NIR BREAKDOWN



VALUES AND CULTURE

One of the key drivers of the group's growth has been its ability to leverage a culture of innovation across its business. This chart indicates the growth in number of innovations implemented since 2010.

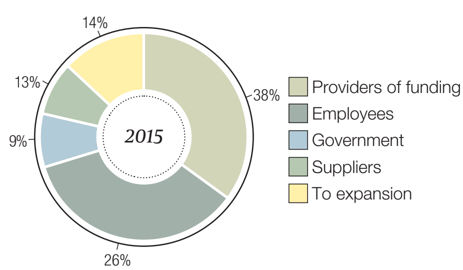
CUMULATIVE INNOVATIONS IMPLEMENTED
CAGR 23%



STAKEHOLDERS

The group manages its business for a broad range of stakeholders, this chart indicates the economic value distribution to the different stakeholders of the group.

ECONOMIC IMPACT
R90.1 million



INTEGRATED HIGHLIGHTS

R million	2015	2014	% change
Financial highlights			
Attributable earnings to ordinary equityholders	**21 623**	18 440	17
Headline earnings	**21 141**	18 671	13
Normalised earnings	**21 286**	18 663	14
Diluted headline earnings per share (cents)	**381.4**	336.8	13
Diluted normalised earnings per share (cents)	**378.5**	331.0	14
Ordinary dividend per share (cents)	**210.0**	174.0	21
Normalised return on equity (%)	**24.7**	24.2	
Normalised net asset vale per share (cents)	**1 618.3**	1 447.2	12
Non-financial highlights			
Economic value added to society	**90 131**	79 635	13
Total workforce (number)	**42 263**	38 542	10
South African workforce (number)	**36 598**	33 142	10
% ACI employees (SA operations)	**74**	72	
Skills development investment	**437**	451	(3)
BEE procurement spend (%)	**98**	94	
Carbon emissions (tonnes)	**316 727**	290 992	9

CHAIRMAN'S STATEMENT

Laurie Dippenaar

Increasing regulation continues to cast an ominous shadow over the banking industry worldwide. I spent quite a lot of time on the topic in my report last year and my argument was that banks, in the main, have brought the burden of new regulation on themselves. I expressed disappointment that it had re-emerged as the key concern for senior executives in various surveys last year and the concern appears even more elevated this year.

Recently the tax and management consultancy PwC, surveyed 175 banking and capital markets chief executives in 54 countries. Over-regulation was a concern for 89% of them, up from 80% previously, while a massive 87% of chief executives thought that regulation would continue to have a disruptive effect in the next five years. Five years! That will take us to 2020, 12 years on from the global financial crisis. It makes you wonder what the real agenda is.

There is a very strong view that banks are useful political "footballs" as they are enormous institutions, systemically important, are still to this day uncovering illegal practices and can appear unfeeling and sinister to their customers. So they remain easy targets, particularly for the populist politician. In certain cases I am beginning to think that regulators have lost sight of their mandates, and that some proposed changes, whilst superficially ticking "protect the customer" boxes, have serious potential for systemic risk in the long run.

It is important that regulators steer clear of trying to please their political masters. Using regulation to win the hearts and minds of voters is one thing but damaging the economy is quite another. Politicians love to use the phrase "ensuring a safer system" but when does that tip over into "ineffective and unprofitable banks and disenfranchised customers"? The natural constraints and incentives of the free market system also play an important role. Banks obviously won't be successful if they don't treat customers fairly and if they aren't careful and wise in loan and investment policies and decisions.

What makes this subject so interesting is the ongoing wave of regulation in the USA, which many commentators believe places burdens on financial institutions that not only impact the world and national markets, but also individual citizens, through consumer regulations so strict that the cost to implement will eventually price the consumer out of most financial institutions. Additionally, regulatory reporting and compliance provisions are costly. In an article for the Wall street Journal, Frank Keating tries to distill this cost into a useful comparative.

"Consider a conversation I had recently with a banker in Nebraska. For the first time, he said, his bank now devotes more work hours to compliance than to lending. Specifically, he has 1.2 employees on compliance for every one employee focused on lending and bringing in business.

Imagine a manufacturing company that deployed more than half of its work force as Occupational Health and Safety Administration compliance officers. Such a company would be unable to grow, let alone contribute to broader economic growth."

This analogy resonates with me. Yes, regulation to stop excessive risk taking, mitigating abuse or price fixing and ensuring that depositors money is not frittered away on investment banking deals all make headlines and keep politicians looking honest and regulators looking prudent and proactive. However, the kind of regulation the banker in Nebraska is talking about is extremely worrying as it makes organisations that need to become more efficient (so that they can pass on cost benefits of technology and innovation to customers) become more inefficient. Another quote from the Wall Street Journal:

"In the three decades before the Dodd-Frank bank regulation law passed in 2010, an average of more than 100 new banks opened each year. In the five years since 2010, exactly one new bank has opened – a small bank in Bird-in-Hand, Pennsylvania, serving the Amish community.

Going from more than 100 new banks each year to only one new bank in five years is an amazing decline. Bankers say the drought is a sign of new regulatory requirements in the wake of the financial crisis, which are boosting expenses and discouraging potential startups from even trying."

Of course this is the USA and a large developed market, probably the most regulated market in the world, but still 100 to 1 in five years is pretty depressing. Also, it's important to note that most emerging markets are following global regulators, so even if you run a bank, or you want to start a bank in a growing economy you will still eventually feel the pressures and many of these pressures will end up being bad for customers.

It's an interesting topic in the South African context too, as the banks here face up to a world of ever increasing regulation. Some of it we welcome as it seeks to create level playing fields, eradicate systemic abuse (the use of garnishee orders comes to mind) and enforce caps on credit life where some lenders were making ridiculous profits at customers' expense. However, the sense of some regulations is less clear, such as the recent dti proposals to significantly reduce caps on unsecured lending. Whilst on the surface this proposal aims to reduce the risk of unsustainable (and in some cases unpayable) interest rates, the balance must be struck with regards availability of credit, appropriately risk adjusted. This is very important in a country where millions of people need to borrow to live and build their future NAV. It also has very negative connotations for the resurrection of the ABIL good bank which we believe has a real role to play in economic activity going forward.

What is clear is that increasing regulation is here to stay, but what we need to guard against is over-regulation which can reduce bank flexibility to meet the unique needs of customers, particularly where common sense is replaced by complex rules. Fear of violating regulations and potential lawsuits leads to fewer loans, ultimately hurting customers and their communities

HEADWINDS COMING FROM EVERY DIRECTION BUT GROUP DELIVERED RESILIENT PERFORMANCE

Moving on from regulatory headwinds, there are other emerging pressures that are equally worrisome for our business. The economy that we are currently operating in is not showing the level of activity required to change some of the structural issues we face as a country, particularly the double deficit, power shortages, rising unemployment and high levels of leverage in the consumer segment.

Despite the deteriorating economic backdrop, I am pleased to report that FirstRand continued to grow earnings and produce excellent returns for shareholders in the year to 30 June 2015. Normalised earnings increased 14% to R21.3 billion, and normalised ROE increased slightly to 24.7%.

The group's operating franchises performed well, again demonstrating their leading market positions. FNB produced ongoing topline growth and profitability on the back of sustained momentum in non-interest revenue and net interest income with good growth generated from both advances and deposits.

> We are extremely proud to have generated R23 billion of value with our BEE deal

WesBank's domestic franchise produced a particularly resilient performance despite the subdued local new car market and the MotoNovo business in the UK again showed excellent profitability in both rand and GBP terms.

RMB's investment banking and corporate banking franchises underpinned a solid performance in a year of subdued corporate activity and liquidity pressures.

The group has exercised further prudence on the back of deteriorating macroeconomic indicators and continued to strengthen its balance sheet and remains conservative in its credit provisioning.

OUR BEE TRANSACTION HAS VESTED; CREATING R23 BILLION OF BROAD-BASED VALUE

The redistribution of wealth in the broader South African society remains a key focus for the government and the private sector continues to play a major role in this process through procurement strategies, corporate social investment, enterprise development, employment equity programmes and BEE transactions.

In his book, *Capital in the Twenty-first Century*, the French economist, Thomas Piketty, produced unparalleled research on the causes and impacts of economic inequality and as he points out, in sub-Saharan Africa, where economic development still remains relatively nascent, the issue of the widening gap between the "haves and the have nots" is becoming an unintended consequence of an otherwise positive trend of economic growth.

Growth in sub-Saharan Africa has been rapid and sustained, underpinning a narrative of "It's Africa's time". This suggests that the economic and political turmoil that characterises many African countries is coming to an end, replaced with rapid urbanisation, a thriving middle class and massive investment in infrastructure development and industrialisation. According to the International Monetary Fund, in the last 20 years sub-Saharan Africa's economies have, almost without exception, expanded.

However, Francisco Ferreira, the World Bank's chief economist for the Africa region was recently quoted as saying that the World Bank has a hypothesis that the structure of growth in Africa has actually reinforced existing inequality between regions and between urban and rural populations.

"There are exceptions but in a large number of African countries the growth has been driven by the natural resource sector, oil and mining, and those are sectors that don't employ that many people; they have linkages to the rest of the economy that are more tenuous than services or agriculture or manufacturing, you have a lot of growth, you have a lot of wealth being produced, you have a lot of GDP, but that doesn't percolate as far down into the population one might hope."

Another number that often gets quoted in the inequality debate in South Africa is our income Gini coefficient ratio of 0.65 – currently one of the highest in the world. As part of an ongoing process to understand pay inequality, the FirstRand remuneration committee commissioned an interesting piece of research from PwC which analysed the Gini coefficient of a number of large companies on the JSE, including FirstRand.

The results are extremely interesting as intuitively one would think FirstRand's ratio would be higher than South Africa given some of the high salaries paid to senior executives, however, in fact FirstRand's Gini coefficient is 0.42 which is on a par with the USA (0.41). The Gini coefficient of one of the platinum mining company's analysed was calculated even lower at 0.34 (on the same level as New Zealand), again surprising if one considers the industry's pay structures.

The simple answer is that the difference between any of these companies and South Africa is that everyone in a company has a job, whereas South Africa has millions of people without jobs. Clearly the single biggest driver of our poor Gini coefficient is an unemployment rate of 25%, therefore to fix income inequality we need to create jobs.

The currently increasing rather than reducing inequality is a fundamental area of concern globally that needs to be urgently addressed, as I strongly believe that the wider the inequality gap gets the higher the risk of social unrest, something that rapidly derails economic development. It is that belief which underpinned FirstRand's commitment to a broad-based black economic empowerment transaction, to spread wealth and ownership as widely and as deeply as possible, rather than make a few well-placed individuals even richer.

We are extremely proud to have generated significant value for the participants in the scheme, which overall represents a total of R23 billion extra value created over ten years. We are particularly pleased that so many of our employees have benefited from the group's success over the past ten years with a total of R6 billion of value created for almost 13 000 people through the staff schemes.

Also, whilst our BEE partners, Women's Development Bank Trust and Investment Holdings, Mineworkers Investment Trust and Management Services and the Kagiso Charitable Trust have agreed to retain their shares until 2018, during 2015 significant value from the scheme began to cascade down to a very broad group of beneficiaries in the underlying trusts through dividends.

It worries me that certain government departments are now saying that the first wave of BEE transactions didn't work and are now pushing for a second wave of transactions designed to create narrower pockets of influence through the creation of black industrialists. How can government argue that the schemes haven't worked? Just look at the data released by Intellidex in their recent study of value created for beneficiaries through BEE deals conducted by the 100 largest companies on the JSE.

"The average value created was R2.3 billion per deal. The headline value creation figure of R317 billion was generated from 136 deals conducted by the 100 companies studied."

"We are struck by the general conclusion that BEE deals have generated a significant amount of value that will have contributed to the overall ambition of black economic empowerment. Deals have played an important role in normalising the economy, even though so much more remains to be done."

These numbers are quite staggering and the research also clearly indicates that there is even more value to flow, as more and more deals mature and vest. I want to provide some added context to that R317 billion number on the basis of a report recently published by the Department of Agriculture. According to the report the estimated value of South Africa's agricultural land, machinery, buildings and livestock is R285 billion, so if all of the beneficiaries of BEE deals that have vested so far, acted as a collective, they could buy that stock outright and still have change for working capital!

Of particular interest to me is that the financial services sector delivered the second largest chunk of value after mining. Also companies associated with this group in one way or another alone have made, or are yet to make a significant contribution.

FirstRand	concluded BEE deal	R23.3 billion
RMBH (shareholder)	strategic partnership with Royal Bafokeng	R7.1 billion
RMI	strategic partnership with Royal Bafokeng	R9.9 billion
Discovery	unbundled from FirstRand in 2007	R2.4 billion
MMI	unbundled from FirstRand in 2010	R3.0 billion

The fiscal balances of the country also benefited from these transactions; FirstRand's deal alone generated R1.9 billion of tax payments to SARS.

To conclude on this topic and at the same time try and answer those voices in government that question the value of these deals, I would like to quote the Intellidex research again as it is a rational voice and its conclusions are based on empirical evidence.

"BEE deals generate capital in the hands of beneficiaries that can be used in many ways, ranging from consumption to funding new business start-ups. Deals ensure improved balance sheets of black beneficiaries, creating equity value, but those balance sheets can be deployed in multiple ways as soon as deals mature. This is a desirable outcome – it would be counterproductive to lock beneficiaries into illiquid equity exposures merely to achieve black ownership, but that are otherwise economically irrational. The objective should be to generate assets that can serve an economic purpose. That is achieved by ensuring black beneficiaries are able to use those assets to pursue rational economic objectives including diversifying asset exposures and optimising life cycle consumption and investing patterns."

EVEN TOUGHER OPERATING ENVIRONMENT EMERGING

We have been predicting a tougher operating environment for some time, and many people, including myself, have been surprised at how long it has taken for the negative cycle to emerge properly. The group's results are remarkably resilient given how difficult it has been this year and we are confident that FirstRand has the necessary strategies and operating platforms to continue to generate growth and earnings above our hurdle rates. It must be said, however, that the level of outperformance that can be achieved becomes more difficult given the high earnings base created in the past.

Looking forward, there are significant headwinds building and we all need to work extra hard to continue to deliver the superior growth and return targets we set ourselves.

MANAGEMENT CHANGES AND SUCCESSION PLANNING

It is widely recognised that FirstRand has demonstrated a good track record in succession management. I believe it is partly our owner-manager culture that allows home-grown talent to rise to the top on merit, combined with our business model where business unit CEOs are highly empowered to drive strategy and operations albeit within broad strategic frameworks set at the centre.

A clear sign of good succession planning is a strong internal pipeline. According to recent research from PwC in high performing companies one insider CEO follows a previous insider 82 % of the time, nearly 10% higher than low performing companies. In fact, companies already considered low performers are mostly the ones forced to hire fixers from the outside.

The management changes that have occurred over the past 12 months at FirstRand have, in my view, been managed well. FirstRand's philosophy regarding management succession is that when one person moves on and another takes over, it is not the end of one race and the start of another. It is rather like a relay race where the baton is passed from the incumbent to the successor. Sizwe Nxasana has passed the baton to Johan Burger, who has a deep understanding of the group and a fine strategic mind. As a team, together with their strategic executive committee, they guided the group through a period of significant value creation for shareholders. During this time, FirstRand delivered a compound annual growth rate in normalised earnings of 21%.

Although an incredibly humble individual, Sizwe has been an inspirational leader and a role model for every single employee of the group. He will be sorely missed by all of us but we hope to welcome him back at some point in the future. We also know that the projects he will be pursuing over the next few years will add enormous value to the country as a whole. We wish him luck.

Laurie Dippenaar
Chairman

Sizwe Nxasana
OUTGOING CEO
Johan Burger
CEO DESIGNATE

CEO'S REPORT

The group continued its track record of producing earnings growth (+14%) and returns (24.7%) above its targets, which is pleasing given its strong capital position and high earnings base.

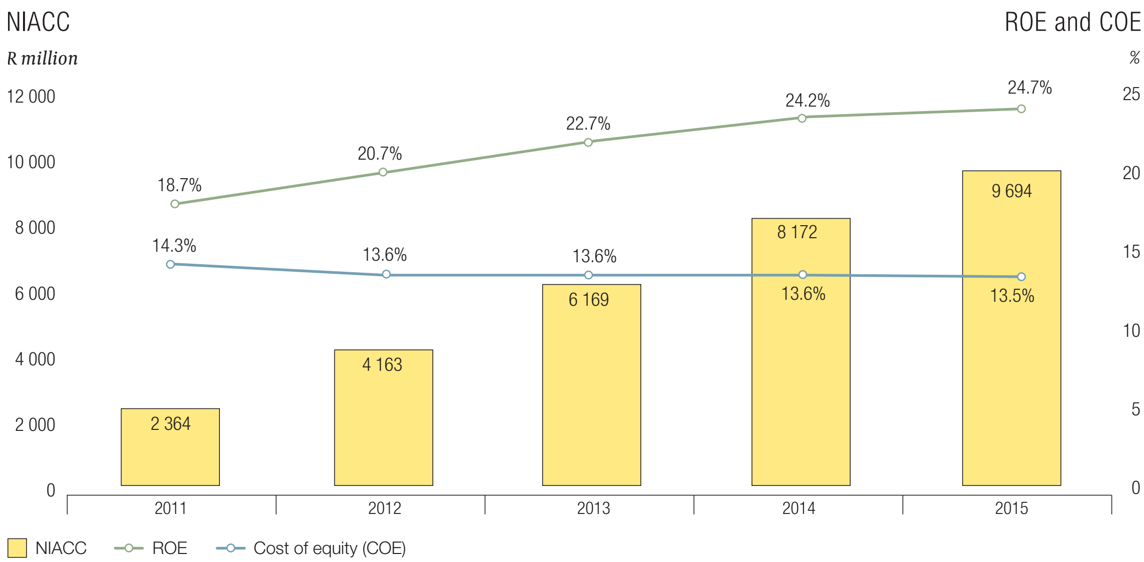
Ordinary dividend per share ↑	Diluted normalised earnings per share ↑
21%	14%

INTRODUCTION

The year under review was characterised by a challenging operating environment:

- **Macros –** South Africa's economy was characterised by subpar growth, consumers remained under pressure and business confidence was low. Globally commodity prices were depressed.
- **Regulatory demands –** the regulatory environment also became more demanding with increasing prudential, conduct and credit regulations, higher capital and liquidity costs and increasing cost of compliance.
- **Scarcity and cost of financial resources –** the year saw an increase in the market cost of funding and liquidity.

Against this backdrop, as outlined in the CFO's report and shown in the following chart, the group continued to deliver returns in excess of the cost of equity and produced 19% growth in economic profit (net income after capital charge), which is higher than the group's earnings growth, reflecting disciplined capital allocation and a focus on a capital-light business mix. The group has always viewed economic profit, i.e. the excess return over the cost of equity, as the true measure of shareholder value creation.



GROUP STRATEGIC OBJECTIVES

FirstRand's vision is to be the African financial services group of choice, create long-term franchise value, deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility and maintain balance sheet strength. The group seeks to achieve this through specific growth strategies in both its domestic market and the rest of Africa, supported by the effective allocation of capital, funding and risk appetite:

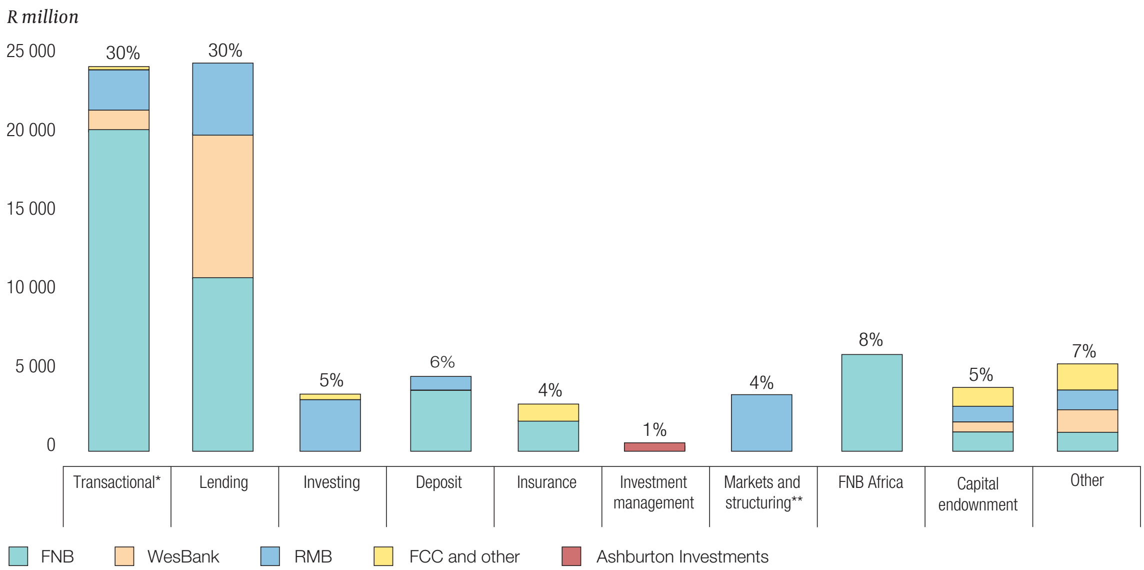
- In its domestic market, the group will continue to protect and grow its lending and transactional franchises through innovation, disruption and specific cross-sell initiatives across group customer bases. In addition, FirstRand believes it can capture a larger share of profits from the broader financial services markets, through leveraging its platforms, skills and proven culture of innovation to deliver highly differentiated channels, products and solutions which enable customers to transact, borrow, save, invest and insure.
- In the rest of Africa, FirstRand is actively seeking to establish meaningful banking franchises in those countries that the group has prioritised as markets expected to show above average economic growth, and which are well positioned to benefit from the trade and investment flows between Africa, India and China. These markets are mainly in the SADC region and the west and east African hubs.

STRATEGIES TO ENSURE SUSTAINABILITY OF GROWTH AND RETURNS

As previously stated, the group seeks to create long-term franchise value, deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility and maintain balance sheet strength.

FirstRand believes it has the necessary strategies and operating platforms to continue to generate growth and earnings above its hurdle rates, although the level of outperformance that can be achieved becomes more difficult given the high earnings base created in the past and the challenging operating environment going forward.

The chart below shows that the group's portfolio of businesses already represents a diversified earnings stream, although mainly concentrated in traditional banking activities, namely retail and wholesale lending, and transactional and related endowment (representing 60% of revenues). The high quality of the lending and transactional franchises that reside in FNB, RMB and WesBank are a direct result of the group's strategy over the past five years to achieve significant market share of profits in those activities.



* *Includes deposit endowment. For RMB includes fees related to investment banking and advisory, and corporate and transactional banking.*

** *Includes only M&S NIR (M&S NII shown in lending/deposits/capital endowment as appropriate).*

Excludes consolidation entries.

As outlined in more detail in the franchise operating reviews, all of the group's operating franchises have built strong transactional value propositions:

- FNB has focused on acquiring main bank customers through offering a highly differentiated and innovative value proposition and efficient channels for transacting;
- RMB has maintained its quality advice, structuring and underwriting franchise and improved its corporate transactional offering; and
- WesBank's quality transactional franchise is delivered on the back of new business generation.

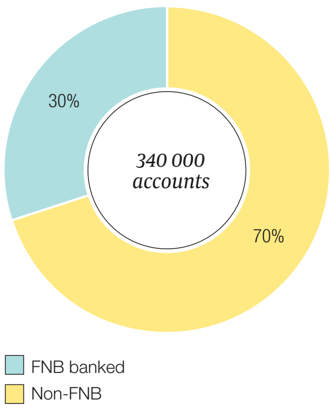
The lending franchise reflects the strength of the origination businesses:

- FNB's strategy to grant credit to existing customers with FNB main transactional accounts has resulted in an improved risk/return profile;
- the success of WesBank's JV model in the domestic retail VAF and MotoNovo businesses and the use of other distribution channels such as Direct Axis; and
- the group's strategy to increase the balance between wholesale and retail led to growth in RMB's lending business – RMB has been the lead arranger in most acquisition, leverage finance and infrastructure deals in South Africa and continues to see good opportunities in the rest of Africa.

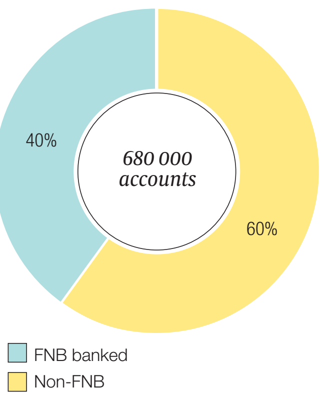
This market positioning will stand the group in good stead moving into what is expected to be a more difficult operating environment. FirstRand, however, recognises the imperative to continue to protect and grow its domestic franchises and believes this can be achieved through executing on disruptive and innovative strategies to deliver differentiated offerings to customers. In addition, the appropriate level of cross-sell available through collaboration across all of the franchises is still not fully realised.

As can be seen in the picture below, there are still meaningful opportunities in the WesBank customer base for FNB to introduce its market-leading transactional offering, particularly given that 60% of WesBank motor customers remain unbanked by FNB. The recent acquisition of the non-controlling interests in Direct Axis, which has a customer base that is also significantly under-penetrated by FNB, provides new, high-quality customers to introduce transactional products. The group believes transactional offerings are the appropriate mechanisms to drive growth in new customers, particularly given the negative credit cycle. It is in line with FNB's stated objective to increase volumes on its electronic platforms and grow fee and commission income, with the concomitant positive impact this will have on NIR, ROA and ROE. Credit extension should increase on the back of these new transactional relationships, particularly where FNB generates behavioural data on the transactional accounts.

DIRECT AXIS

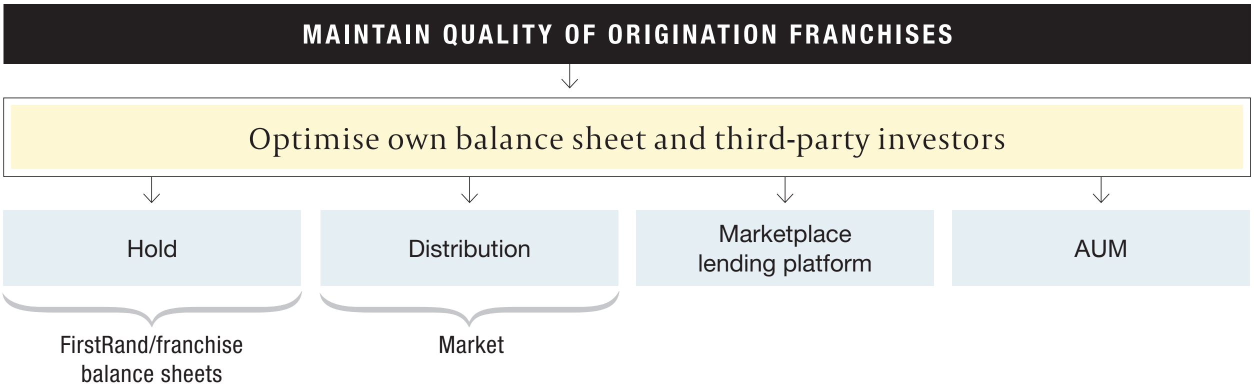


WESBANK MOTOR



In addition to the cross-sell focus, the group also believes it will be necessary to rethink its business model, specifically for some of the asset origination businesses. It is critical that the group maintains the quality of its origination franchises by not restricting origination to balance sheet capacity. The following chart explains how the group can maintain the quality of its origination franchises by optimising its own balance sheet and through the establishment of other platforms with access to the group's origination capacity, e.g. third-party investors.

> The group believes transactional offerings are the appropriate mechanisms to drive growth in new customers



The group believes growth of its domestic franchise also lies in its ability to capture a larger share of profits from the broader financial services markets including savings, insurance and investment products, currently the domain of asset managers and insurance companies. These activities currently represent only 11% of gross revenue and many of them have become more attractive following changes in regulations. The group can offer significantly differentiated, but more cost-effective offerings to both existing and new customers currently saving and investing with competitors. It can, in particular, leverage off its strong actuarial skills base, flexible electronic distribution platforms and track record of innovation and this will further enhance customer entrenchment and be integrated into the main bank relationship.

FirstRand is currently investing in a number of initiatives in the insurance space and, in March 2015, acquired its own life insurance license. FNB is driving the long-term insurance strategy on behalf of the group and is building an appropriate platform to launch risk products. It is envisaged that the current activities of FNB Life will move onto this platform.

Post year end, FirstRand's WesBank franchise formalised its longstanding relationship with Hollard Insurance Company through the formation of a new holding company. This entity will consolidate the existing insurance products provided through WesBank and Hollard and includes the acquisition of two other entities, Motorite and SMART. WesBank will own 81% and Hollard will hold the remaining 19% of the new entity. The objective of this initiative will be to offer the best value-added motor products in the market. Motorite offers a variety of vehicle warranty and maintenance products, while SMART specialises in body repair cover and offers paint-and-dent protection products. By combining resources it is envisaged that going forward WesBank will be in a strong position to provide innovative and competitively priced solutions for vehicle buyers. This initiative is conditional upon receiving approval from the applicable regulatory bodies.

Investment management is another market where FirstRand believes it can build a differentiated offering, capture a large share of the profit pools available and over time, generate a new and potentially significant revenue stream for the group. The creation of Ashburton Investments in 2013 brought together the group's asset origination, asset management, liability gathering and distribution platforms under one operating pillar. The objective is to build an investment management franchise that offers both traditional and alternative investment products, with greater emphasis on the alternative space which is currently unique in the domestic market and plays to the group's track record in originating high-quality asset classes such as private equity, infrastructure and corporate credit.

Prior to the consolidation of these activities within the investment management pillar, Ashburton as a standalone asset manager, previously part of FNB, had over many years established an excellent track record in the traditional space. Utilising these proven investment skills, augmented by specialist skills in alternative products, the broader Ashburton Investments business is now achieving traction in its expanded growth strategy.

RMB's origination franchise, combined with FNB's customer base and distribution channels, both relationship driven and digital, are key to the successful execution of this strategy. From a product origination perspective, Ashburton Investments provides third parties with the opportunity to invest in high-quality asset classes originated by RMB. In the alternative products that Ashburton Investments has already brought to market, specifically corporate credit and private equity, there has been significant customer take-up and many of these funds are already closed.

From a distribution perspective, FNB's relationship management model combined with Ashburton Investments' product generation is already bearing fruit with 80% of retail investment inflows represented by FNB customers. This momentum has been supported by the activation of Ashburton Investment's LISP platform during the course of 2014. The group expects further growth in this customer migration once the asset management platforms are integrated with FNB's digital channels, which is still work in progress. Ultimately the FNB customer base will be presented with a large selection of bespoke investment and savings products, available through all of FNB's channels.

As the group's primary objective is to produce superior returns for its shareholders and its key performance measurement is net income after capital charge (NIACC), the majority of the growth initiatives outlined above are "capital light" and seek to drive growth in NIR and enhance ROE.

The group's revenues and earnings are also geographically highly concentrated, with less than 12% of gross revenue generated from outside of its domestic market. Therefore, in parallel with its domestic growth strategy, the group is also actively seeking to establish meaningful banking franchises in those countries in the rest of Africa prioritised as markets expected to show above average economic growth and which are well positioned to benefit from the trade and investment flows between Africa, India and China. These markets are mainly in the SADC region and the west and east African hubs.

FirstRand is not targeting a preferred level of earnings from outside of South Africa, as it believes the ultimate outcome of its strategy must be predicated on a disciplined approach to capital allocation and result in appropriate returns on the cost of that capital for shareholders. The group does, however, believe that certain territories in the rest of Africa offer attractive opportunities with execution currently taking the form of the following three pillars:

1. Utilise the capabilities of the South African franchise, particularly the domestic balance sheet, intellectual capital, international platforms and the existing operating footprint in the rest of Africa.

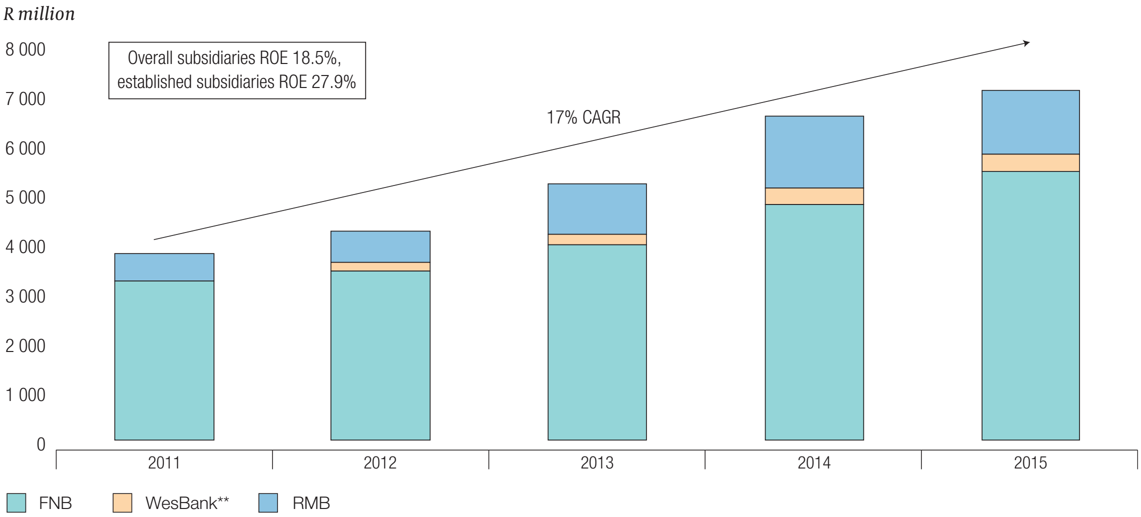
2. Start an in-country franchise and grow organically.

3. Acquire small- to medium-sized in-country franchises where it makes commercial sense.

FirstRand is not targeting a preferred level of earnings from outside of South Africa, as it believes the ultimate outcome of its strategy must be predicated on a disciplined approach to capital allocation and result in appropriate returns on the cost of that capital for shareholders

The chart below shows the growth in revenues from the rest of Africa. It is important to note that although the group has seen good growth in revenues from the rest of Africa, much of this has come from pillar 1.

REST OF AFRICA GROSS REVENUE*



* Excludes FCC (including Group Treasury).

** WesBank 2011 rest of Africa revenues scheduled in FNB figures in the graph above. All WesBank rest of Africa profits are reported under FNB Africa in the segmental results.

It is anticipated that the deployment of capital going forward will be concentrated on pillars 2 and 3 as the group shifts its focus to building more in-country balance sheets and franchises, however, to the extent that this requires more capital, the group will remain disciplined in deployment.

MANAGEMENT OF FINANCIAL RESOURCES

The management of financial resources, defined as capital, funding and liquidity, and risk appetite, is critical to the achievement of FirstRand's stated growth and return targets and is driven by the group's overall risk appetite. As such, the group sets financial and prudential targets through different business cycles and scenarios. The group is expected, at a defined confidence level, to deliver on its commitments to the providers of capital.

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

Balance sheet strength

Capital position

Current targeted ranges and actual ratios are summarised below.

%	CET1	Tier 1	Total
Regulatory minimum*	6.5	8.0	10.0
Targets	10.0 – 11.0	>12.0	>14.0
Actual**	**14.0**	**14.8**	**16.7**

* *Excludes the bank-specific individual capital requirement.*

** *Includes unappropriated profits.*

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

Liquidity position

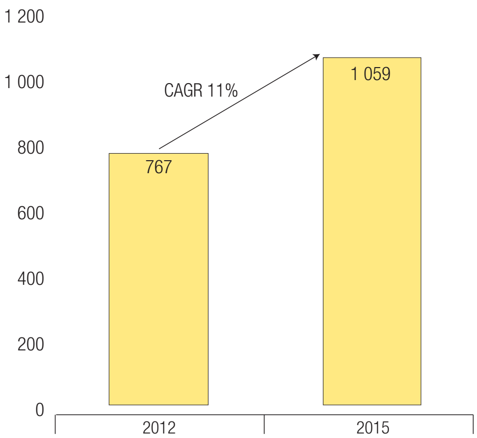
Taking into account the liquidity risk introduced by its business activities, the group's objective is to optimise its funding profile within structural and regulatory constraints to enable its franchises to operate in an efficient and sustainable manner. Liquidity buffers are actively managed via high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

In addressing the LCR requirements, the group followed a two-pronged strategy. Firstly, it focused on making the asset side of the balance sheet more liquid, as illustrated in the opposite chart. This was achieved by originating assets into high quality liquid assets (HQLA) format, e.g. securitisations and corporate bonds. This, combined with the increased holding of liquid assets, underpinned the improvement in balance sheet liquidity.

The effective management of financial resources ensures the required discipline is applied in the allocation and pricing of these resources

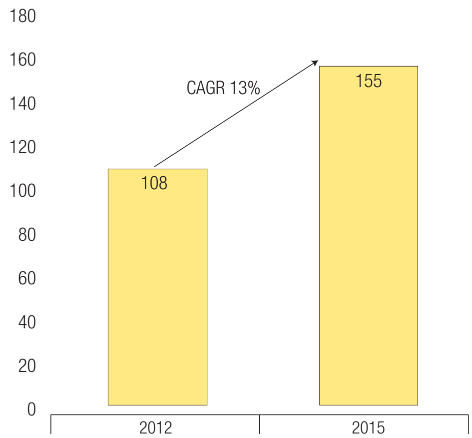
TOTAL ASSETS

R billion



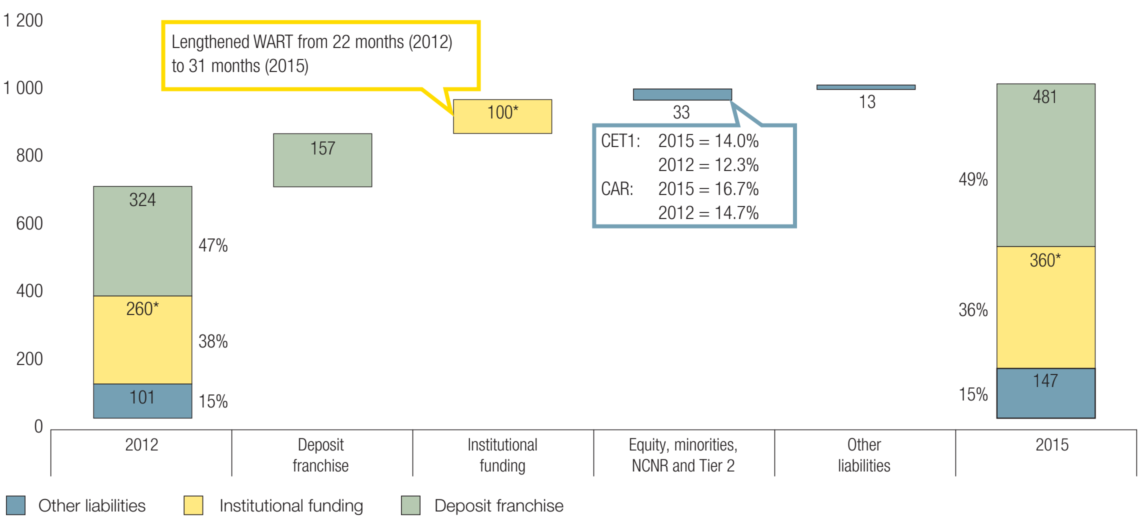
CASH AND LIQUID ASSETS

R billion



The second part of the strategy was to strengthen the group's deposit franchise and lengthen the term profile of institutional funding. The following graph shows that the deposit franchise now represents a larger portion of total liabilities and the weighted average term (WART) of institutional funding has increased from 22 months in 2012 to 31 months at 30 June 2015.

R billion



Note: Derivative- and short-trading position asset and liabilities have been netted off.

* *Non-recourse and securities-lending assets have been netted off against institutional funding.*

These strategies resulted in a group liquidity coverage ratio (LCR) of 76% as at 30 June 2015 (for FRB the ratio was 84%), which exceeds the 60% minimum LCR requirement. The group held available liquidity of R137 billion with an additional R12 billion of management liquidity available.

DIVIDEND STRATEGY

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

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

The outlook on the macroeconomic environment remains challenging and uncertainty around potential regulatory and accounting changes persists. These pressures lead FirstRand to believe that the level of dividend payout should continue to be considered within the range of 1.8 x to 2.2 x cover. However, given the group's strong capital position, the excellent performance by the franchises in the year under review, and the projected demand for capital, the group believes that a dividend cover of 1.8 x is appropriate for the year ended 30 June 2015.

With respect to the current excess capital, the group's fundamental philosophy has not changed in that it will always return excess capital to shareholders should it not find opportunities to deploy that capital to generate acceptable returns. At this time, however, the group believes that a sufficient number of identified opportunities currently exist in both the domestic market as well as in the rest of Africa, which warrant further assessment of deployment of a portion of the current excess. It will, therefore, continue to set aside a capital buffer in support of its expansion strategy.

Given the strong capital generation from the business in the year under review and the cautious approach to the deployment of this capital, the buffer has further increased. Currently, the group has set aside a R12 billion capital buffer to deploy to:

- protect and grow the domestic and lending franchises;
- provide other franchises with the opportunity to capture profits from the broader financial markets domestically; and
- support the disciplined deployment of capital for organic growth, and allow for small- and medium-sized acquisitions in a number of targeted countries in the rest of Africa.

> The group's fundamental philosophy has not changed in that it will always return excess capital to shareholders should it not find opportunities to deploy that capital to generate acceptable returns

In the group's view, this surplus is appropriate for the growth strategies it has identified (illustrated below), where it believes it can deploy the surplus to deliver acceptable returns for shareholders.

R12.2 billion surplus	*Growth strategies*
1.6	Protect and grow domestic lending and transaction franchises (cross-sell/collaboration) ▸ WesBank – Direct Axis and other JVs
1.5	Capture larger share of profits from the broader financial services markets domestically ▸ FirstRand Insurance, Ashburton Investments, WesBank – Motorite and SMART
2.8	Existing organic strategy in the rest of Africa
5.2	Acquisitions in targeted countries in the rest of Africa
1.1	Other

CONCLUSION

When assessing the results for the year to June 2015, it is pleasing to note that FirstRand continues to deliver on its strategic objectives and will measure, monitor and refine these objectives on a continuous basis. FirstRand believes that its current strategy and focus on financial resource management will allow it to further optimise the financial, strategic and operational levers required to deliver on its commitments to stakeholders.

Sizwe Nxasana
Outgoing CEO

Johan Burger
CEO Designate

CFO'S REPORT

Harry Kellan

FirstRand produced a good set of results for the year ended 30 June 2015, growing normalised earnings 14% to R21 286 million and generating an ROE of 24.7%, which, in the group's view, remains at a cyclical high given the slower than expected emergence of the credit cycle.

The group's operating franchises performed well, again demonstrating their leading market positions. The key drivers of outperformance were as follows:

FNB benefited from:

- growing its franchise strongly in both existing and new markets on the back of innovative products and delivery channels, particularly focusing on electronic and digital platforms
- growing and retaining core transactional accounts in targeted segments
- driving cross-sell into the customer base
- applying disciplined origination strategies and providing innovative savings products to attract deposits

RMB benefited from:

- leading investment banking and advisory capabilities, which resulted in a number of significant domestic and international M&A mandates being secured
- focused client coverage initiatives and increased demand for trade and working capital products in the corporate and transactional franchise
- bespoke structuring transactions which produced significant earnings growth as did the operations in the rest of Africa
- the quality and diversity of its private equity portfolio which produced a strong performance from realisations and robust equity-accounted earnings and income from investment subsidiaries

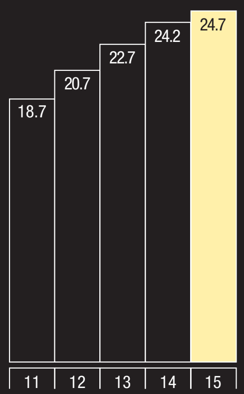
WesBank benefited from:

- new business volumes increasing across all retail portfolios
- a strong performance from MotoNovo in the UK driven by increased footprint, expanded product offering and growth in supported dealer relationships, which resulted in strong asset growth
- good growth in fee and insurance income on the back of advances growth

KEY PERFORMANCE INDICATORS

ROE

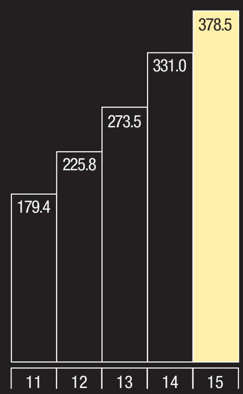
%



When the group analyses ROE, it also takes into account the relationship between ROA and gearing levels. The group's long-term ROE target range is 18% to 22% for normal economic cycles.

EPS

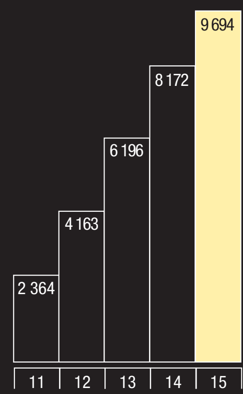
%



The group targets earnings growth of 3% to 5% above nominal GDP growth over the long term, as this will vary from year-to-year dependent on economic cycles.

NIACC

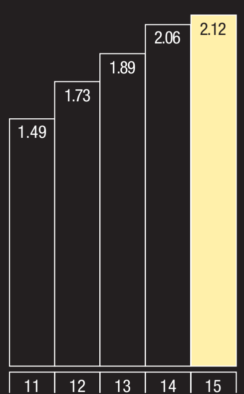
R million



Growth in NIACC is the group's internal benchmark for assessing performance.

ROA

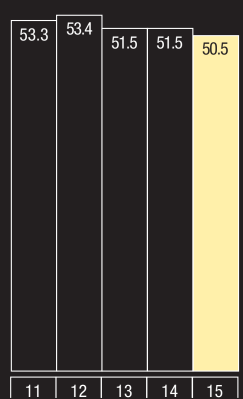
%



Maximising ROA is a key objective in creating shareholder returns.

COST-TO-INCOME RATIO

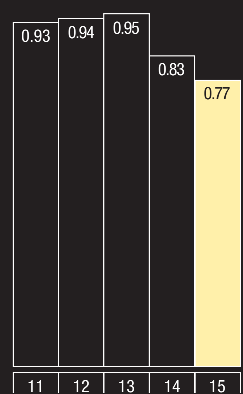
%



The group monitors efficiency through the cost-to-income measure. Whilst the group views the cost-to-income ratio as an outcome rather than a target, it recognises that balancing revenue growth and cost growth are key to value creation.

CREDIT LOSS RATIO

%



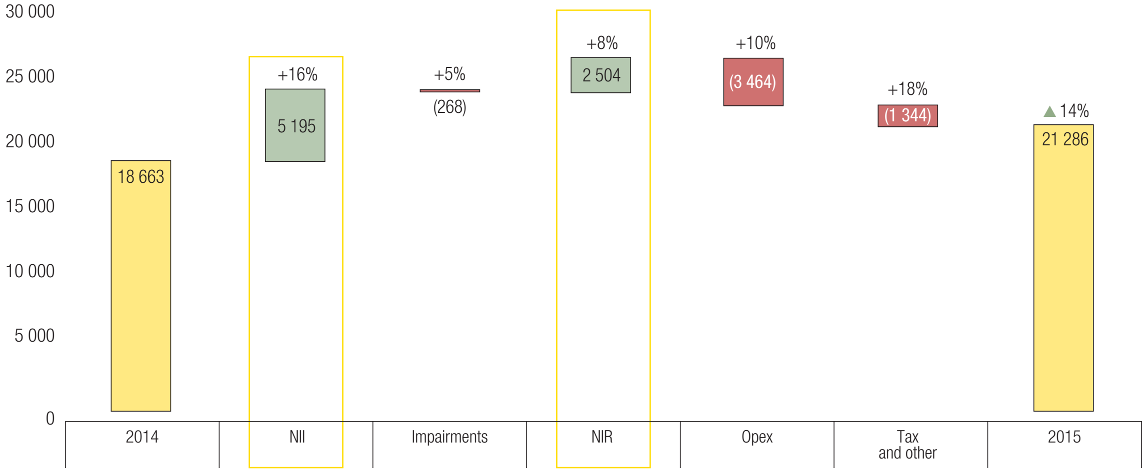
The group believes that pricing appropriately for credit risk is a key requirement for sustainable returns and expects a through-the-cycle charge of between 100 bps and 110 bps.

Continued strong topline growth

The graph below illustrates the group's performance which was underpinned by continued topline growth of 12%. Net interest income (NII) was the biggest contributor, growing 16% on the back of good growth in advances and deposits, and further margin expansion.

NORMALISED EARNINGS

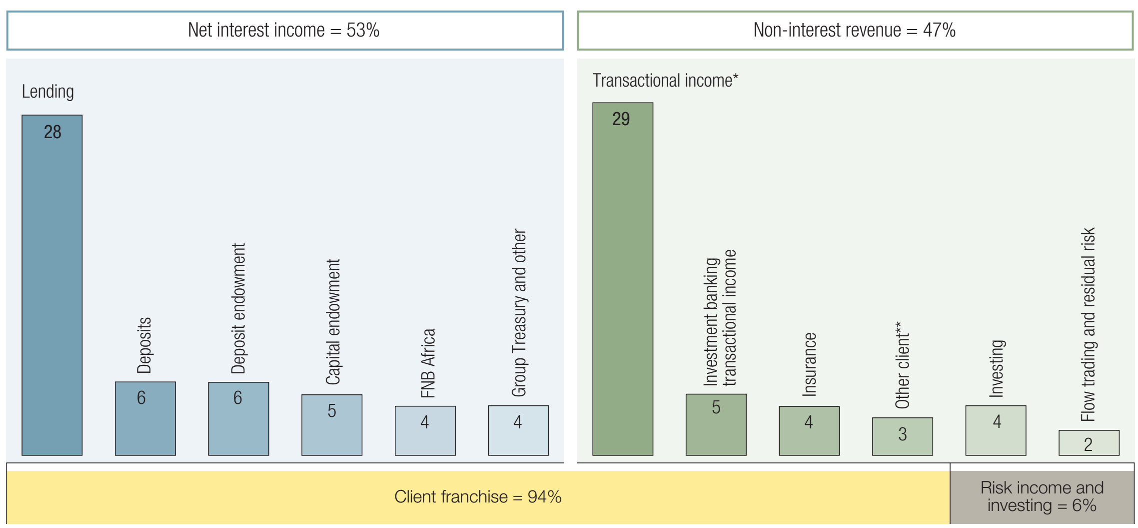
R million



As illustrated below, the group continues to earn the majority of its revenue from client activities which represent 94% of gross revenue and support the group's strategy of producing sustainable earnings within an acceptable level of volatility.

GROSS REVENUE ANALYSIS

% of gross revenue



* *From retail, commercial and corporate banking.*

** *Includes WesBank associates.*

Diversification of earnings

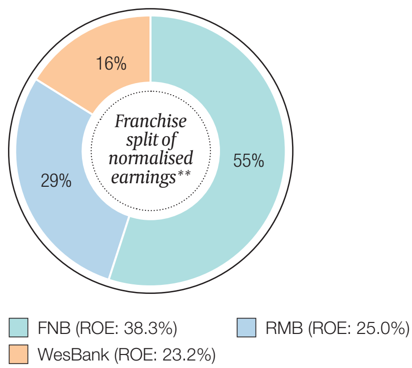
The group constantly evaluates the inherent value within its business model and portfolio as a whole and there are specific filters through which it makes these assessments.

A key consideration is the level of diversification that exists in the portfolio and the group considers this in the context of its strategy, performance targets and the macroeconomic environment. Key diversification measures relate to the relative contribution to earnings from each franchise, market segment, product and geographic footprint.

FirstRand's portfolio provides good diversification and represents the appropriate mix of business activities, at both a franchise and segment level.

FRANCHISE DIVERSIFICATION

Normalised earnings R million	2015	2014	% change
FNB	**11 300**	9 701	16
RMB	**5 888**	5 507	7
WesBank	**3 309**	3 013	10
FCC (incl. Group Treasury) and other*	**789**	442	79
FirstRand group	**21 286**	18 663	14



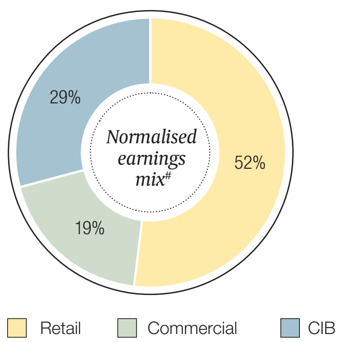
* *Other comprises FirstRand company, consolidation adjustments and NCNR preference dividend.*

** *FCC (which includes Group Treasury) is excluded from franchise contribution analysis.*

The group believes the current franchise contribution is appropriate given the macro cycle. RMB's contribution reduced from 30% to 28% year-on-year, impacted by the negative commodity cycle.

SEGMENT DIVERSIFICATION

Normalised earnings R million	2015	2014	% change
Retail	**10 688**	9 295	16
Commercial*	**3 921**	3 419	15
Corporate and investment banking	**5 888**	5 507	7
FCC (incl. Group Treasury) and other**	**789**	442	79
Group normalised earnings	**21 286**	18 663	14



* *Includes FNB commercial and WesBank.*

** *Other comprises FirstRand company, consolidation adjustments and dividends paid on NCNR preference shares.*

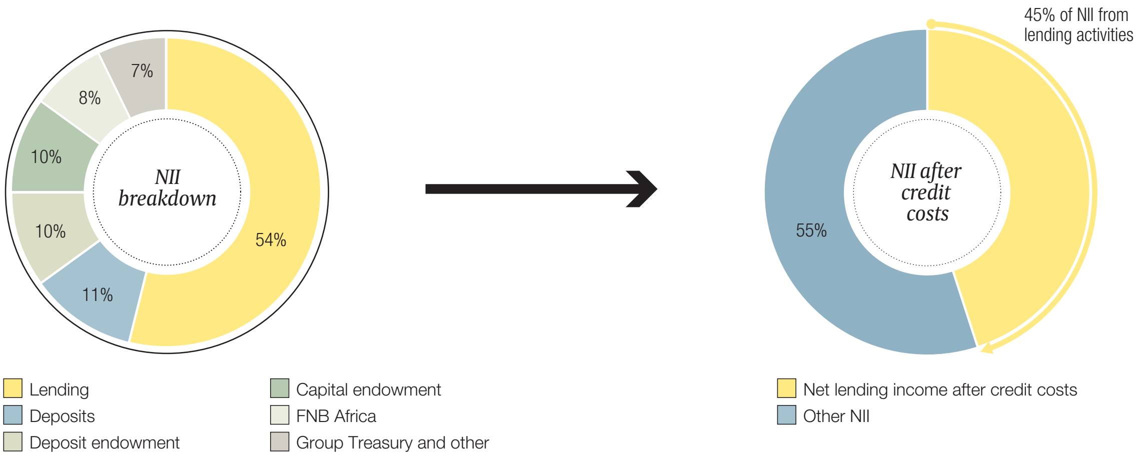
\# *FCC (which includes Group Treasury) is excluded from the segment contribution analysis.*

The contribution from the commercial segment reflects good progress made in rebalancing the portfolio and specific strategies in the commercial and business segments. The group continues its focus on growing its lending and transactional banking activities in the corporate segment.

Net interest income

NII showed strong growth of 16% on the back of resilient advances and deposit growth.

As can be seen from the charts below, although lending still remains the largest component of NII (with growth underpinned by advances and a slight widening in margins on certain asset classes), the picture is more balanced on a risk-adjusted basis.



Deposit income benefited from the absolute growth in deposit balances and the positive endowment effect.

Margins

Net interest margin improved slightly from the restated 5.05% to 5.07% during the year. The positive endowment on capital and deposits, and the change in deposit mix were the main drivers of the uplift in margin, although the accumulation of HQLA assets and higher term funding costs dampened absolute growth.

As mentioned in the CEO's report, the group's strategy to make the balance sheet more liquid through increasing the levels of HQLA (which include certain large corporate related instruments that have lower comparative yields than existing average advances) had a negative margin impact of 13 bps. Group Treasury impacts shown in the graph below reflect mark-to-market movements on term funding instruments and the difference between actual liquidity costs incurred and liquidity costs recovered from business units.

Although certain portfolios benefited from asset repricing, many of the asset generators experienced pressure from higher term funding and liquidity costs.

A breakdown of the drivers impacting margin is depicted in the chart below.

MARGIN

Margins benefited from positive endowment due to higher interest rates and a change in deposit mix, although higher term funding cost and a change in asset mix curtailed absolute growth

Retail advances growth

Retail advances growth of 9% reflects the more constrained economic environment, although new business volumes in WesBank's MotoNovo (UK) business, credit card and transactional account-linked overdrafts and revolving loans at FNB remained resilient.

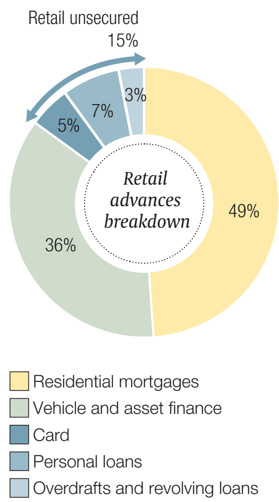
The table below provides insight into the group's risk appetite and origination strategies, highlighting above- or below-trend growth rates in the current year.

Retail advances			
Mortgages	**Affordable housing**	**SA VAF**	**UK VAF (MotoNovo)**
Remaining conservative with focus on low-risk FNB customers; gradual improvement in demand	Continued strong demand and credit performance	Volumes tracking vehicle sales with appetite marginally reduced for higher-risk customers	Strong market position and benefiting from economic recovery
Card	**Personal loans**	**Rest of Africa**	**Other**
Strong growth in line with FNB customer cross-sell strategy and transactional spend growth	Steady risk appetite maintained – growth benefiting from cross-sell	Strong growth across most markets focusing on FNB-banked customers	Neutral risk appetite, strong focus on cross-sell and lending activation

The composition and growth in the retail portfolios are detailed below.

RETAIL ADVANCES BREAKDOWN

R million	2015	2014	% change
Residential mortgages	**180 208**	171 173	5
VAF	**132 743**	119 120	11
Card	**19 488**	15 761	24
Personal loans	**24 333**	21 670	12
– Mass segment (FNB)	**4 203**	4 219	–
– Consumer segment	**20 130**	17 451	15
FNB	**9 653**	8 297	16
WesBank loans	**10 477**	9 154	14
Transactional account-linked overdrafts and revolving term loans	**12 314**	9 470	30
Retail advances	**369 086**	337 194	9
Retail VAF securitisation notes	**7 301**	–	



Credit card grew 24%, driven by FNB's strategy to leverage customers with transactional accounts, especially in the premier segment, as well as additional incentives for customers to spend on their credit cards.

Personal loan growth in the consumer market reflects a consistent strategy and appetite across both FNB loans and WesBank. Mass market loans remained relatively flat year on year.

For 2015 normalised reporting, certain investment securities have been reclassified into advances; the investment securities reclassified include debt securities qualifying as HQLA and securitisation notes. As the current securitisation notes reference retail VAF exposures, these are highlighted as part of the group's retail exposures in the table on the previous page.

Corporate and commercial advances growth

The origination appetite across corporate and commercial did not change with the exception of cross border transactions where appetite has moderated in high risk sectors, in line with the adverse commodity cycle. The table below again illustrates risk appetite and certain actions taken in the corporate and commercial portfolios, which provides insight on the group's origination strategies.

Commercial advances				
Commercial property finance	**Agri finance**	**Asset-backed finance**	**Small businesses (SMEs)**	**Rest of Africa and India**
→	→	→	→	↗
Remained focused on banked owner-occupied and selective multi-tenanted deals	Continued to diversify exposure across commodities and geographically	Growth focus on customers across targeted industries	Cross-sell to relationship base with some tightening on new-to-bank and higher-risk business	Continue to target Africa-India corridor clients and introduce specialised product offerings

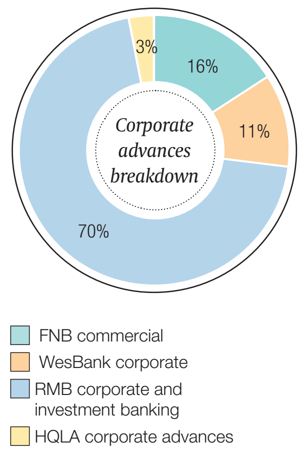
Corporate advances			
Working capital finance	**Infrastructure finance**	**Cross-border rest of Africa**	**South African corporates**
→	→	↗	→
Tracking nominal SA GDP	SA renewable energy projects still drawing down	Moderated appetite in high-risk sectors	Lead arranger of the larger acquisition, leveraged finance and listed property transactions

Commercial includes all advances to commercial clients across FNB and WesBank. Corporate includes advances to corporate and public sector customers across RMB, FNB and WesBank.

Overall corporate advances growth did slowed in the second half of the financial year reflecting macro pressures, although full year growth remained robust at 11%.

R million	2015	2014	% change
RMB core South Africa	**184 010**	169 762	8
HQLA corporate advances	**9 494**	–	
Investment banking-related corporate advances	**193 504**	169 762	14
RMB cross-border	**27 871**	28 502	(2)
RMB repurchase agreements	**35 600**	32 753	9
RMB corporate banking	**6 147**	6 422	(5)
WesBank corporate	**39 796**	38 763	3
FNB commercial	**58 251**	49 903	17
Corporate advances	**361 169**	326 125	11
FNB Africa advances*	**45 740**	40 443	13

* *Includes corporate, retail and FRB India.*



Domestic corporate advances (including HQLA corporate bonds) growth remained strong at 14% and emanated from some large corporate actions in the market.

FNB commercial grew 17%, benefiting from targeted client acquisition and increased cross-sell.

For more information on the group's credit portfolio, refer to the risk and capital management report in the annual integrated report.

RMB and FNB delivered good growth in advances although slowing in the second half of the year reflecting more constrained macros

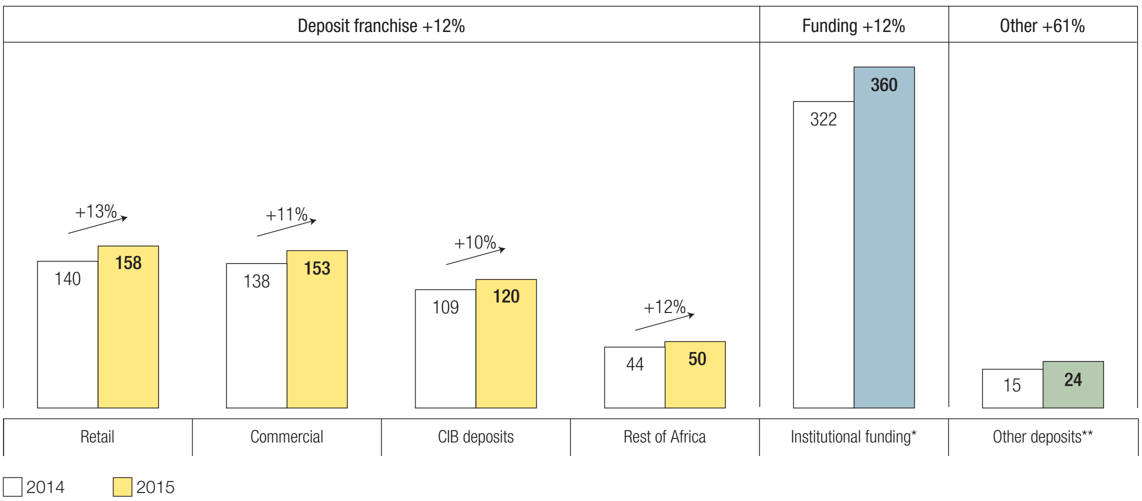
Deposit growth

The deposit franchise showed strong growth across all portfolios, driven by innovative products and certain pricing strategies.

Institutional funding now represents approximately one third of total funding, down from 41% in 2011. The institutional funding growth of 12% year-on-year reflects some specific foreign currency issuances in the current year – excluding these, institutional funding grew 5%. The growth in institutional funding in the current year also reflects the group's strategy to improve diversification in terms of maturity and investor base.

GROUP FUNDING BY SEGMENT

R billion

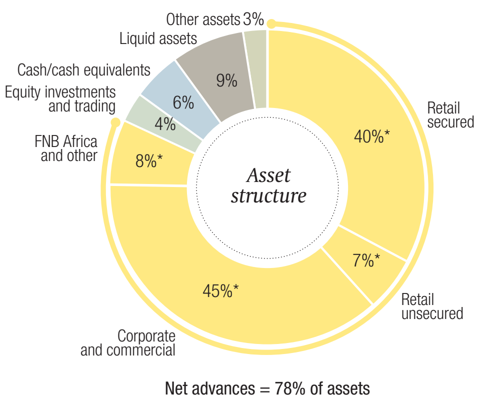


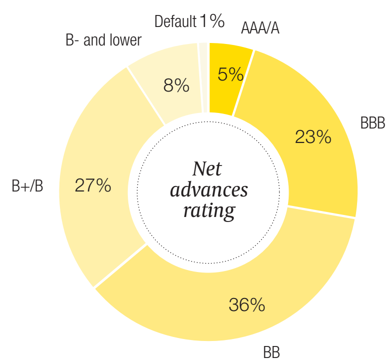
* *Includes CIB institutional funding and foreign currency issuances during the year.*

** *Includes liabilities relating to conduits and securitisations.*

Balance sheet strength and quality

When assessing the underlying risk in the balance sheet, the group's asset profile is dominated by a balanced advances portfolio, which constitutes 78% of total assets. The composition of the net advances portfolio consists of retail secured (40%), retail unsecured (7%), corporate and commercial (45%) and FNB Africa and other (8%). Total NPLs were R17.55 billion (2.21% as a percentage of advances) with a credit loss ratio of 0.77% and 91% of advances were rated B or better.





* *As a proportion of net advances.*

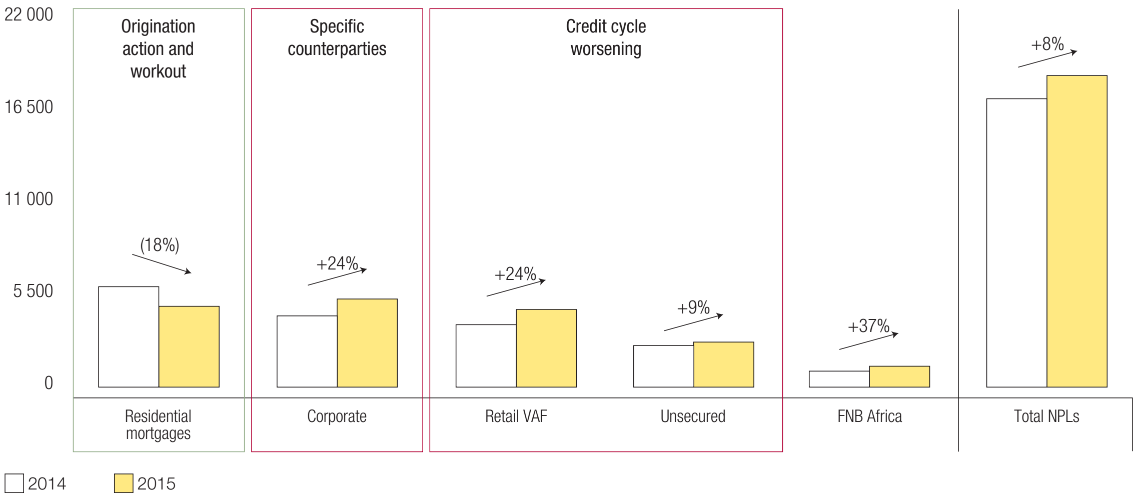
Note: Asset and liabilities trading positions for non-recourse, derivatives, securities lending and short trading position have been netted off.

NPLs and bad debts

The bad debt charge trended down from 84 bps to 77 bps in the current year, however, NPLs increased 8% and as can be seen from the graphs below, reflect a mixed picture characterised by:

- Mortgage NPLs declining more than R1 billion or 18%, benefiting from the workout actions and disciplined origination strategies.
- Increasing corporate NPLs driven by RMB, reflecting the impact of the adverse commodity cycle on certain counters in the mining and metals sector.
- VAF and unsecured NPLs reflecting increases of 24% and 9% respectively. The increase in VAF and unsecured lending NPLs reflect the worsening credit cycle, although NPL formation remains within expectations. FNB personal loan NPLs benefited from a reduction of 22% in the mass segment.

NPLs
R million

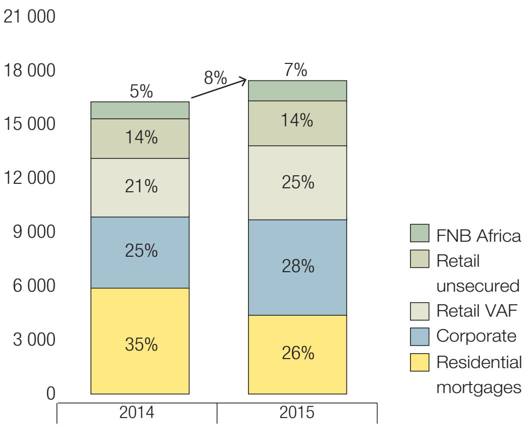


The group increased overall levels of portfolio overlays reflecting its view that the credit cycle will deteriorate going forward

The marginal reduction in the total coverage ratio from 85.4% to 84.3% was driven by the relative change in mix of NPLs, as well as a marginal reduction in the performing book coverage ratio, as shown below.

NPLs

R million



COVERAGE RATIOS

%	2015	2014
Retail – secured	**26.3**	24.0
Residential mortgages	**20.1**	19.9
VAF	**32.9**	30.6
Retail – unsecured	**67.0**	68.7
Credit card	**72.7**	73.0
Personal loans*	**62.1**	65.9
Retail – other	**77.6**	73.1
Corporate	**52.3**	62.8
FNB Africa	**35.5**	41.9
Specific impairments	**40.1**	40.8
Portfolio impairments**	**44.2**	44.6
Total coverage ratio	**84.3**	85.4

* *Includes FNB and WesBank loans.*

** *Includes portfolio overlays.*

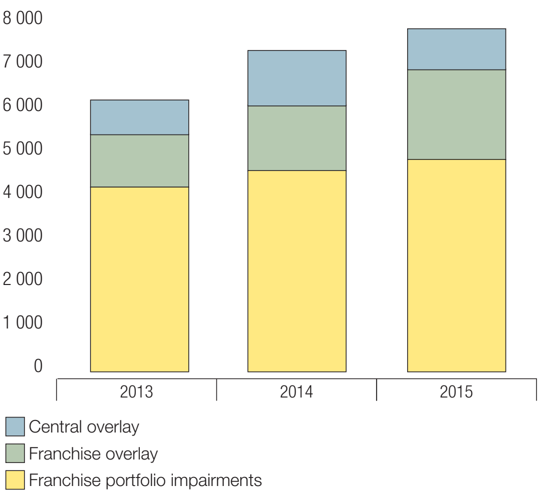
The specific coverage ratio reduced marginally, primarily due to:

- Mass unsecured NPLs decreasing 22% with a higher relative coverage ratio.
- Corporate coverage decreasing, largely driven by RMB NPLs, a combination of certain higher provision exposures being resolved in the current year and newer NPLs having higher security values.
- The decline in FNB Africa coverage which was driven by the overall change in mix in the underlying portfolios.

Portfolio impairments increased 7% and, as shown in the chart below, the impact of proactive provisioning was a key driver. Total overlays increased year-on-year, with the franchises increasing their overlays given the emergence of the credit cycle, which allowed for the release of R325 million of central overlays. The central overlay still amounts to R925 million. Even with current book growth, the group maintained a performing book coverage ratio of 1% which still significantly exceeds the current annual charge.

PORTFOLIO IMPAIRMENTS

R million

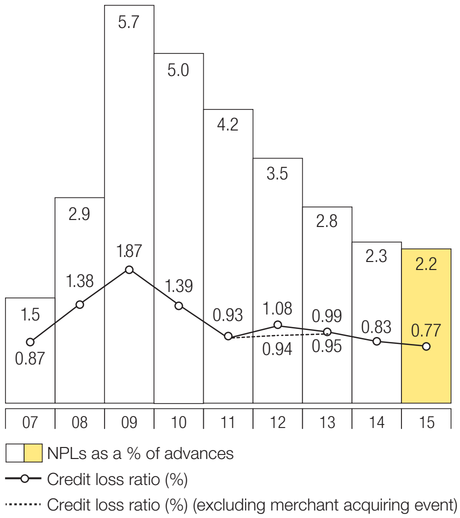


	2015	2014
Portfolio impairments as % of performing book	**1.00%**	1.05%
Bad debt charge (%)	**0.77%**	0.83%
Portfolio impairments (R million)	**7 760**	7 259

The overall increase in the bad debt charge was 5%, although strong book growth resulted in a reduction in the credit loss ratio from 0.83% to 0.77%. At a franchise level, this ratio increased to 0.81%.

Product impairment charges are shown in the table below, however, it is worth noting that:

- the residential mortgages charge of 6 bps has not changed since December 2014, but remains at a cyclical low; and
- the card and personal loans portfolios benefited from ongoing strong post-write off recoveries.



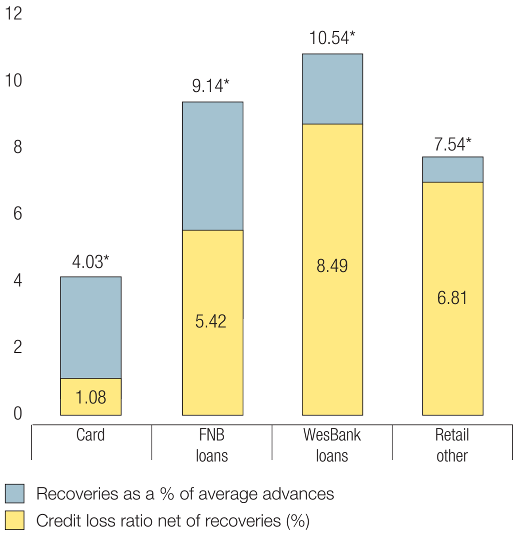
Credit loss ratios (%)	2015	2014
Retail – secured	**0.53**	0.54
Residential mortgages	**0.06**	0.09
VAF	**1.19**	1.22
Retail – unsecured	**4.82**	5.20
Credit card	**1.08**	0.70
Personal loans*	**6.73**	7.56
Retail – other	**6.81**	7.09
Total retail	**1.16**	1.18
Corporate and commercial	**0.45**	0.28
FNB Africa	**0.96**	0.90
Franchise impairment charge	**0.81**	0.74
Central portfolio overlay (releases)	**(0.04)**	0.09
Total credit loss ratio	**0.77**	0.83

* *Includes FNB and WesBank loans.*

The impairment charge for unsecured portfolios was significantly impacted by the high levels of post write-off recoveries, with over 69% of the R1.8 billion recoveries coming from the unsecured portfolios, as shown in the graph below.

CREDIT IMPAIRMENT CHARGE FOR UNSECURED PRODUCTS

R million



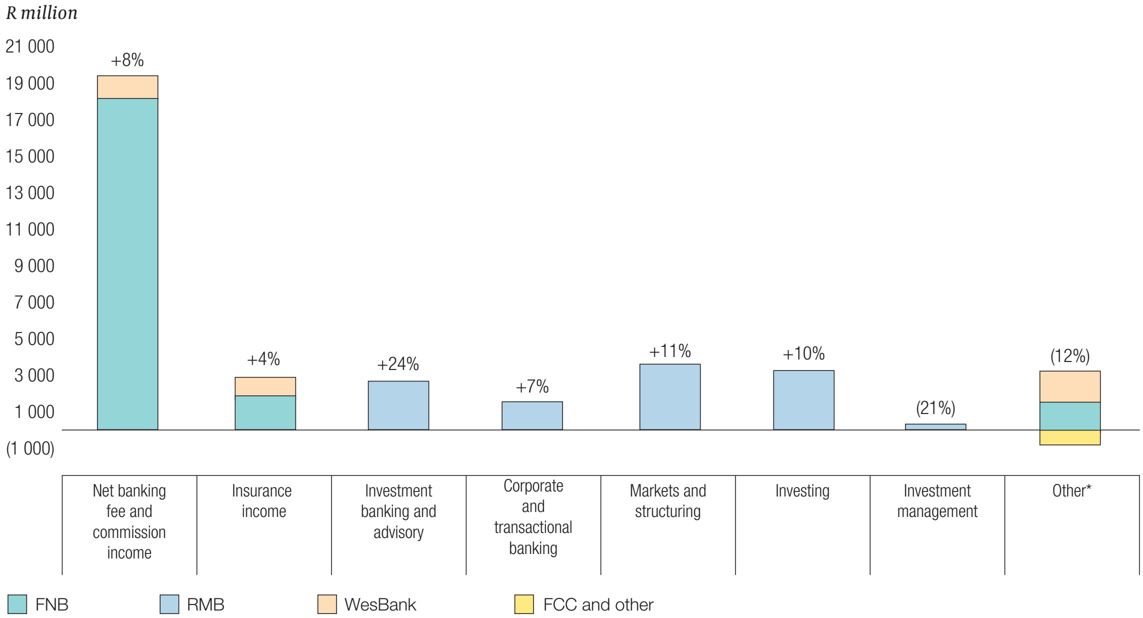
* *Credit loss ratio gross of recoveries (%).*

> The group maintained a performing book coverage ratio of 1% which still significantly exceeds the current annual charge

NIR

NIR growth continued to be driven by client-centric activities, as illustrated in the chart below.

NON-INTEREST REVENUE



* *Other includes FCC (including Group Treasury) and other.*

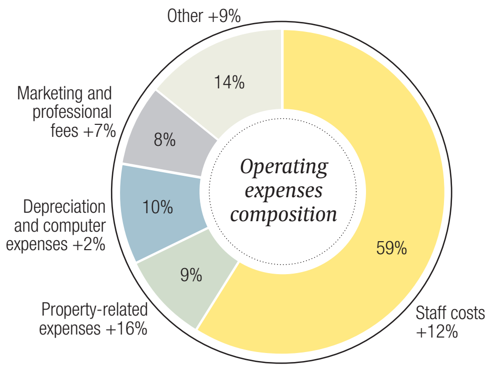
Total NIR, including income from associates and joint ventures, increased 8% year-on-year, with another strong contribution from FNB, which grew NIR 9% and continued to benefit from its strategies to grow fee and commission income (+9%), drive customers onto electronic platforms and generate good momentum in cross-sell.

FNB's NIR increased 9% year-on-year with continued strong growth of 12% in overall transactional volumes with electronic transactional volumes up 14%. ADT (automated deposit terminal) deposits increased 12%, whilst branch-based deposits decreased 20%. The ongoing success of FNB's electronic migration strategy is also reflected in strong growth in transactions online (+15%), banking app (+69%) and mobile (+25%). FNB's strategy to drive credit card as a transactional product also resulted in 13% growth in volumes, underpinned by good growth in new active accounts of 6%.

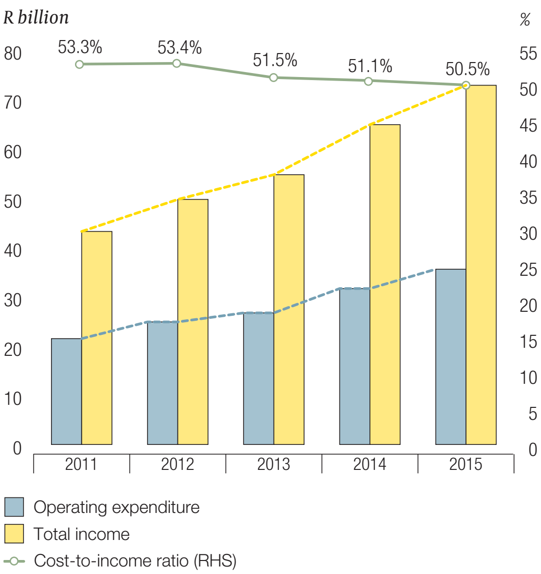
The group's NIR also benefited from RMB's investing activities, with good growth from equity-accounted income generated by private equity-related activities, boosted by realisations in excess of R1 billion. WesBank's NIR, including income from associates, increased 12% driven by strong inflows from insurance income in the VAF and personal loans portfolios as well as robust fee income on the back of advances growth.

Operating expenses

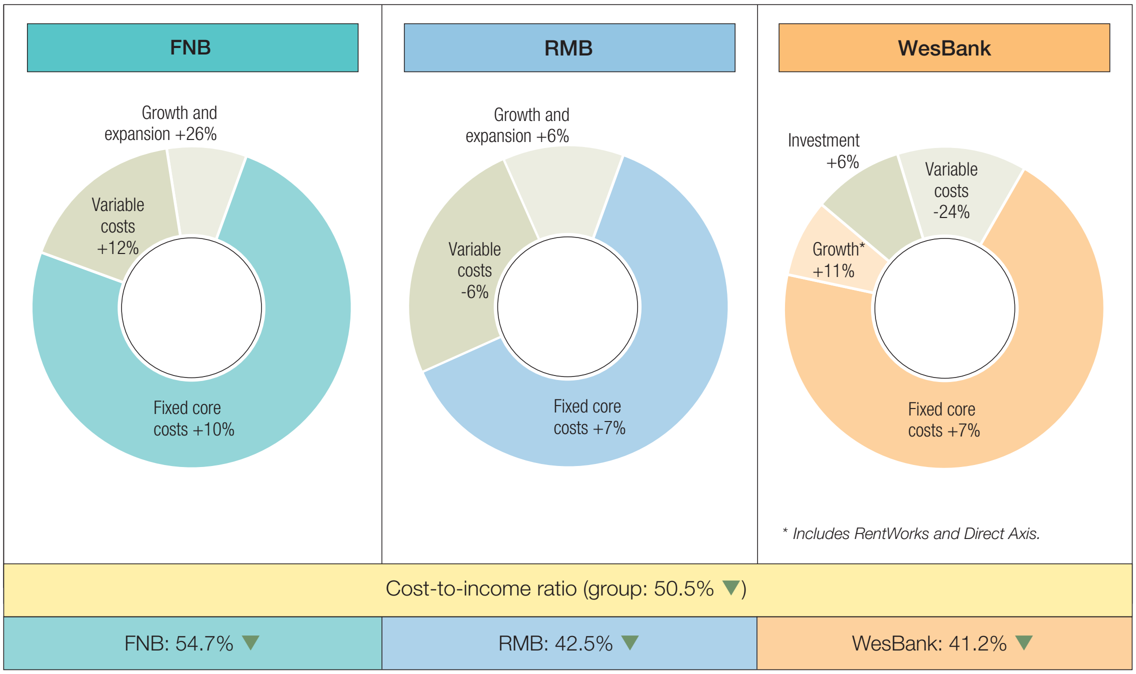
Overall operating cost growth was 10% for the year reflecting a 12% increase in staff costs (which are the largest contributor to costs as shown in the chart below) and continuing investment in infrastructure, operating footprint and regulatory requirements.



As can be seen from the chart below, the group's cost to income reduced further to 50.5% driven by strong topline growth. It is important to note that the group does not target a specific cost-to-income ratio – it is a reflection of its ability to leverage its operating platform to deliver returns to shareholders. The group will continue to focus on efficiencies, especially as topline comes under pressure.



The franchises have continued to invest for growth and platform enhancements, however, the overall cost base can be flexed if required given the level of variable revenue-linked costs and investment. These are shown below.



Taxation increased 18%

The group's effective tax rate increased one percentage point driven by the change in revenue mix, with strong growth in NII and standard-rate taxable NIR, e.g. fee and commission income.

Conclusion

The group continues to produce returns above its internal ROE target range of 18% to 22%. The franchises are well positioned to compete with innovative products, a customer-centric focus and a balance sheet that is well provisioned for the emergence of the credit cycle.

Harry Kellan
CFO

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HEADLINE AND NORMALISED EARNINGS

STATEMENT OF HEADLINE EARNINGS – IFRS (AUDITED)

for the year ended 30 June

R million	2015	2014	% change
Profit for the year (refer page 111)	**23 124**	19 786	17
Non-controlling interests	**(1 191)**	(1 058)	13
NCNR preference shareholders	**(310)**	(288)	8
Earnings attributable to ordinary equityholders	**21 623**	18 440	17
Adjusted for:	**(482)**	231	(>100)
Loss on disposal of investment securities and other investments of a capital nature	**1**	27	
Gain on disposal of available-for-sale assets	**(293)**	(69)	
Transfer to foreign currency translation reserve	**10**	–	
Gain on disposal of investments in associates	**–**	(61)	
Gain on disposal of investments in subsidiaries	**(220)**	(18)	
Loss on the disposal of property and equipment	**5**	32	
Fair value movement on investment properties	**(33)**	–	
Impairment of goodwill	**–**	128	
Impairment of assets in terms of IAS 36	**–**	151	
Tax effects of adjustments	**18**	26	
Non-controlling interests adjustments	**30**	15	
Headline earnings	**21 141**	18 671	13

DESCRIPTION OF DIFFERENCE BETWEEN NORMALISED AND IFRS RESULTS

The International Financial Reporting Standards (IFRS) results are adjusted to take into account non-operational items and accounting anomalies.

CONSOLIDATED PRIVATE EQUITY SUBSIDIARIES

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

FIRSTRAND SHARES HELD FOR CLIENT TRADING ACTIVITIES

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

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

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

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

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

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

ECONOMIC INTEREST RATE HEDGES

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

FAIR VALUE ANNUITY INCOME – LENDING

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

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

CREDIT-BASED INVESTMENTS INCLUDED IN ADVANCES

Certain corporate bonds and debt securities qualifying as HQLA and notes held in securitisation vehicles are classified as investment securities for IFRS purposes. The underlying nature and risk exposure of these assets is credit related and these assets were, therefore, reclassified from investment securities into advances.

US DOLLAR LIQUIDITY FUNDING

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

IAS 19 REMEASUREMENT OF PLAN ASSETS

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

REALISATION ON THE SALE OF PRIVATE EQUITY SUBSIDIARIES

In terms of *Circular 2/2013 Headline Earnings*, gains or losses from the sale of subsidiaries are excluded from headline earnings.

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

CASH-SETTLED SHARE-BASED PAYMENTS AND THE ECONOMIC HEDGE

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

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

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

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

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

EQUITY-SETTLED SHARE-BASED PAYMENTS AND TREASURY SHARES: CONSOLIDATION OF STAFF SHARE TRUST

IFRS 2 requires that all share-based payment transactions for goods or services received must be expensed with effect from financial periods commencing on or after 1 January 2005.

In 2005 the group concluded a BEE transaction. As part of this transaction, rights were granted to the group's black South African employees and black non-executive directors. These rights are accounted for as expenses in accordance with IFRS 2. The group hedged itself against the price risk of the FirstRand share price inherent in these schemes by buying, in the open market, the FirstRand shares required to settle these schemes. These shares are held in various share trusts. In addition to the 2005 grants, the staff share trusts received MMI Holdings Limited (MMI) shares pursuant to the unbundling of MMI. These schemes all vested on 31 December 2014 and the staff received the FirstRand and MMI shares due to them.

IFRS 10 Consolidated Financial Statements required certain of these share trusts to be consolidated by the group. The FirstRand shares held by the staff share trusts were, therefore, treated as treasury shares. MMI shares held by the staff share trusts were treated as available-for-sale equity investments. On vesting all the assets and liabilities in the trusts were used in the vesting of the shares and the wind-up of the trusts.

From an IFRS perspective the following expenses are recognised for the period from 1 July 2014 until the vesting date:

- IFRS 2 cost for the FirstRand shares granted to employees based on grant date fair value; and
- IAS 19 expense for the movement in fair value of the MMI shares that were expected to vest.

When calculating normalised results, the following adjustments are made in respect of the staff share trusts to reflect the economic cost of the scheme:

- historically FirstRand shares held by staff share schemes were treated as issued to parties external to the group and loans to share trusts were recognised as external loans. As these trusts have now been unwound and the loans settled this adjustment is no longer required;
- IFRS 2 expense is reversed; and
- IAS 19 expense relating to the fair value movement in the MMI shares is reversed.

HEADLINE EARNINGS ADJUSTMENTS

All adjustments that are required by *Circular 2/2013 Headline Earnings* in calculating headline earnings are included in normalised earnings on a line-by-line basis based on the nature of the adjustment.

The description and the amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 44. These adjustments include the write back of impairment losses recognised on intangible assets and goodwill.

REVIEW OF OPERATIONS

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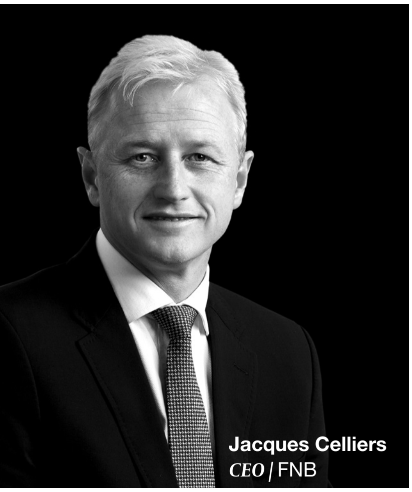
FNB REVIEW OF OPERATIONS



Jacques Celliers
CEO | FNB

FNB represents FirstRand's activities in the retail and commercial segments in South Africa and the broader African continent. It is growing its franchise strongly in both existing and new markets on the back of innovative products and delivery channels, particularly focusing on electronic and digital platforms.

Normalised earnings ↑	Return on equity	Core advances ↑
16%	38.3%	10%

EXECUTION ON STRATEGY

FNB's performance in the year under review can be attributed to its primary strategy to grow and retain core transactional accounts through offering a compelling value proposition to the customer; innovative products and channels at an acceptable cost, supported by rewards programmes, such as eBucks, SLOW lounges and fuel, data and airtime rewards. The banking app, cellphone banking and eWallet innovations continue to attract and retain customers.

Following several years of strong customer growth, FNB is now focusing on cross-selling to this expanded customer base, with the objective of increasing the average products per customer. This is expected to deliver good growth in deposits and transactional volumes going forward, particularly on the back of the deliberate strategy to drive customers onto electronic platforms.

Innovation remains central to FNB's growth strategy, with the internal innovation programme producing 1 480 innovations implemented during the period, all of which have contributed to earnings.

The four strategic drivers to FNB's innovation programme remain the same, namely to:

- gain new customers and migrate customers onto low cost electronic channels;
- retain and increase cross-sell to existing customers;
- drive operational efficiencies and reduce fraud; and
- return value to customers through rewards.

Examples of how particular innovations arising from these drivers have directly impacted FNB's performance include:

- increased cross-sell with more take-up to come from the existing base;
- lower credit card fraud write-offs despite higher card turnover;
- 17% reduction in customers teller cash volumes while automated deposit terminal (ADT) cash deposits are up 12%;
- branch cost increases are below inflation for another year whilst card swipes are up 14%; and
- manual transactions decreased marginally while electronic transactions have increased 14%.

FNB's technology continues to provide a safe and secure way for customers to bank online and through smart devices and cellphones. Savings and economies of scale generated from the use of electronic channels are passed on to customers through lower fees and attractive rewards, hence total NIR growth is lower in percentage terms to that of volume growth.

PERFORMANCE COMMENTARY

FNB produced another good performance for the year, increasing pre-tax profits 16%, driven by a strong operational performance from the South African franchise which posted growth in both NII and NIR. FNB produced an improved ROE of 38.3%, which remains well above hurdle rates, despite ongoing investment in platforms and new territories; this reflects the strength and quality of its transactional franchise, the optimisation of credit risk capital and a growing deposit franchise.

SEGMENT ANALYSIS OF NORMALISED EARNINGS

	FNB SA			FNB Africa*			Total FNB		
R million	**2015**	**2014**	**%**	**2015**	**2014**	**%**	**2015**	**2014**	**%**
Net interest income	**18 633**	16 143	15	**3 068**	2 639	16	**21 701**	18 782	16
Non-interest revenue	**18 604**	17 214	8	**2 723**	2 271	20	**21 327**	19 485	9
Operating expenses	**(19 902)**	(17 987)	11	**(3 654)**	(3 105)	18	**(23 556)**	(21 092)	12
Income before indirect tax	**15 283**	13 317	15	**1 723**	1 475	17	**17 006**	14 792	15
Indirect tax	**(435)**	(487)	(11)	**(83)**	(65)	28	**(518)**	(552)	(6)
Income before direct tax	**14 848**	12 830	16	**1 640**	1 410	16	**16 488**	14 240	16
Normalised earnings	**10 691**	9 240	16	**609**	461	32	**11 300**	9 701	16
Advances	**284 117**	258 823	10	**45 740**	40 443	13	**329 857**	299 266	10
Total deposits	**311 211**	277 937	12	**49 655**	44 460	12	**360 866**	322 397	12
NPLs (%)	**2.63**	3.29		**2.61**	2.15		**2.63**	3.14	
Cost-to-income ratio (%)	**53.4**	53.9		**63.1**	63.2		**54.7**	55.1	
Credit loss ratio (%)	**0.76**	0.84		**0.96**	0.90		**0.79**	0.85	
ROA (%)							**3.32**	3.13	
Advances margin (%)	**3.58**	3.39		**4.69**	5.21		**3.58**	3.39	

* *Includes FNB India.*

FNB's overall NII increased 16% driven by growth in both advances (+10%) and deposits (+12%). The performance of the lending businesses presented a mixed picture:

- the business and commercial segments benefited from good advances growth and low levels of impairments;
- residential mortgage advances showed modest growth of 5%, with NPLs still declining significantly;
- personal loans performed strongly with controlled growth of advances and a significant reduction in impairments. Strong collections, lower NPLs and an improved book risk profile resulted in impairments decreasing 27%; and
- credit card continued to benefit from post-write off recoveries, however, there is some pressure in overdrafts and revolving loans in the consumer and premium segments.

Segment analysis of deposits and advances is below.

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Year ended 30 June 2015			
	Deposit growth		Advances growth	
Segments	%	R billion	%	R billion
Retail	13	**18.6**	8	**16.9**
FNB Africa	12	**5.2**	13	**5.3**
Commercial	11	**14.7**	17	**8.3**

FNB's bad debt charge dropped to 0.79% of advances, with NPLs trending down to 2.63%. Following strong book growth in previous periods, credit appetite continues to be adjusted and provisions bolstered. Overall provisioning levels for FNB have remained conservative with overlays maintained.

FNB continues to see significant traction in the migration of its customer base onto electronic channels. NIR increased 9% year-on-year with continued strong growth of 12% in overall transactional volumes with electronic transactional volumes up 14%. ADT deposits increased 12%, whilst branch-based deposits decreased 20%. The ongoing success of FNB's electronic migration strategy is also reflected in strong growth in transactions online (+15%), banking app (+69%) and mobile (+25%). The strategy to drive credit card as a transactional product also resulted in 13% growth in volumes, underpinned by good growth in new active accounts of 6%.

NIR growth is under pressure in the consumer segment due to adjustments to certain fees. In addition, since mid-March reduced interchange impacted NIR and this will continue to be the case. FNB however, believes volume growth emanating from its cash-to-card migration strategy will offset the impact of interchange to some degree.

FNB's cross-sell strategy achieved particularly good traction in the premier segment where the ratio improved 23% year-on-year. This was driven by the introduction of new products.

FNB's overall operating expenditure increased 12%, reflecting ongoing investment in its operating footprint, particularly in the rest of Africa (costs up 18%). The business, however, continues to deliver positive operating jaws and the cost-to-income ratio decreased to 54.7%.

FNB's subsidiaries in the rest of Africa performed well, growing normalised pre-tax profits 16%. Namibia in particular generated significantly higher profits on the back of balance sheet growth, improved margins and increased transactional volumes. Botswana and Mozambique experienced some cyclical and funding headwinds; Zambia and Tanzania continued to invest in footprint and product rollout.

OPERATIONAL HIGHLIGHTS

Commercial and business segment

- **Market share (tracker survey results)** in December 2014:
  - growth (0 – R10 million) – maintained its position as market leader (31% market share); and
  - commercial (R10 million+) showed an increase in market share.
- **South African consumer satisfaction index (SAcsi) 2014 results** (released 2015) FNB Business was:
  - leader in SAcsi in the growth segment;
  - leader in SAcsi (together with Nedbank) in the 10 million + segment;
  - leader with regards to RMs in the 10 million + space; and
  - leader with regards to online channel in the business segment.
- **Value adds:**
  - The **alternative energy solutions** project has gone live, with generators being made available for purchase via eBucks.com. The next phase of the project will focus on solar and other off-the-grid solution options for customers.
  - **FNB business' range of instant solutions** now extends to **instant invoicing and instant cashflow**, both of which help ease the administrative pressures of managing a

business. **Instant invoicing** enables the client to produce tax client invoices, without using the full IA (instant accounting) package. The new instant invoicing offering allows clients to create a SARS tax compliant Invoice, representing a better quality profile customer. **Instant cashflow** assists clients to view future cash flow forecasts through predictive cash flow graphs and reports. These reports will allow customers to input information and change variables, to see how this will impact on future cash flows.

- **public sector banking:** initiated and ran the **FNB Academy for Municipal Excellence (FAME)** – endorsed by COGTA, during the current year. FAME enables FNB to assist government in addressing key issues in local government aimed at improving service delivery to all people. FNB business is the first business bank to establish such an initiative whereby the aim was to engage both banked and non-banked clients to address key local government challenges across the country.

Premium segment

- Repositioning/rebranding of the three client segments in the premium space – **Premier, Private Clients, and Private Wealth**.
- **Rebranded the graphite offering** into FNB Private Clients.
- Launch of **FNB Channel Islands** - obtained a banking licence in the Channel Islands in order to offer clients offshore currency transactional and savings accounts.
- **RMB Private Bank:**
  - revamped brand and value proposition; and
  - notice deposit attracts no monthly or transactional fees, allows withdrawals and deposits of any amount and the benefit of an interest rate that increases twice automatically.

Consumer segment

- **Consumer education** radio reached 4.3 million listeners on 11 stations;
- The Financial Literacy Face to Face programme has six educators in six regions, with focus areas working class 70: communities 20 and learners 10. In 2014/15 there were 1 080 sessions with 146 436 participants and 33 000 learners. One Gospel Channel on DSTV 331 broadcasts to 1 million viewers since November 2007 to 47 countries in Africa. Be Financially Smart reached 2million viewers via **this channel**; and
- a total of three million new eWallets have been created in the 2014/15 , an increase of 41%; and
- FNB Connect prepaid sales of airtime, electricity and data during the year under review amounted to R99.7 million, up 17% on the previous year.

CUSTOMER FRANCHISE AND OPERATING FOOTPRINT

FNB believes that strong customer relationships underpin the sustainability of its business. Two key measures of the business's success in building these relationships are growth in customers and improvements in cross sell.

As previously mentioned, FNB has for several years consistently grown its customer base, particularly focusing on core transactional accounts. Whilst FNB believes that overall customer growth can continue in the medium term, its focus has shifted to growing an appropriate mix of customers to facilitate its cross-sell strategy.

During the current year, FNB embarked on a process to clean up its customer data numbers. This resulted from FNB's focus on cross-sell opportunities and growing the deposit franchise in the current year. Historically if there was a deposit balance in the account and the bank was earning revenue (margin) the customer was counted as active. This was changed and if the balance in the account was below R200 and there was no interaction with the customer in the last 12 months, the account was classified as dormant/inactive and excluded from the customer data. This resulted in over 300 000 (majority in retail, approximately a 2% reduction) customers' accounts being reclassified as dormant and total customers therefore total 7.1 million on this basis.

As a result of this process, technically the VSI/cross-sell now increases from 2.35 June 14 to 2.55 in June 15 given that these dormant customers effectively only had one product.

Another measure of the sustainability of the client franchise is customer satisfaction and, to monitor this, FNB uses the internationally accredited and recognised South African Customer Satisfaction Index (SAcsi). The index provides information relating to:

- quality of specific service attributes of a channel in relation to customer expectations;
- complaints across the bank in general as well as what percentage of total complaints can be attributed to a specific channel;
- overall satisfaction with FNB in general as well as specific channels;
- provide benchmark and comparative figures for all the major banks in the industry.

The index classifies FNB as a leader in customer satisfaction in that the business scores significantly better than the industry average with a score of 76.8 compared to the industry's 73.7. With reference to complaints, FNB is on par with the industry.

FNB continued to increase its operating footprint in both South Africa and its African subsidiaries. FNB Mozambique extended its ATM network along with the launch of numerous new products. FNB Zambia grew its branch network from 16 to 25 branches year-on-year and rolled out in excess of 350 point-of-sale devices during the financial year, resulting in increases in customer numbers and balance sheet growth. FNB Swaziland increased its ATM footprint adding 10 new ATMs and now represents the largest ATM network in Swaziland. The purchase of prepaid electricity across all channels (ATM, cellphone banking and online banking) was also successfully rolled out.

	FNB – South Africa			FNB – Rest of Africa		
	2015	**2014**	**% change**	**2015**	**2014**	**% change**
Banking channels:						
Representation points (branches, agencies)	**723**	744	(3)	**145**	133	9
ATMs	**4 978**	4 793	4	**818**	688	19
ADTs	**1 651**	1 326	25	**–**	–	–
Total ATMs (including ADTs)	**6 629**	6 119	8	**818**	688	19

FNB received a number of independent endorsements and awards during the year which are another indicator of the quality of the franchise and its ability to innovate for customers. Awards received by FNB SA in the year include:

SA's Strongest Brand

- Brand Finance 2012, 2013, 2014 and 2015

SA's Coolest Bank

- Sunday Times Generation Next Survey 2012, 2013, 2014 and 2015

Sunday Times Top Brands

- #1 Corporate Bank 2013 and 2014

- Largest financial institution on all major social media platforms in SA

- South African consumer satisfaction index (SAcsi) – March 2015

- SA's best ranked Banking App

- SA's best ranked cellphone banking

- FNB Banking App ranked 6th best globally by UX Alliance

- FNB Private Wealth and RMB Private Bank have been named top-ranked private banks in the Intellidex-Moneyweb Private Banks and Wealth Managers Survey May 2015

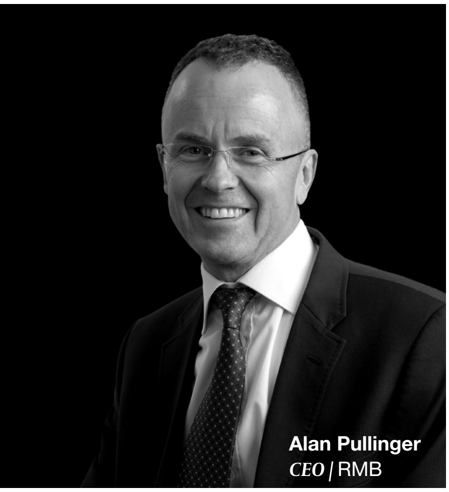
- RMB Private Bank won the Euromoney Best Private Bank with investment banking capability 2015

- FNB Online Banking ranked SA's best online banking in Columinate Internet Banking SITEisfaction Survey 2015

- FNB banking app ranked 7th and 4th best globally in the MyPrivateBanking Report – Mobile Apps for Wealth Management 2014 and 2015 respectively

RMB REVIEW OF OPERATIONS

RMB



Alan Pullinger
CEO | RMB

RMB represents the group's activities in the corporate and investment banking segments in South Africa, the broader African continent and India. RMB's primary strategy is to generate more income from client-driven activities, anchored around a risk appetite designed to effectively manage the trade-offs between earnings volatility, profit growth and returns. This strategy, coupled with steady investment return and a growing focus on originating asset management products, is delivering a high quality and sustainable earnings and return profile.

Normalised earnings ↑	Return on equity	Core advances ↑
7%	25.0%	8%

EXECUTION ON STRATEGY

RMB actively manages its portfolio to ensure the appropriate mix of client, investing and investment management activities. The business continues to generate most of its income from client-driven activities and leveraged its superior origination capability to secure ancillary revenues and, coupled with strong investment returns, deliver a balanced and sustainable earnings profile across its core activities. Emphasis is also being placed, in collaboration with Group Treasury, on developing innovative solutions to proactively manage liquidity and funding.

During the year, RMB continued to expand its activities in the rest of Africa by leveraging off FNB's operations in key African markets, using its market-leading product and sector expertise in certain growth sectors on the broader African continent and capturing flows in the Asia-Africa trade and investment corridors. Client strategies (retention and growth) in conjunction with investment in training and development programmes that have been implemented, continue to contribute to performance, with strong client acquisition and product up-sell opportunities across all jurisdictions. Ongoing investment will be required to build sufficient scale in certain African jurisdictions to ensure growth over the medium to long term.

RMB remains focused on building a meaningful corporate transactional business in order to offer holistic corporate and investment banking solutions, with certain focused client initiatives starting to yield product cross-sell opportunities.

In support of FirstRand's strategy to grow its investment management offering, RMB continues to develop products and platforms that leverage its markets and investment banking skills to deliver structured product, ETFs and specialised funds. These alternative investment products are supplied to and distributed by Ashburton Investments and other group franchises.

Performance commentary

R million	2015	2014	% change
	Year ended 30 June		
Normalised earnings	**5 888**	5 507	7
Normalised profit before tax	**8 307**	7 688	8
Total assets	**413 700**	390 209	6
Total liabilities	**403 375**	380 107	6
ROE (%)	**25.0**	25.7	
ROA (%)	**1.41**	1.45	
Credit loss ratio (%)	**0.42**	0.20	
Cost-to-income ratio (%)	**42.5**	45.0	

RMB produced solid results for the year with pre-tax profits increasing 8% to R8.3 billion and the business delivering a satisfactory ROE of 25%. This performance was achieved against a challenging economic environment and results from a high quality portfolio of businesses, particularly resilient investment banking and growing corporate banking franchises. RMB's balance sheet remains robust, the quality of earnings continues to improve and enhanced operational leverage has contributed to a decline in cost-to-income ratio to 42.5%.

Since 2012, RMB has been managing its business on a core activity view and, whilst its organisational structure remains based on the four separate divisions reported on previously, namely Investment Banking (IBD), Global Markets, Private Equity and Corporate Banking, the intention is to report on the activity view going forward.

For comparison purposes, the table below shows the year under review's financial performance on both a divisional and activity view. The operational review is on the basis of RMB's activities.

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

Normalised PBT	Year ended 30 June								
	2015							2014	%
R million	IB&A	C&TB	M&S	Investing	Inv Mngt	Other	Total	Total	change
Global Markets	**–**	**348**	**1 794**	**116**	**37**	**–**	**2 295**	1 986	16
IBD	**3 076**	**–**	**68**	**451**	**73**	**–**	**3 668**	4 083	(10)
Private Equity	**–**	**–**	**–**	**1 869**	**–**	**–**	**1 869**	1 212	54
Other RMB	**–**	**–**	**–**	**–**	**–**	**(247)**	**(247)**	(151)	(64)
Investment banking	**3 076**	**348**	**1 862**	**2 436**	**110**	**(247)**	**7 585**	7 130	6
Corporate banking	**–**	**680**	**42**	**–**	**–**	**–**	**722**	558	29
Total RMB – 2015	**3 076**	**1 028**	**1 904**	**2 436**	**110**	**(247)**	**8 307**	7 688	8
Total RMB – 2014	2 928	861	1 581	2 266	203	(151)	7 688		
% change	5	19	20	8	(46)	(64)	8		

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

The investment banking and advisory activities grew off a high base in a challenging environment, whilst facing increasing funding and liquidity costs. In addition, impairments raised against mining and metals, and oil and gas exposures in the core lending book impacted results further. This is considered prudent action given the ongoing deterioration in the outlook for those sectors. The quality of RMB's investment banking and advisory activities resulted in a number of significant M&A mandates being secured, both domestic and international, which positively impacted profitability.

Corporate and transactional banking activities performed well benefiting from focused client coverage initiatives, increased demand for trade and working capital products and higher deposit balances. This was, however, offset by increasing credit provision requirements against specific NPL exposures.

Markets and structuring activities delivered a solid performance, despite challenging market conditions and increased competitive pressures. Bespoke structuring transactions produced significant earnings growth as did the operations in the rest of Africa. There were some additional benefits from increased local and international price volatility within fixed income, currency and commodity markets.

RMB's investing activities showed good growth, also off a high base. Private Equity produced excellent results and continues to benefit from the quality and diversity of its portfolio, reporting strong equity-accounted earnings and solid income from investment subsidiaries. Earnings were positively impacted by significant realisations and despite this, the unrealised value of the portfolio increased to R4.9 billion (2014: R3.9 billion).

Franchise-wide head office costs, endowment on capital invested, legacy portfolios and RMB Resources are reflected in other activities. The legacy portfolio realised a marginal profit of R11 million, curtailing the loss of R183 million in the prior year. Unfortunately, the RMB Resources business reported a loss of R409 million for the period with both the equity and debt portfolios under pressure as a result of sharply declining commodity prices and the inability of counterparties to raise further funds to advance their projects. RMB has taken the decision to exit these activities over the next 24 months and will undertake an orderly unwind of the portfolio with no new investments. Given the project risk inherent in junior mining, the trade-off between limited upside, but significant downside, no longer aligns with RMB's appetite for earnings volatility.

The strength of RMB's franchise is reflected in the number of major awards it received during the year, including:

African Banker Awards
- Investment Bank of the Year (2013, 2014 & 2015)

Euromoney Awards for Excellence
- Best Investment Bank in South Africa (2013, 2014 & 2015),
- Best M&A House in Africa (2015)

Africainvestor 2015
- Bank Arranger of the Year

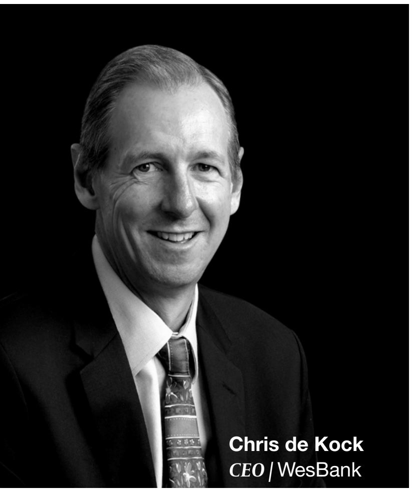
DealMakers 2014
- 1st General Corporate Finance Investment Adviser (by transaction value)

Global Custodian South Africa Domestic Survey 2014/2015
- Domestic Market Outperformer, Domestic Category Outperformer

JSE Spire Awards 2014:
- Best Research Team — Credit
- Best Research Team — Africa
- Best Debt Origination Team
- Best Team — Inflation Bonds
- Best Repo Team
- Best Market Making Team — Interest Rate Derivatives
- Best On-Screen Market Making Team — Interest Rate Derivatives
- Best On-Screen Market Making Team — FX
- Best Structuring Team — Inflation/Credit/FX
- Best Market Maker — Cash Settled Commodity Derivatives

EMEA Finance Achievement Awards 2014
- Best Restructuring in Africa (Alexander Forbes)
- Best Syndicated Loan in EMEA (INT Towers)
- Best Supranational Syndicated Loan (African Finance Corporation)
- Best M&A Deal in Africa (Pepkor/Steinhoff)
- Most Innovative Bond (FirstRand's KrugerRand Bond)

WESBANK REVIEW OF OPERATIONS


Chris de Kock
CEO | WesBank

WesBank represents the group's activities in instalment finance in the retail and corporate and commercial segments in South Africa, the UK and the rest of Africa. There are five distinct business units delivering these services into their chosen markets using a partnership model which includes leading manufacturers and large dealer groups in the automotive market, equipment suppliers in the corporate space and companies with large diversified client bases in the personal loans space. This represents a unique business model differentiated through highly innovative products and processes.

Normalised earnings ↑	Return on equity	Core advances ↑
10%	23.2%	10%

EXECUTION ON STRATEGY

WesBank continues to focus on growing its core business, while concurrently developing meaningful and sustainable earnings streams from activities complementary to the core instalment finance operation in South Africa.

The retail motor business has further strengthened its manufacturer relationships with two new alliances this year. WesBank believes its point-of-sale presence, strong relationships and alliances, coupled with efficient new business acquisition processes, innovative customer and partner solutions and competitive commission structures, allows for high quality origination.

WesBank's corporate and commercial offering is gaining traction and now incorporates a full suite of products including traditional instalment finance, leases, technology rentals (through its subsidiary RentWorks), and full maintenance rental capabilities.

The MotoNovo Finance motor retail business, predominantly represented in the independent dealer used-vehicle sector in the UK, has also enhanced its presence in that market through growth in footprint and an enhanced product offering.

The unsecured lending business, marketed under a number of alliance brands, including Direct Axis, CashPower, Telesure and Clientele personal loans, has also shown good new business and advance growth, bolstered by new alliances created in the prior year. This growth was achieved through the application of a consistent and disciplined credit appetite within the target market.

WesBank's insurance business, which spans the retail and corporate portfolios continues to deliver a meaningful contribution to NIR with plans to further expand the product range and improve penetration into the existing client base. Post the year end, WesBank formalised its long-standing relationship with Hollard Insurance Company through the formation of a new holding company. This entity will consolidate the existing insurance products provided through WesBank and Hollard and included the acquisition of two other entities, Motorite and SMART. WesBank will own 81% and Hollard will hold the remaining 19% of the new entity.

The objective of this initiative will be to offer the best value-added motor products in the market. Motorite offers a variety of vehicle warranty and maintenance products, while SMART specialises in body repair cover and offers paint and dent protection products. By combining resources it is envisaged that going forward WesBank will be in a very strong position to provide innovative and competitively priced solutions for vehicle buyers.

Given the cyclical nature of WesBank's domestic retail businesses, through strategies to diversify revenue streams, from a product sector and geographical perspective, coupled with more effective credit risk management, the franchise is expected to deliver sustainable growth and returns through the cycle.

FINANCIAL PERFORMANCE

	Year ended 30 June		
R million	**2015**	**2014**	**% change**
Net interest income	**8 796**	8 213	7
Impairments	**(2 539)**	(2 081)	22
Non-interest revenue*	**3 918**	3 505	12
Operating expenses	**(5 243)**	(5 069)	3
Income before indirect tax	**4 932**	4 568	8
Indirect tax	**(239)**	(253)	(6)
Normalised profit before tax	**4 693**	4 315	9

* *Includes share of profit of associates and joint ventures.*

KEY RATIOS

	Year ended 30 June	
%	**2015**	**2014**
ROE	**23.2**	26.6
Cost-to-income ratio	**41.2**	43.3
Credit loss ratio	**1.45**	1.35
NPLs	**3.20**	2.86
ROA	**1.82**	1.88
Net interest margin	**4.72**	5.05

WesBank continues to deliver a resilient performance despite its sensitivity to the local retail credit cycle. Solid growth in new business volumes underpinned a 9% increase in pre-tax profits to R4.7 billion, an ROE of 23.2% and an ROA of 1.82%. These results reflect the strength of WesBank's franchise, adherence to disciplined credit origination and effective sales channels.

New business volumes increased across all of WesBank's retail portfolios, but remain within appropriate risk parameters with systematic tightening continuing in credit appetite for higher risk segments. Overall profit before tax was up 9% year-on-year with personal loans and MotoNovo growing 9% and 35% (in GBP terms), respectively. Local retail VAF's performance continues to be impacted by the pressures facing consumers, with advances up 1.7% year-on-year. WesBank's rest of Africa business grew advances 10% year-on-year (these figures are reported under FNB Africa). Interest margins are trending down mainly due to higher funding and liquidity costs and the ongoing shift in mix from fixed- to floating-rate business. Corporate profits came under pressure as a result of specific counterparty defaults. Profitability in the fleet business came under pressure.

As anticipated, bad debts in the local VAF portfolio remained fairly flat and within WesBank's through-the-cycle thresholds, and provisioning continues to be conservatively applied. NPLs are up 22% year-on-year, but remain inflated by the high proportion of restructured debt review accounts, most of which are still paying according to arrangement. This conservative treatment is in line with group practice with 34% of NPLs currently under debt review (compared to 29% in the prior year), a high percentage of which have never defaulted, or reflect balances lower than when these went into debt review.

NIR, including income from associates, increased 12% mainly as a result of stronger inflows from insurance income in the VAF and personal loans portfolios as well as robust fee income on the back of advances growth.

Growth in core operating costs remained below inflation, increasing 3%, and WesBank's cost-to-income ratio decreased year-on-year reflecting excellent cost containment.

FINANCIAL AND OPERATING HIGHLIGHTS

- Advances growth of 10% to R183 billion.
- New business growth of 9% to R99.8 billion; underpinned by
  - motor increased 0.5% to R57.5 billion;
  - corporate reduced 2% to R14.3 billion;
  - unsecured lending increased 9% to R7.1 billion; and
  - MotoNovo increased 59% to R20.7 billion (44% growth in GBP).
- Strong growth continues within the newer established alliances in the unsecured lending portfolio within credit appetite.
- Implementation of iContract origination and juristic scorecards in the corporate business increased service delivery and efficiency.
- Geographic and product expansion driving growth in the MotoNovo Finance business.
- Continued positive outcomes of customers under debt review.
- Good core operating cost containment increasing positive jaws.

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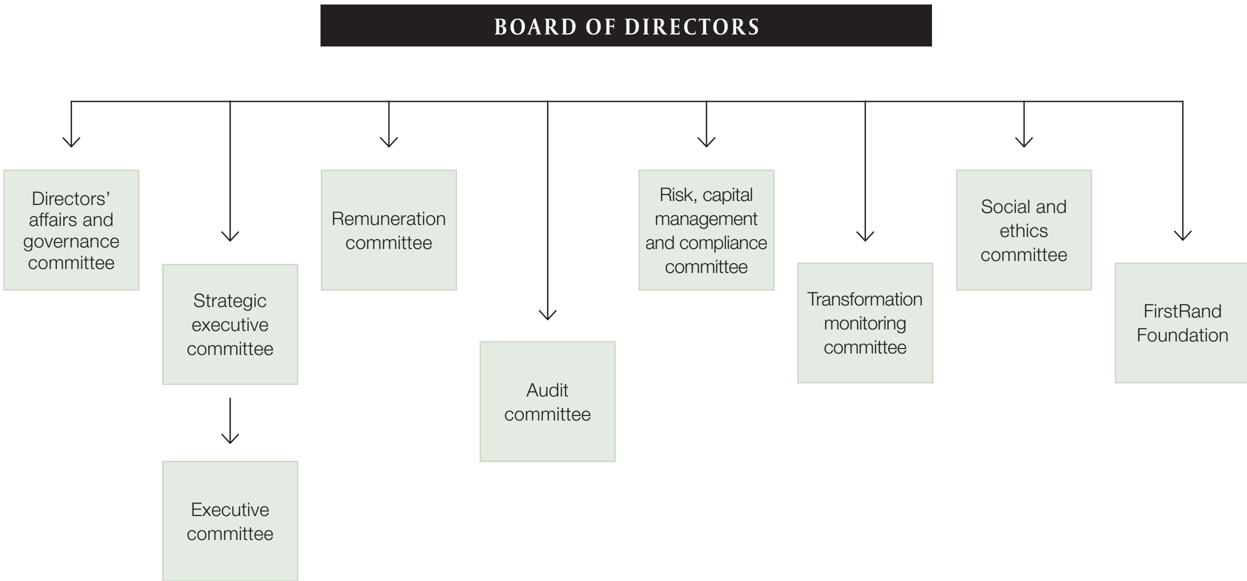
CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

FirstRand's board of directors oversees implementation of the highest standards of corporate governance at all operations.

GOVERNANCE STRUCTURE

Each board committee has a clearly defined set of responsibilities supporting the long-term success of the group.

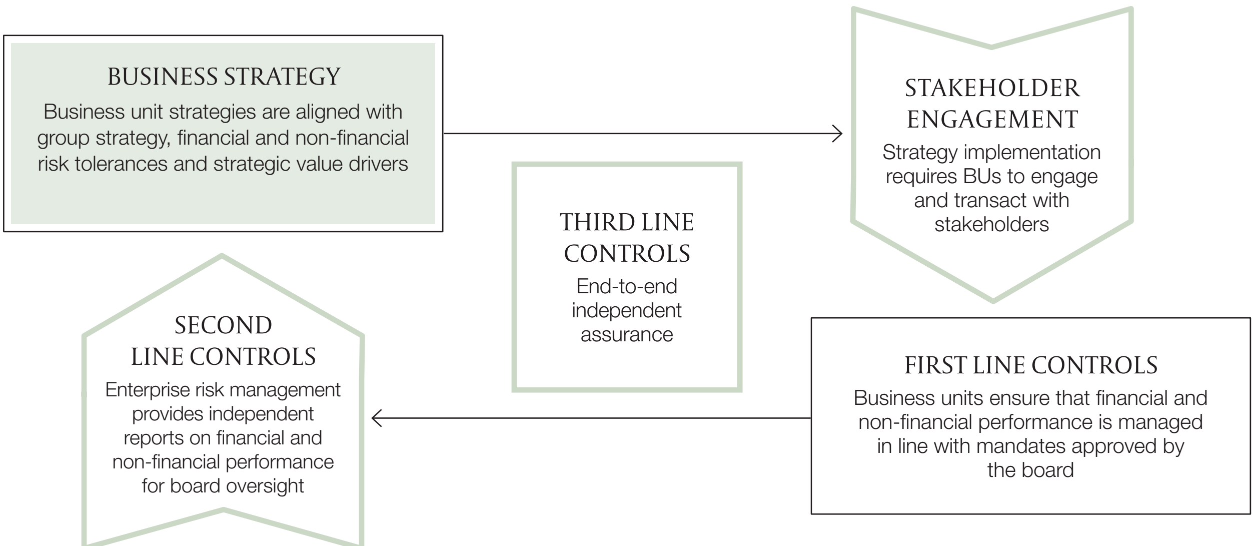


The board is assisted by FirstRand's strategic executive committee, which is the custodian of the group's strategy and allocation of financial resources within the board-approved risk/reward framework. The committee is chaired by FirstRand's CEO and is composed of the deputy CEO, financial director and the CEOs of FNB, RMB and WesBank.

ECONOMIC IMPACT

During the year the board oversaw the creation of over R90.1 billion of economic value for the group's stakeholders.

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 can impact the group's strategies and objectives.

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

BOARD OF DIRECTORS

During the year ended 30 June 2015 FirstRand's board comprised **21 members**. *18 of FirstRand's directors were non-executive, 11 of whom were independent. The roles of the chairman and CEO are separate and the* **composition of the board** *ensures a* **balance of authority** *precluding any one director from exercising* **disproportionate powers** *of* **decision making.**

BOARD ATTENDANCE

	Sep 2014	Nov 2014	Feb 2015	April 2015	May 2015
LL Dippenaar*	✓	✓	✓	✓	✓
SE Nxasana**	✓	✓	✓	✓	✓
JP Burger**	✓	✓	✓	✓	✓
HS Kellan**	✓	✓	✓	✓	✓
VW Bartlett#	✓	✓	✓	✓	A
JJH Bester# (retired December 2014)	✓	✓	–	–	–
MS Bomela*	✓	✓	✓	✓	✓
P Cooper*	✓	✓	✓	A	✓
L Crouse*	✓	✓	✓	✓	✓
JJ Durand*	✓	✓	✓	✓	✓
GG Gelink#	✓	✓	✓	✓	✓
PM Goss#	✓	✓	✓	✓	✓
NN Gwagwa#	✓	✓	✓	✓	A
PK Harris*	✓	A	✓	✓	✓
WR Jardine#	✓	✓	✓	✓	✓
RM Loubser# (appointed September 2014)	–	✓	✓	✓	✓
EG Matenge-Sebesho#	✓	✓	✓	✓	✓
AT Nzimande*	✓	✓	✓	✓	✓
D Premnarayen#	✓	A	✓	✓	✓
KB Schoeman*	✓	✓	✓	A	A
BJ van der Ross#	✓	A	✓	✓	✓
JH van Greuning#	✓	✓	✓	✓	✓

* *Non-executive director.*
** *Executive director.*
\# *Independent non-executive director.*
A *Apologies tendered and accepted.*

DEFINITION OF INDEPENDENCE

For the purpose of this integrated report directors are defined as follows:

- executive directors are employed by, or contracted to, FirstRand Limited or any company in the group. This includes directors participating in share incentive schemes;
- non-executive directors are those who represent FirstRand's BEE partners and those who are also directors of RMB Holdings or Remgro Limited and are not classified in that company as independent; and
- all other directors are classified as independent non-executive directors. This includes those directors who participated in the FirstRand black non-executive directors' share trust established as part of FirstRand's BEE transaction.

The board is satisfied that these classifications do not conflict with those of sections 3.84(f) of the JSE Listings Requirements.

SKILLS AND EXPERIENCE

LAURITZ LANSER (LAURIE) DIPPENAAR (66)
Non-executive chairman
MCom, CA(SA)
Appointed July 1992

SIZWE ERROL NXASANA (58)
Chief executive officer
BCom, BCompt (Hons), CA(SA)
Appointed January 2006

JOHAN PETRUS BURGER (56)
Deputy chief executive officer
BCom (Hons), CA(SA)
Appointed January 2009

HETASH (HARRY) SURENDRAKUMAR KELLAN (43)
Financial director
BCom, BCom (Hons), CA(SA)
Appointed January 2014

VIVIAN WADE (VIV) BARTLETT (72)
Independent non-executive director
AMP (Harvard), FIBSA
Appointed May 1998

JURIE JOHANNES HUMAN BESTER (73)
Independent non-executive director
BSc Eng Elect (Pret), ISMP (Harvard)
Appointed July 2010
Retired December 2014

MARY SINA BOMELA (42)
Non-executive director
BCom (Hons), CA(SA), MBA
Appointed September 2011

PETER COOPER (59)
Alternate non-executive director
BCom (Hons), HDip Tax, CA(SA)
Appointed July 2013

LEON CROUSE (62)
Non-executive director
CA(SA)
Appointed September 2008

JAN JONATHAN (JANNIE) DURAND (48)
Non-executive director
BAcc (Hons), MPhil (Oxon), CA(SA)
Appointed October 2012

GRANT GLENN GELINK (65)
Independent non-executive director
BCompt (Hons), BCom (Hons), CA(SA)
Appointed January 2013

PATRICK MAGUIRE (PAT) GOSS (67)
Independent non-executive director
BEcon (Hons), BAccSc (Hons), CA(SA)
Appointed May 1998

NOLULAMO NOBAMBISWANO (LULU) GWAGWA (56)
Independent non-executive director
BA (Fort Hare), MTRP (Natal), MSc (cum laude) (London), PhD (London)
Appointed February 2004

PAUL KENNETH HARRIS (65)
Non-executive director
MCom
Appointed July 1992

WILLIAM RODGER (ROGER) JARDINE (49)
Independent non-executive director
BSc (Physics), MSc (Radiological Physics)
Appointed July 2010

RUSSELL MARK LOUBSER (65)
Independent non-executive director
BCom (Hons) (Accounting), MCom (Statistics), CA(SA)
Appointed September 2014

ETHEL GOTHATAMODIMO MATENGE-SEBESHO (60)
Independent non-executive director
MBA (Brunel), CAIB (SA)
Appointed July 2010

AMANDA TANDIWE (TANDI) NZIMANDE (45)
Non-executive director
BCom, CTA (UCT), CA(SA), HDip Co Law (Wits)
Appointed February 2008

DEEPAK PREMNARAYEN (69)
Independent non-executive director
BA Economics (Hons) India
Appointed January 2009

KGOTSO BUNI SCHOEMAN (51)
Non-executive director
BA Economics, Advanced Financial Management Diploma, Cambridge Advanced Leadership Programme
Appointed May 2008

BENEDICT JAMES VAN DER ROSS (68)
Independent non-executive director
Dip Law (UCT)
Appointed May 1998

JAN HENDRIK (HENNIE) VAN GREUNING (62)
Independent non-executive director
DCom (Economics), DCompt (Accounting Science), CA(SA), CFA
Appointed January 2009

DIRECTORS' AFFAIRS AND GOVERNANCE COMMITTEE

WR Jardine | Chairman

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.

2015 IN REVIEW

QUARTER ONE

- Reviewed outcomes of annual corporate governance effectiveness survey and recommended SARB governance submission to the board
- Reviewed performance of the social and ethics committee structures, with a focus on responsible business practices
- Conducted technical director training on cyber security and information risk

QUARTER TWO

- Approved 2015 group corporate governance objectives and plan
- Conducted technical director training on capital adequacy and disaster recovery

QUARTER THREE

- Considered executive succession planning proposals and approved process for leadership changes
- Constituted a nominations committee composed of non-executive directors and chaired by an independent non-executive director, to consider non-executive succession planning
- Conducted technical director training on Basel III and new regulatory developments

QUARTER FOUR

- Considered nominations committee recommendations
- Considered the outcomes of individual director performance assessments, including a special review of directors serving for nine years or more
- Conducted technical director training on model risk, group internal audit processes and group insurance programmes

AT EVERY MEETING

- Considered reports from the social and ethics committee, with specific focus on responsible business conduct

Directors' interests

The closed periods commence on 1 January and 1 July and are in force until the announcement of the interim and year end results. Closed periods also include any period where the company is trading under cautionary or where participants have knowledge of price sensitive information. Similar prohibitions exist in respect of trading in RMB Holdings Limited shares because of the relative importance of FirstRand in the earnings of RMB Holdings Limited. All directors' dealings require the prior approval of the chairman and the company secretary retains a record of all such share dealings and approvals. Trading in securities by employees who are exposed to price sensitive information is subject to the group's personal account trading rules. It is not a requirement of the company's memorandum of incorporation or the board charter that directors own shares in the company.

ORDINARY SHARES (AUDITED)

	Direct beneficial (thousands)	Indirect beneficial (thousands)	Indirect via RMBH (thousands)	Total 2015 (thousands)	Percentage holding %	Total 2014 (thousands)
Executive directors and prescribed officers:						
SE Nxasana	6 169	464	–	**6 633**	0.12	6 169
JP Burger	504	5 913	1 670	**8 087**	0.14	8 154
HS Kellan	730	573	–	**1 303**	0.02	768
AP Pullinger	3 960	35	–	**3 995**	0.07	3 640
J Celliers	–	162	–	**162**	–	154
C de Kock	300	–	–	**300**	–	300
Non-executive directors:						
VW Bartlett	3 193	–	–	**3 193**	0.06	3 193
JJH Bester (retired December 2014)	–	–	–	**–**	–	20
P Cooper	1 731	891	5 127	**7 749**	0.14	7 749
LL Dippenaar	1 377	1 728	101 942	**105 047**	1.87	105 047
GG Gelink	102	–	–	**102**	–	30
PM Goss	1	–	16 225	**16 226**	0.29	16 226
PK Harris	–	314	12 180	**12 494**	0.22	16 540
NN Gwagwa	355	–	–	**355**	–	–
EG Matenge-Sebesho	–	77	–	**77**	–	–
BJ van der Ross	463	–	–	**463**	0.01	–
RM Loubser	–	–	1 868	**1 868**	0.03	–
WR Jardine	–	463	11	**474**	0.01	–
Total	18 885	10 620	139 023	**168 528**	2.98	167 991

Directors' interests remained unchanged from the end of the financial year to the date of this report.

B PREFERENCE SHARES (AUDITED)

	Indirect beneficial (thousands)	Total 2015 (thousands)	Percentage holding %	Total 2014 (thousands)
Non-executive directors:				
VW Bartlett	–	**–**	–	16
LL Dippenaar	250	**250**	0.60	570
Total	**250**	**250**	**0.60**	**586**

Directors' interests remained unchanged from the end of the financial year to the date of this report.

REGULATORY REQUIREMENTS

The King III 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.

King III Chapter 2 – boards and directors

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 33.9% 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 III code, a lead independent non-executive director was formally appointed.

King III Chapter 3 – audit committees

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

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

FirstRand's audit committee is composed of six non-executive directors, five of whom are independent. One of the members, Leon Crouse, is not independent in terms of the JSE definition. The committee is, therefore, not composed exclusively of independent directors as recommended by King III. The board is of the opinion that his specialist skills, experience, knowledge of the group and the value that these bring to audit committee deliberations warrant his ongoing membership.

PROCEEDINGS AND PERFORMANCE REVIEW

The directors' affairs and governance committee (DAG) comprises all FirstRand's non-executive directors and is chaired by Roger Jardine, an independent non-executive director.

There is a clear policy in place detailing procedures for appointments to the board. Such appointments are formal and a matter for the board as a whole, assisted by the committee. Prior to the appointment of a new director, a nominations committee is appointed by DAG. This committee is responsible for interviewing the nominees for the role and making recommendations to DAG as to his or her suitability.

The nominations committee is constituted exclusively of non-executive directors, the majority of whom are independent, and is chaired by the chairman of DAG, who is also an independent director. When appointing directors the board takes cognisance of its needs in terms of different skills, experience, cultural diversity, size and demographics. During the year the nominations committee met three times.

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. 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. Reappointment to the committees is not automatic and is subject to the approval of the committee. When FirstRand directors retire by rotation they automatically retire from the committees on which they serve.

The directors are accountable and responsible for all the actions of board committees. This is emphasised during the induction training provided to new directors. Other ongoing training and education courses allow them to familiarise themselves with FirstRand's operations, the business environment, their fiduciary duties and responsibilities and the board's expectations in respect of their commitment and ethical behaviour.

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 DAG oversaw the necessary actions for ensuring compliance with this requirement.

The committee met four times during the year. Attendance was as follows.

	Sep 2014	Nov 2014	Feb 2015	May 2015
VW Bartlett	✓	✓	✓	✓
JJH Bester (retired December 2014)	✓	✓	–	–
MS Bomela	✓	✓	✓	✓
P Cooper	✓	✓	✓	✓
L Crouse	✓	✓	✓	✓
LL Dippenaar	✓	✓	✓	✓
JJ Durand	✓	✓	✓	✓
PM Goss	✓	✓	✓	✓
GG Gelink	✓	✓	✓	✓
NN Gwagwa	✓	✓	✓	A
PK Harris	✓	✓	✓	✓
WR Jardine – chairman	✓	✓	✓	✓
RM Loubser (appointed September 2014)	–	✓	✓	✓
EG Matenge-Sebesho	✓	✓	✓	✓
AT Nzimande	✓	✓	✓	✓
D Premnarayen	✓	A	✓	✓
KB Schoeman	✓	✓	✓	A
BJ van der Ross	✓	A	✓	✓
JH van Greuning	✓	✓	✓	✓

A – apologies tendered and accepted.

The committee chairman attends the annual general meeting.

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.

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 the directors; and
- has discharged her responsibilities for the period under review.

WR Jardine
Chairman, directors' affairs and governance committee

9 September 2015

REMUNERATION COMMITTEE

Pat Goss | Chairman

The relationship between bank compensation and bank performance is a topical issue. While the pay of top bankers often receives attention, it is the pay practices for all bank staff that really informs a bank's long-term success.

Remco's fundamental responsibility is to ensure alignment between sustainable value creation and the compensation of FirstRand's employees. The committee's focus is, therefore, to ensure proper calibration of the group's strategic objectives and compensation governance frameworks for all employees who deliver on these objectives.

The purpose of this report is to provide stakeholders with a clear understanding of the committee's activities during the year, and how these achieve alignment between the group's strategy and delivery on that strategy within the desired risk/return profile.

2015 IN REVIEW

QUARTER ONE

- Reviewed 2014 remuneration cycle variable pay pools, individual allocations and deferral structures
- Approved compensation packages based on group and individual performance in respect of the 2014 remuneration cycle

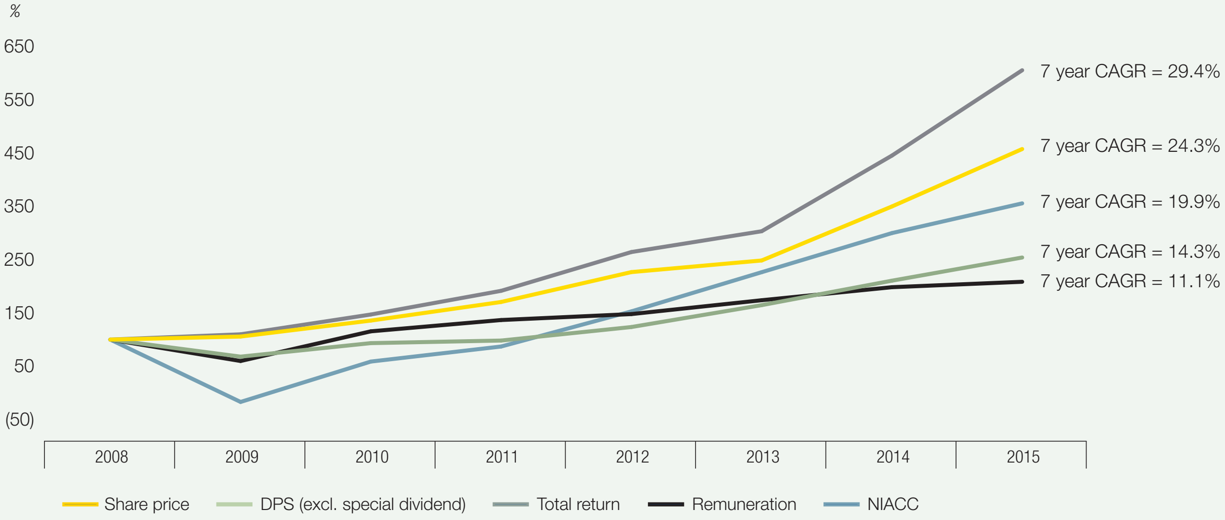
QUARTER TWO

- Reviewed remuneration governance processes, including for risk and control staff
- Considered reports on developments in compensation best practices

QUARTER THREE

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

EXECUTIVE REMUNERATION DELIVERS SUPERIOR VALUE CREATION



REMUNERATION ALIGNED TO PERFORMANCE MANAGEMENT FRAMEWORK

FirstRand's performance management framework ensures remuneration is fully aligned to the group's strategic objectives; namely:

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

The performance management framework requires that management produce positive net income after cost of capital (NIACC). In addition 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 paid for their investment at the prescribed level. Management only start to share thereafter.

Remco believes that the amount and mix of compensation applied during the year is commensurate with FirstRand's core purpose.

Guaranteed pay

Guaranteed pay is market related and reflects the responsibilities, skills and expertise of the individual 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.

Annual salary increases are determined using a bottom-up approach where business units propose overall salary increases based on individual employee performance and union negotiations. These proposals are moderated based on financial performance, risk and regulatory considerations first by franchise remuneration committees and second by the group remuneration committee, which approves the overall salary increases.

Performance-related

Performance awards recognise individual performance and overall contribution to business-unit performance. Measures include:

- ROE;
- earnings growth and NIACC;
- performance within overall group risk appetite;
- quality of earnings; and
- recognition for the establishment of a business, or turning an established business around, as apposed to benefiting from existing franchise value.

Individual performance is assessed at least once a year based on objectives of each individual role. Where appropriate, qualitative feedback is also provided by 360 degree performance appraisals by an individual's peers – including senior and junior peers.

The size of the variable compensation pool and its allocation within the group takes current and potential future risks into account. These include:

- the cost and quantum of capital required to support risks taken;
- liquidity risk assumed in the conducting of business; and
- consideration of the timing and certainty of the realisation of accrued, but as yet unrealised, accounting profits included in current earnings.

Performance management aims to empower rather than discipline and control. Examples of soft measures include teamwork, client-focus, innovation, progress implementing key control projects and delivery on socioeconomic development objectives. Hard measures include, NIACC, ROE, audit findings and operational losses.

Long-term incentives

These are aimed at retaining key management resources as well as aligning their interests with those of shareholders and other stakeholders.

In order to link compensation to the time horizon of risk assumed by the group, the vesting of long-term incentives is subject to corporate performance targets (CPTs) measured on a cumulative basis over a three-year period. If performance conditions are not satisfied allocations are forfeited.

CPTs for the group's long-term incentive schemes are clearly defined in the schedule in note 31 of the annual integrated report. These criteria are set by the committee for each annual award and are not adjusted retrospectively.

In instances where CPTs are not met the committee has the discretion to determine partial vesting.

Remco is of the view that long-term initiatives encourage behaviour that is consistent with effective risk management and clawback arrangements, therefore, do not exist post vesting. The group's current long-term incentives use share-linked instruments and, therefore, do not require the allocation of shares.

The committee has the discretion to determine the total amount of long-term incentive awards made to any employee. At 30 June 2015, no employee's participation in the group's long-term incentive schemes exceeded 2% of the total number of shares awarded in terms of the schemes to ensure that the schemes do not incentivise inappropriately risky behaviour.

2015 CPTs (matures in 2018)

FirstRand must 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. In addition, ROE must be equal to or greater than COE +5% over the three-year performance period.

If real GDP growth is in the 1% to 1.5% range, as is expected by many economists, then the group's cumulative performance target is approximately double real GDP growth given the three-year measurement period.

These CPTs apply to the allocation made during September 2015 (which will be disclosed in the FY2016 annual integrated report).

FORWARD-LOOKING MEASURES

The chairman of FirstRand's risk, capital management and compliance committee has provided formal confirmation that the risk element of the compensation policy has been considered and does not encourage inappropriate risky behaviour.

INTERNAL PAY DIFFERENTIALS

In his chairman's statement, Laurie Dippenaar highlights that an economy's best defence against income inequality is to promote job creation and economic growth through profitable enterprise. Within this context the committee has overseen deliberate measures to ensure that compensation is appropriately aligned with economic productivity for all of the group's employees.

Benchmarking of guaranteed pay relative to the requirements of different levels of work has been conducted across the group in consultation with employee representatives. Specific projects have been undertaken to enable outcomes-based compensation (OBC) for parts of the business requiring large volumes of clerical or procedural levels of work.

Over 13 000 employees participate in the group's 16 OBC schemes.

Complementary human capital development projects exist to enable the growth of employees who demonstrate potential for increasing their value-add.

Compensation principles applied for all levels of work include:

- guaranteed pay commensurate with the volume of work, the level or responsibility and individual value-add within the role; and
- OBC-based on performance measured after adjusting for the level of risk assumed 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 substantial portion of compensation is deferred. Remco is of the view that these measures will ensure the proper alignment of compensation for all employees with the sustainability of the business.

2015 DEFERRAL STRUCTURE

<table>
<tr><th rowspan="2">Performance payment</th><th rowspan="2">Deferred conditional awards</th><th colspan="4">Payment date</th></tr>
<tr><th>Aug 2015</th><th>Dec 2015</th><th>Jun 2016</th><th>Sep 2017</th></tr>
<tr><td>≤ R500k</td><td rowspan="2">No</td><td>100%</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>> 500k to ≤ R1.5 million</td><td rowspan="4">R500k + 33% of balance of cash portion</td><td rowspan="4">33% of balance of cash portion</td><td rowspan="4">33% of balance of cash portion</td><td>–</td></tr>
<tr><td>> R1.5 million to < R5 million</td><td>30% – 50% of amount above R1.5 million</td><td rowspan="3">Qualifying awards vest</td></tr>
<tr><td>> R1.5 million (all employees earning variable compensation above R5 million)</td><td>40% of amount above R1.5 million</td></tr>
<tr><td>> R15 million (FirstRand and franchise Exco members only)</td><td>50% of amount above R1.5 million</td></tr>
</table>

Performance criteria for deferred portions of variable pay include:

- the continued profitability of the relevant business unit, franchise and group;
- that individual performance has been maintained; and
- that the group has not received notice of, or termination of service for any reason whatsoever, either by the employee or the group, before the due date of any of the variable pay.

MATERIAL RISK TAKERS

Material risk takers are defined with reference to their influence over the activities of the group or a part thereof and the relationship between this and risk assumed in the course of conducting business. Remco defines material risk takers and control staff as the group's executive officers as defined in the South African Banks Act and the group heads of risk and control functions.

In terms of the Companies Act 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 CEO, deputy CEO, financial director and the CEOs of the group's operating franchises (FNB, RMB and WesBank).

MANAGEMENT OF RISK

Risk and compliance personnel 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 of the remuneration committee, 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. These fees vary depending on the role of the committee. Non-executive directors do not participate in normal long-term incentive schemes. Fees paid to non-executive directors are based on current market practice. The fees are reviewed by the directors' affairs and governance committee and are approved in advance by shareholders at the annual general meeting.

Following a comprehensive industry benchmarking exercise, the committee oversaw refinements to non-executive directors fees based on the following core principles:

- industry-related annual retainers for the FirstRand board and committees;
- a ratio of two hours of preparation for every one hour of meeting;
- two x fees for committee chairmen;
- USD retainers for foreign domiciled directors based on approximately 2.75 times the standard rates; and
- a special *ad hoc* rate for highly specialised additional work at the request of the board.

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

ATTENDANCE DURING THE YEAR

	July 2014	April 2015	May 2015
VW Bartlett	✓	✓	✓
JJH Bester (retired December 2014)	✓	–	–
LL Dippenaar	✓	✓	✓
JJ Durand	✓	✓	✓
PM Goss (chairman)	✓	✓	✓
RM Loubser (appointed December 2014)	–	✓	✓
AT Nzimande	✓	✓	✓
BJ van der Ross	✓	A	✓

A – apologies tendered and accepted.

The chairman of the committee attends the annual general meeting.

FirstRand's compensation policies for the next 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

9 September 2015

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' EMOLUMENTS (AUDITED)

	2015			2014		
	Services as directors			Services as directors		
R thousand	**FSR**	**Group**	**Total**	**FSR**	**Group**	**Total**
Non-executive directors						
LL Dippenaar (chairman)	**4 463**	**237**	**4 700**	3 833	158	3 991
VW Bartlett[1]	**952**	**185**	**1 137**	855	254	1 109
JJH Bester[1] (retired December 2014)	**638**	**1 269**	**1 907**	1 504	2 235	3 739
MS Bomela	**798**	**232**	**1 030**	754	79	833
P Cooper (alternate to PK Harris)	**291**	**195**	**486**	293	30	323
L Crouse	**972**	**97**	**1 069**	911	74	985
JJ Durand	**621**	**93**	**714**	581	50	631
GG Gelink[1]	**972**	**325**	**1 297**	915	117	1 032
PM Goss[1]	**810**	**269**	**1 079**	742	199	941
NN Gwagwa[1]	**623**	**220**	**843**	582	91	673
PK Harris	**486**	**48**	**534**	455	50	505
WR Jardine[1]	**637**	**111**	**748**	553	61	614
RM Loubser[1] (appointed September 2014)	**1 151**	**876**	**2 027**	–	–	–
EG Mantenge-Sebesho[1]	**740**	**495**	**1 235**	679	353	1 032
AT Nzimande	**690**	**195**	**885**	645	91	736
D Premnarayen[1,2]	**972**	**161**	**1 133**	910	122	1 032
KB Schoeman	**555**	**78**	**633**	535	61	596
BJ van der Ross[1]	**774**	**726**	**1 500**	669	755	1 424
JH van Greuning[1,3]	**2 695**	**2 800**	**5 495**	1 251	3 965	5 216
Total non-executive directors	**19 840**	**8 612**	**28 452**	16 667	8 745	25 412

1. Independent non-executive director.

2. Foreign-domiciled director paid in USD. 2015: $97 720 (2014: $99 416).

3. Foreign-domiciled director paid in USD. 2015: $495 519 (2014: $502 476).

PRESCRIBED OFFICERS' EMOLUMENTS (AUDITED)

R thousand	2009	2010	2011	2012	2013	2014	2015
SE Nxasana[1]							
Cash package paid during the year	4 427	5 101	6 220	6 614	7 037	7 522	**8 056**
Retirement contributions paid during the year	617	617	616	786	834	891	**955**
Other allowances[2]	–	93	97	81	68	75	**82**
Subtotal: guaranteed package	5 044	5 811	6 933	7 481	7 939	8 488	**9 093**
Performance related in respect of the year[3]	4 860	5 820	8 190	9 600	11 460	10 000	**12 915**
Portion of performance related deferred in share awards[4]	–	5 180	4 460	5 400	6 640	11 000	**11 415**
Subtotal: variable pay	4 860	11 000	12 650	15 000	18 100	21 000	**24 330**
Total guaranteed and variable pay	9 904	16 811	19 583	22 481	26 039	29 488	**33 423**
JP Burger[1]							
Cash package paid during the year	4 258	4 699	5 503	5 776	6 103	6 591	**7 040**
Retirement contributions paid during the year	692	698	679	866	915	981	**1 056**
Other allowances[2]	–	62	74	118	156	98	**119**
Subtotal: guaranteed package	4 950	5 459	6 256	6 760	7 174	7 670	**8 215**
Performance related in respect of the year[3]	4 590	5 520	7 470	8 760	10 440	9 000	**11 770**
Portion of performance related deferred in share awards[4]	–	4 480	3 980	4 840	5 960	10 000	**10 270**
Subtotal: variable pay	4 590	10 000	11 450	13 600	16 400	19 000	**22 040**
Total guaranteed and variable pay	9 540	15 459	17 706	20 360	23 574	26 670	**30 255**
AP Pullinger							
Cash package paid during the year	1 286	1 571	1 743	1 981	2 037	2 174	**2 322**
Retirement contributions paid during the year	333	298	330	339	407	556	**464**
Other allowances[2]	–	100	110	99	122	13	**133**
Subtotal: guaranteed package	1 619	1 969	2 183	2 419	2 566	2 743	**2 919**
Performance related in respect of the year[3]	1 050	11 280	13 416	11 400	13 200	15 000	**11 750**
Portion of performance related deferred in share awards[4]	–	6 520	7 944	6 600	7 800	9 000	**10 250**
Subtotal: variable pay	1 050	17 800	21 360	18 000	21 000	24 000	**22 000**
Total guaranteed and variable pay	2 669	19 769	23 543	20 419	23 566	26 743	**24 919**

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 71 of 2008 provisions relating to removal. Benefits derived by executive directors in terms of their long-term incentive schemes are disclosed on pages 86 to 89.

Cash package, retirement contributions and other allowances reflect what was paid to the prescribed officers during the year ended 30 June 2015 although the FirstRand remuneration cycle runs from 1 August to 31 July.

The cash variable pay and variable pay deferred in CIP awards for 2015 reflect the amounts that were allocated to the prescribed officer in respect of the year ended 30 June 2015, however, the cash portion will be paid in future periods in terms of the group's deferral structure shown on page 78.

1. *These prescribed officers in terms of the Companies Act 71 of 2008 are also executive directors. FirstRand defines its prescribed officers as members of group strategic executive committee: group CEO, group deputy CEO, financial director and the CEOs of the group's operating franchises (FNB, RMB and WesBank).*
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 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 integrated report.*

PRESCRIBED OFFICERS' EMOLUMENTS (AUDITED) continued

R thousand	2015	2014
Prescribed officers (effective 1 October 2013)		
HS Kellan[1,5]		
Cash package paid during the year	**4 493**	4 046
Retirement contributions paid during the year	**402**	362
Other allowances[2]	**108**	98
Subtotal: guaranteed package	**5 003**	4 506
Performance related in respect of the year[3]	**4 500**	4 416
Portion of performance related deferred in share awards[4]	**3 000**	1 944
Subtotal: variable pay	**7 500**	6 360
Total guaranteed and variable pay	**12 503**	10 866
J Celliers[5]		
Cash package paid during the year	**5 513**	4 901
Retirement contributions paid during the year	**551**	490
Other allowances[2]	**108**	122
Subtotal: guaranteed package	**6 172**	5 513
Performance related in respect of the year[3]	**5 950**	5 400
Portion of performance related deferred in share awards[4]	**4 450**	2 600
Subtotal: variable pay	**10 400**	8 000
Total guaranteed and variable pay	**16 572**	13 513
C de Kock[5]		
Cash package paid during the year	**3 098**	2 778
Retirement contributions paid during the year	**291**	266
Other allowances[2]	**69**	71
Subtotal: guaranteed package	**3 458**	3 115
Performance related in respect of the year[3]	**4 250**	4 200
Portion of performance related deferred in share awards[4]	**2 750**	1 800
Subtotal: variable pay	**7 000**	6 000
Total guaranteed and variable pay	**10 458**	9 115

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 71 of 2008 provisions relating to removal. Benefits derived by executive directors in terms of their long-term incentive schemes are disclosed on pages 86 to 89.

Cash package, retirement contributions and other allowances reflect what was paid to the prescribed officers during the year ended 30 June 2015 although the FirstRand remuneration cycle runs from 1 August to 31 July.

The cash variable pay and variable pay deferred in CIP awards for 2015 reflect the amounts that were allocated to the prescribed officer in respect of the year ended 30 June 2015, however, the cash portion will be paid in future periods in terms of the group's deferral structure shown on page 78.

1. *These prescribed officers in terms of the Companies Act 71 of 2008 are also executive directors. FirstRand defines its prescribed officers as members of the group strategic executive committee: group CEO, group deputy CEO, financial director and the CEOs of the group's operating franchises (FNB, RMB and WesBank).*
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 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 integrated report.*
5. *Prescribed officer appointed 1 October 2013. Emoluments include earnings in prior role from 1 July 2013 to 30 September 2013.*

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.

R thousand	2015	2014
JP Burger	**5 387**	6 222
SE Nxasana	**1 064**	1 376
A Pullinger	**6 384**	8 255

AGGREGATE COMPENSATION DISCLOSURES

	2015
Employees receiving variable awards (number of employees)	
Employees receiving variable compensation	**22 745**
Employees receiving union agreed variable compensation[1]	**19 529**
Total variable awards	**42 274**
Employees receiving sign-on and severance (number of employees)	
Sign-on awards granted	**109**
Severance awards	**154**
Total sign on and severance awards	**263**
Sign on and severance (R million)	
Value of sign-on awards granted	**22**
Value of severance awards	**75**
Total value of sign-on and severance awards	**97**
Portion of 2015 compensation not deferred (R million)	
Guaranteed compensation	**13 735**
Union agreed variable compensation[1]	**282**
Variable compensation[2]	**3 472**
Vested share-based long term incentives (LTIs) exercised and paid[3]	**1 936**
Total value of not deferred compensation	**19 425**
Portion of 2015 compensation deferred (R million)	
2nd and 3rd cash tranches of variable compensation[5]	**805**
Portion of 2015 variable compensation deferred in shares[5]	**356**
Total value of deferred compensation	**1 161**
Cumulative outstanding deferred compensation at 30 June 2015[4,7] (R million)	
2015 share-based LTI award	**1 224**
2nd and 3rd cash tranches of variable compensation	**805**
Portion of variable compensation deferred (cumulative 2013 and 2014)	**502**
Share-based LTI awards	**–**
Share-linked LTI awards (cumulative 2012, 2013 and 2014)	**2 703**
Total cumulative outstanding deferred compensation	**5 234**
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. Refer to page 77 for detailed disclosure of the group's vesting criteria.*
4. *All deferred compensation is subject to clearly defined performance criteria to ensure alignment of employee remuneration with company performance. Refer to page 78 for a detailed description of the group's deferral policy.*
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 as set out in the vesting criteria on page 77.*

PRESCRIBED OFFICERS' OUTSTANDING LONG-TERM INCENTIVES (AUDITED)

	FY2005		FY2012 (CSP allocation made in September 2011)	FY2013 (CIP allocation made in September 2012)	
	FirstRand black non-executive directors scheme	**FirstRand black employee scheme**	**CSP**	**Bonus deferral CIP**	**CIP**
SE Nxasana					
Opening balance (number of shares)	1 000 000	1 000 000	576 567	194 325	432 604
Strike price (cents)	12.28	14.91	–	–	–
Vesting date	31/12/2014	31/12/2014	13/09/2014	11/09/2014	11/09/2015
Granted/taken up this year (number of shares)	(1 000 000)	(1 000 000)	(576 567)	(194 325)	–
Closing balance (number of shares)	–	–	–	–	432 604
Benefit derived during FY2015 (rand)	39 415 004	35 629 735	25 357 417	9 661 191	–
JP Burger					
Opening balance (number of shares)	–	–	461 870	174 173	346 545
Strike price (cents)	–	–	–	–	–
Vesting date	–	–	13/09/2014	11/09/2014	11/09/2015
Granted/taken up this year (number of shares)	–	–	(461 870)	(174 173)	–
Closing balance (number of shares)	–	–	–	–	346 545
Benefit derived during FY2015 (rand)	–	–	20 313 043	8 659 301	–
AP Pullinger					
Opening balance (number of shares)	–	–	359 232	237 508	269 895
Strike price (cents)	–	–	–	–	–
Vesting date	–	–	13/09/2014	11/09/2014	11/09/2015
Granted/taken up this year (number of shares)	–	–	(359 232)	(237 508)	–
Closing balance (number of shares)	–	–	–	–	269 895
Benefit derived during FY2015 (rand)	–	–	15 799 023	11 808 106	–

Definitions:

APR – share appreciation rights
CIP – conditional incentive plan
CSP – conditional share plan

FY2014 (CIP allocation made in September 2013)			FY2015 (CIP allocation made in September 2014)		
Bonus deferral CIP	**CIP**	**CIP**	**Bonus deferral CIP**	**Special three-year bonus deferral CIP**	**CIP**
214 916	435 820	–	**–**	**–**	**–**
–	–	–	**–**	**–**	**–**
10/09/2015	15/09/2016	–	**13/09/2016**	**12/09/2017**	**12/09/2017**
–	–	–	**243 051**	**15 909**	**324 363**
214 916	435 820	–	**243 051**	**15 909**	**324 363**
–	–	–	**–**	**–**	**–**
192 907	349 563	87 895	**–**	**–**	**–**
–	–	–	**–**	**–**	**–**
10/09/2015	15/09/2016	01/10/2016	**13/09/2016**	**12/09/2017**	**12/09/2017**
–	–	–	**220 956**	**15 025**	**260 728**
192 907	349 563	87 895	**220 956**	**15 025**	**260 728**
–	–	–	**–**	**–**	**–**
252 462	242 752	–	**–**	**–**	**–**
–	–	–	**–**	**–**	**–**
10/09/2015	15/09/2016	–	**13/09/2016**	**–**	**12/09/2017**
–	–	–	**198 860**	**–**	**204 384**
252 462	242 752	–	**198 860**	**–**	**204 384**
–	–	–	**–**	**–**	**–**

PRESCRIBED OFFICERS' OUTSTANDING LONG TERM INCENTIVES (AUDITED) continued

	FY2005		FY2012 (CSP allocation made in September 2011)
	FirstRand black non-executive directors scheme	**FirstRand black employee share scheme**	**CSP**
Prescribed officers (effective 1 October 2013)			
HS Kellan[1]			
Opening balance (number of shares)	–	1 197 500	174 484
Strike price (cents)	–	17.71	–
Vesting date	–	31/12/2014	13/09/2014
Granted/taken up this year (number of shares)	–	(1 197 500)	(174 484)
Closing balance (number of shares)	–	–	–
Benefit derived during FY2015 (rand)	–	38 980 992	7 673 806
J Celliers[1]			
Opening balance (number of shares)	–	–	82 111
Strike price (cents)	–	–	–
Vesting date	–	–	13/09/2014
Granted/taken up this year (number of shares)	–	–	(82 111)
Closing balance (number of shares)	–	–	–
Benefit derived during FY2015 (rand)	–	–	3 611 242
C De Kock[1]			
Opening balance (number of shares)	–	–	184 748
Strike price (cents)	–	–	–
Vesting date	–	–	13/09/2014
Granted/taken up this year (number of shares)	–	–	(184 748)
Closing balance (number of shares)	–	–	–
Benefit derived during FY2015 (rand)	–	–	8 125 217

1. Prescribed officer appointed 1 October 2013.

Definitions:

APR – share appreciation rights

CIP – conditional incentive plan

CSP – conditional share plan

FY2013 (CIP allocation made in September 2012)		FY2014 (CIP allocation made in September 2013)			FY2015 (CIP allocation made in September 2014)	
Bonus deferral CIP	**CIP**	**Bonus deferral CIP**	**CIP**	**CIP**	**Bonus deferral CSP**	**CIP**
26 000	136 747	49 198	67 700	161 835	**–**	**–**
–	–	–	–	–	**–**	**–**
11/09/2014	11/09/2015	10/09/2015	01/06/2016	15/09/2016	**13/09/2016**	**12/09/2017**
(26 000)	–	–	–	–	**42 954**	**121 526**
–	136 747	49 198	67 700	161 835	**42 954**	**121 526**
1 292 633	–	–	–	–	**–**	**–**
28 789	143 944	45 314	135 400	226 569	**–**	**–**
–	–	–	–	–	**–**	**–**
11/09/2014	11/09/2015	10/09/2015	01/06/2016	15/09/2016	**13/09/2016**	**12/09/2017**
(28 789)	–	–	–	–	**57 449**	**181 184**
–	143 944	45 314	135 400	226 569	**57 449**	**181 184**
1 431 293	–	–	–	–	**–**	**–**
37 786	134 948	40 135	–	145 651	**–**	**–**
–	–	–	–	–	**–**	**–**
11/09/2014	11/09/2015	10/09/2015	–	15/09/2016	**13/09/2016**	**12/09/2017**
(37 786)	–	–	–	–	**39 772**	**154 669**
–	134 948	40 135	–	145 651	**39 772**	**154 669**
1 878 594	–	–	–	–	**–**	**–**

AUDIT COMMITTEE

Hennie van Greuning | Chairman

The committee can confirm that the financial and risk management information contained in the integrated report accurately reflects the information reported to it by management and has no reason to believe that the existing internal controls, including internal financial controls, do not form a sound basis for the preparation of reliable financial statements. The committee's opinion in this regard is supported by the reports received from the risk committee, external audit, internal audit and executive management.

2015 IN REVIEW

QUARTER ONE

- Evaluated the performance and effectiveness of the external auditors
- Satisfied itself with respect to the expertise and experience of the financial director and the finance function
- Assessed the performance of the chief audit executive and the internal audit function
- Reviewed the management representation letter for the year ended 30 June
- Reviewed a documented assessment, including key assumptions of the going concern assertion
- Reviewed and approved the annual integrated report for recommendation to the board
- Reviewed and approved shareholder documents and interim/annual financial statements
- Reviewed the report on the internal control and going concern aspect of FirstRand, in terms of regulation 40(4) of Banks Act regulations
- Reviewed the annual corporate governance assessments in terms of regulation 39(18) of the Banks Act regulations

QUARTER TWO

- Considered the audit results of the Banks Act regulatory returns
- Discussed the response to the SARB trilateral meeting

QUARTER THREE

- Reviewed the external audit engagement letter, audit plan and budgeted audit fees for the 2015 financial year
- Determined the nature and extent of all non-audit services provided by the independent auditors and approved non-audit services undertaken
- Reviewed and approved shareholder documents and interim/annual financial statements

QUARTER FOUR

- Considered industry trends updates from the external auditors
- Approved the internal audit plan for the coming year
- Conducted special technical accounting updates and training

AT EVERY MEETING

Received the following quarterly reports:

- internal audit
- combined assurance
- financial trends
- updates from the risk, capital and compliance committee
- franchise audit committee chairmen's reports

Auditor independence

The committee has satisfied itself that the external auditors 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 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 the audit firms;
- previous appointments of the auditors;
- extent of other work undertaken by the auditors for the group; and
- tenure of the auditors and the rotation of the lead partners.

Based on the evaluations conducted, the committee nominated PricewaterhouseCoopers and Deloitte & Touche as the independent auditors at the annual general meeting, and ensured that the appointments complied with all legal and regulatory requirements.

Relationship with other governance committees

FirstRand's audit committee works closely with the group's risk, capital management and compliance committee to identify common risk and control themes and achieve synergy between assurance processes, thereby ensuring that, where appropriate, these functions 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 audit committee oversees information governance holistically and provides a comprehensive and transparent review of the effectiveness of the information governance mechanisms within the group. Based on the reports received, the audit committee is satisfied that the group is able to effectively manage its information resources.

OUTLOOK

Stakeholders are referred to the risk and capital management report for a detailed review of the group's information risk governance processes.

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

The audit committee is aware of the forthcoming revisions to IFRS, in particular *IFRS 9 Financial Instruments*. 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. The committee will continue to liaise with management to understand the implications for the group processes, including any IT system or data configuration requirements, as well as to ensure the group's readiness for its implementation.

COMMITTEE EFFECTIVENESS

The audit committee confirms that it was able to carry out its work to fulfil its statutory mandate under normal and unrestricted conditions. The audit committee is satisfied that the assurance obtained during the meetings, corroborated by the review of the documentation deemed necessary and its own analyses sustain its conclusions reached for the 2015 year.

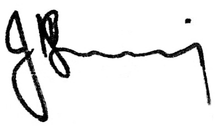
PROCEEDINGS AND PERFORMANCE REVIEW

The committee is composed of six non-executive directors, five of whom are independent. 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.

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

	Appointed	Sep 2014	Nov 2014	Dec 2014 (Trilateral)	Feb 2015	May 2015
VW Bartlett	Feb 2009	✓	✓	✓	✓	✓
JJH Bester	Retired Dec 2014	✓	✓	✓	–	–
L Crouse	July 2010	✓	✓	✓	✓	✓
GG Gelink	Jan 2013	✓	✓	✓	✓	✓
RM Loubser	Sept 2014	–	✓	✓	✓	✓
EG Matenge-Sebesho	July 2010	✓	✓	✓	✓	✓
JH van Greuning – chairman	Sept 2009	✓	✓	✓	✓	✓



JH van Greuning
Chairman, audit committee
Sandton

9 September 2015

SOCIAL AND ETHICS COMMITTEE

Hennie van Greuning | Chairman

The committee oversees efforts to promote responsible business practices based on performance in the following key areas: culture, conduct, platforms and monitoring.

During the year the committee met three times. From 2016 onward there will be four meetings a year.

2015 IN REVIEW

QUARTER ONE

Reviewed market conduct programme maturity with a focus on management oversight platforms

Considered effectiveness of market conduct management interventions along several product lines in order to ensure that the appropriate portfolios of evidence exist

QUARTER TWO

Reviewed the outcome of several culture risk assessments

Considered the group's positioning in respect of environmental, social and risk management disclosure

QUARTER THREE

Reviewed outcomes of special market conduct assessments conducted in the group

Considered the group's environmental, social and governance disclosures, including those relating to Equator Principles and carbon emissions

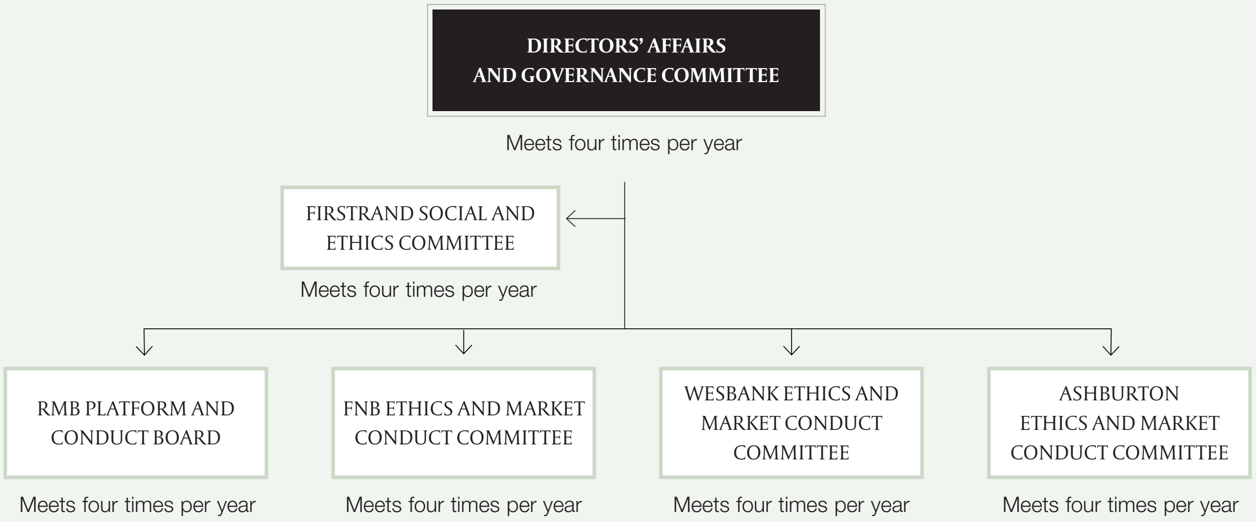
SOCIAL AND ETHICS OVERSIGHT FRAMEWORK

Culture	Strategy	Tone from the top
Conduct	Objectives and goals	Minimum operating standards
Management platforms	Enablers	Processes to enable efficient monitoring
Monitoring	Measurement	Compiling accurate and relevant portfolios of evidence

OVERSIGHT STRUCTURES

Significant progress has been made establishing group-wide ethics governance structures.

Franchise and African subsidiary committees are management committees consisting of the respective entities' executive management.



CULTURE AS A BUSINESS AND RISK MANAGEMENT ASSET

The committee endorses a risk philosophy which takes cognisance of the importance of ethical conduct.

Organisational culture is an important component of ensuring the robustness of the group's internal control environment. For this reason strategy and leadership and its intersect with culture is continuously evaluated.

CULTURE RISK ASSESSMENT

Culture risk assessments are conducted in every major business in the group at least every three years. These provide a proactive view into behavioural and operational risk that may exist. Culture risk assessment focuses on three elements – leadership, flow of information and attitudes towards customers.

LEADERSHIP	FLOW OF INFORMATION	CUSTOMERS
Active promotion of the FirstRand philosophy	Legitimising candour especially across hierarchies	Increased customer centricity embedded in strategy
Leadership development/ impact through others	Safe and effective reporting mechanisms	Strong customer centric goal setting in management
Stronger distinctions between strategic and operational layers	Better platform and inbuilt controls	Client service and conduct measurements and rewards

Seven major assessments were completed in the reporting period with a focus on FNB Africa.

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 committee oversees the translation of conduct provisions and minimum operating standards into policy. These provisions define the conduct expected by the group and its employees. Minimum operating standards describe controls used to assess performance. Programmes overseen during the year are organised according to three themes – business conduct, market conduct and the environment.

Business conduct of employees

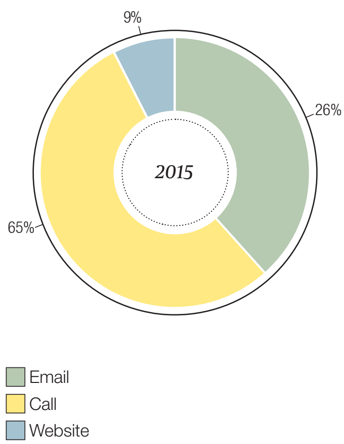
The committee oversaw several business conduct programmes. These programmes are applicable to all employees at all operations.

- **Encouraging safe and effective whistle blowing** – a new case management system was designed and adopted. Whistle blowers making use of the ethics line assisted the group in exposing theft, fraud and corruption, human resource abuses and policy contraventions.
- **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. R4 million was awarded during the year.
- The **declaration of interests** platform has been significantly enhanced. The declaration process was made paperless with employees able to making quick and convenient declarations of gifts and ownership interests.
- **The group continues to evaluate clients** based on a combination of regulatory, ethical and credit standards.

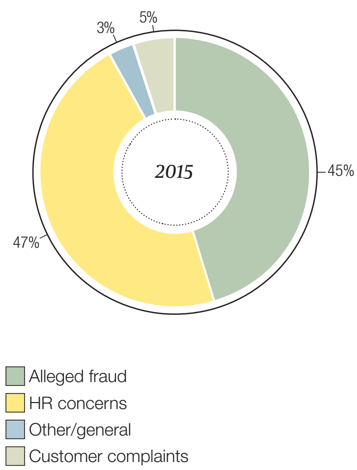
ETHICS LINE REPORTS

Number of reports	2015	2014	% change
Quarter 1	**41**	51	(20)
Quarter 2	**34**	88	(61)
Quarter 3	**50**	60	(17)
Quarter 4	**59**	35	69
Total	**184**	234	(21)

2015 REPORTS BY CHANNEL



2015 TYPES OF CASES



The majority of ethics line reports are received from FNB. Of the 184 ethics line calls reported above, 161 have been closed and 23 are pending further investigation.

Market conduct of employees

In addition to business conduct programmes the committee oversaw several market conduct initiatives.

- **Responsible competitive practice** training was provided using a customised electronic learning platform. Over 400 employees completed the e-learning programme during the year.
- **An ethical trading in financial markets policy** formally clarified the group's commitment to responsible trading in various financial markets.

The group's retail market conduct programme continues to mature and focuses on treating customers fairly (TCF). Compliance to TCF will be a result of a combination of ethical leadership, good regulatory advice, and efficient business process and information management.

The TCF programme incorporates FAIS and National Credit Act consideration under one holistic retail market conduct programme.

- Several thousand employees have been trained on TCF principles.

TREATING CUSTOMERS FAIRLY PROCESS

ETHICAL LEADERSHIP + GOOD REGULATORY ADVICE + EFFICIENT OPERATIONS AND MANAGEMENT INFORMATION = TCF COMPLIANCE

ENVIRONMENT

There are several environmental programmes overseen by the committee.

Equator Principles and ESRA (environmental and social risk assessment)

ESRA, which encompasses the application of the Equator Principles, entails the review of direct environmental and social risks that may be associated with the proposed activities of a client requesting financing.

The objectives of conducting ESRA reviews on transactions are:

- ensure the clients activities are in compliance with the group's environmental and social requirements;
- identify both risks and opportunities and to ensure that all relevant risks have been taken into account in providing finance or investment by the group; and
- avoid potential environmental liabilities that could affect the longevity of the client and/or the facility provided to the client.

ESRA RISK CLASSIFICATIONS

A	Activities with potential significant adverse social or environmental impact
B	Activities with potential limited adverse social or environmental impact
C	Activities with minimal or no social or environmental impact

The group is currently in the seventh year of implementation of ESRA processes. During the year, areas of focus included the expansion of the ESRA process into the group's subsidiaries in the rest of Africa. The rollout of this process is expected to take place over a three-year period, with priority determined by the size and maturity of the subsidiary.

Ecological footprint

Carbon consumption is calculated per franchise and reported internally to the franchise social and ethics committees, as well as externally in the Carbon Disclosure Project.

Electricity use contributes 88% of the group carbon footprint.

CARBON EMISSIONS

(Metric tonnes of CO_2 equivalents)	2015	2014	change
Scope 1 emissions			
Fuel use in generators	**997**	244	>100
Business fleet travel	**7 479**	7 468	0.1
Refrigerants	**1 844**	2 286	(19)
Scope 2 emissions			
Electricity	**268 557**	259 978	3
Scope 3 emissions			
Paper use	**2 336**	2 406	(3)
Business road travel	**11 287**	5 937	90
Business air travel	**12 627**	11 128	13
Fuel well to tank emissions	**1 743**	1 545	13
Electricity T&D losses	**9 857**	–	
Total carbon emissions	**316 727**	290 992	9
Total energy used (KWh – thousands)	**293 684**	282 553	4

2014 electricity figures have been restated to include FNB Africa to allow for a year-on-year comparison.

During the year the group's carbon footprint increased by 9%. This is principally attributed to:

- the addition of the new Portside, FNB Acacia House and the Pritchard Street buildings to the carbon footprint;
- an increase in diesel purchases due to electricity shortages. Diesel purchases for use in generators increased by 309% compared to the prior year;
- an increase in business road travel; and
- the addition of a new scope 3 category to account for electricity transmission and distribution (T&D) losses.

Green buildings are receiving priority. All new buildings are constructed in an energy efficient manner to reduce operational energy costs. The group seeks to achieve at least a 4 green star rating for all new buildings in terms of the Green Building Council of South Africa. Recent buildings include FNB Portside Building in Cape Town – 5 star; FNB Acacia House in Umhlanga – 4 star; and FNB Freedom Plaza, Windhoek Namibia – 4 star. These efforts help to minimise the ecological impact of the group as it expands.

PROCEEDINGS AND PERFORMANCE REVIEW

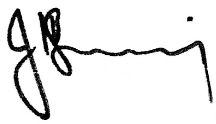
The committee is constituted as a subcommittee of FirstRand's directors affairs and governance committee in accordance with the statutory requirements set out in section 72 and regulation 43 of the Companies Act 71 of 2008. It is charged with promoting responsible business practices across the FirstRand group. The FirstRand social and ethics committee is constituted exclusively of non-executive directors, three of whom are independent. The CEO, deputy CEO and financial director attend meetings in an *ex officio* capacity. The group ethics officer is a permanent special advisor to the committee and is responsible for the preparations of the committee. The group head of regulatory risk management, human capital and the chief risk officers of the group's franchises are invited in an *ex officio* capacity as and when required.

The committee met three times during the year. Membership and attendance were as follows:

	Oct 2014	Feb 2015	May 2015
JH van Greuning – chairman	✓	✓	✓
MS Bomela	✓	✓	✓
NN Gwagwa	✓	✓	A
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

9 September 2015

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FIRSTRAND GROUP SUMMARISED ANNUAL FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2015

These summarised consolidated financial statements comprise a summary of the audited consolidated financial statements of the group for the year ended 30 June 2015. These summarised consolidated financial statements have been audited by the group's external auditors, PricewaterhouseCoopers Inc. and Deloitte & Touche. Their opinion on these summarised consolidated financial statements is on page 106.

The summarised consolidated financial statements are not the group's statutory financial statements and do not contain all the disclosures required by IFRS. Reading the summarised consolidated financial statements is not a substitute for reading the audited consolidated financial statements of the group, as they do not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group. The consolidated financial statements have been audited by the group's external auditors. Their unmodified audit report is available for inspection at the group's registered office.

The audited consolidated financial statements are available online at www.firstrand.co.za, or may be obtained from the company secretary.

BASIS OF PRESENTATION

FirstRand prepares its summarised consolidated financial statements in accordance with the requirements of the JSE Limited as set out in the *Guidance Letter: Summary of Financial Statements* (25 July 2011) which require the summarised consolidated financial statements to be prepared in accordance with:

- the framework concepts and the recognition and measurement requirements of IFRS, and also, as a minimum, contain the information required by *IAS 34 Interim Financial Reporting*;
- the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee;
- the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council; and
- the requirements of the Companies Act 71 of 2008, as amended, applicable to summarised financial statements.

The consolidated financial statements, from which the summarised consolidated financial statements are extracted, are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS, and are presented in South African Rand, which is the group's presentation currency. The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements are derived, are in terms of IFRS. A number of revised IFRS requirements became applicable to the group for the first time this year. No changes to the group's accounting policies were required in order to comply with the revised requirements.

The methods of computation are consistent in all material respects with those applied in the previous period.

The consolidated annual financial statements from which these summarised consolidated financial statements were derived were prepared by Jaco van Wyk, CA(SA), and approved by the board of directors on 9 September 2015 and signed on its behalf by:

LL Dippenaar
Chairman

SE Nxasana
Chief executive Officer

2 October 2015

DIRECTORS' RESPONSIBILITY STATEMENT

TO THE SHAREHOLDERS OF FIRSTRAND LIMITED

The board acknowledges its responsibility to ensure the integrity of the summarised consolidated financial statements.

The board has applied its mind to the summarised consolidated financial statements and believes that this document addresses all material issues and fairly presents the group's integrated performance and impacts.

The integrated report has been prepared in line with best practice and King III recommendations.

The integrated report was approved by the board and signed on 9 September 2015 on its behalf by:

LL Dippenaar
Chairman

SE Nxasana
Chief executive officer

2 October 2015

GROUP SECRETARY'S CERTIFICATION

DECLARATION BY THE COMPANY SECRETARY IN RESPECT OF SECTION 88 (2) (E) OF THE COMPANIES ACT.

I declare that, to the best of my knowledge, the company has lodged with the Commissioner of the Companies Intellectual Property Commission all such returns and notices as required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

C Low
Company secretary

Sandton

2 October 2015

INDEPENDENT AUDITOR'S REPORT ON SUMMARISED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF FIRSTRAND LIMITED

The accompanying summarised consolidated financial statements of FirstRand Limited, set out on pages 111 to 178, which comprise the summarised consolidated statement of financial position as at 30 June 2015, the summarised consolidated income statement, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of FirstRand Limited for the year ended 30 June 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 9 September 2015. Our auditor's report on the audited consolidated financial statements contained an other matter paragraph, Other reports required by the Companies Act (refer below). Those consolidated financial statements, and the summarised consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

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

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited as set out in the *Guidance Letter: Summary of Financial Statements* (25 July 2011), set out in the basis of presentation to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of FirstRand Limited for the year ended 30 June 2015 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited as set out in the *Guidance Letter: Summary of Financial Statements* (25 July 2011), set out in the basis of presentation to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report of 9 September 2015 states that as part of our audit of the consolidated financial statements for the year ended 30 June 2015, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

Deloitte & Touche

Deloitte & Touche
Per: Darren Shipp
Partner
Registered Auditor
Johannesburg

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Francois Prinsloo
Registered Auditor
Johannesburg

2 October 2015

DIRECTORS' REPORT

for the year ended 30 June

NATURE OF BUSINESS

FirstRand Limited is a public company and registered bank controlling company with a primary listing on the JSE Limited (JSE) (under Financial – Banks, share code: FSR) and a secondary listing on the Namibian Stock Exchange (NSX) (share code: FST). FirstRand Limited in the holding company of the FirstRand group of companies.

The FirstRand group provides banking, insurance and investment products and services to retail, commercial, corporate and public sector customers through its portfolio of market-leading franchises; First National Bank (FNB), the retail and commercial bank, Rand Merchant Bank (RMB), the corporate and investment bank, WesBank, an instalment finance provider, and Ashburton Investments, the group's recently-established investment management business. The FCC franchise represents group-wide functions.

Whilst the group is predominantly South African based, it has subsidiaries in in Namibia, Botswana, Zambia, Mozambique, Tanzania, Nigeria, Swaziland, Lesotho and Ghana. The bank has branches in India and the United Kingdom, and representative offices in Dubai, Kenya, Angola and China.

Refer to page 185 for a simplified group structure of the group.

INTEGRATED REPORT

The board acknowledges its responsibility for the integrity of this integrated report. Guidelines as provided by King III have been adopted in preparation of this integrated report. The board believes that this report fairly represents the performance of the group.

DIVIDENDS

Ordinary shares

The following ordinary cash dividends were declared in respect of the 2015 financial year.

	Year ended 30 June	
Cents per share	**2015**	**2014**
Interim (declared 6 March 2015)	**93.0**	77.0
Final (declared 9 September 2015)	**117.0**	97.0
Total	**210.0**	174.0

The salient dates for the final dividend are as follows:

Last day to trade cum-dividend	Friday 2 October 2015
Shares commence trading ex-dividend	Monday 5 October 2015
Record date	Friday 9 October 2015
Payment date	Monday 12 October 2015

Share certificates may not be dematerialised or rematerialised between Monday 5 October 2015 and Friday 9 October 2015, both days inclusive.

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

For South African shareholders who are subject to DWT, the net final dividend after deducting 15% tax will be 99.45000 cents per share.

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

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

B preference shares

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

Dividends declared and paid

	Preference dividends
Cents per share	**2015**
Period:	
27 August 2013 – 24 February 2014	**320.3**
25 February 2014 – 25 August 2014	**341.1**
26 August 2014 – 23 February 2015	**348.5**
24 February 2015 – 31 August 2015	**363.9**

SHARE CAPITAL

Details of FirstRand's authorised share capital as at 30 June 2015 are shown in note 3 in the summarised financial statements.

Ordinary share capital

There were no changes to authorised share capital.

The ordinary issued share capital changed from 5 637 941 689 to 5 609 488 001 as a result of the unwinding of the BEE transaction effective 31 December 2014 as follows:

- 63 873 702 ordinary shares of 1 cent each were reverted to authorised but unissued ordinary shares of the company in accordance with section 35(5) of the Act from the commencement of business on Friday, 2 January 2015, at a consideration of R48.92 per ordinary share, in terms of the company's share repurchase; and
- 35 420 014 ordinary shares were issued in the capital of the company resulting from an issue of shares for cash in terms of a general authority on 20 January 2015 at an issue price of R46 per share.

Preference share capital

There were no changes to authorised or issued preference share capital during the year.

SHAREHOLDER ANALYSIS

The following shareholders have a beneficial effective interest of 5% or more in FirstRand's issued ordinary shares.

%	2015	2014
RMB Holdings Limited	**34.1**	33.9
Public Investment Corporation	**9.2**	8.7
FirstRand empowerment trust and related parties	**5.0**	8.1
Financial Securities Limited (Remgro)	**3.9**	3.9

A further analysis of shareholders is set out on page 186.

EVENTS AFTER THE REPORTING PERIOD

The directors are aware of the following material events that have occurred between the date of the statement of financial position and the date of this report:

- WesBank, together with Hollard Insurance Company, formed a new holding company, whereby FirstRand will be the majority shareholder with 81.1% shareholding. The new holding company will acquire two entities, namely Motorite and SMART, conditional upon receiving approval from the applicable regulatory bodies.
- It is anticipated that during the 2016 financial year, Discovery Limited (Discovery) will subscribe for preference shares in FirstRand Bank Limited in the amount of R1.35 billion and increase its participation in DiscoveryCard to 74.99% with FirstRand retaining 25.01%.
- WesBank, has acquired the non-controlling interests in Direct Axis SA Proprietary Limited on 1 July 2015 for a total consideration of R1.335 billion. The transaction resulted in Direct Axis moving from a partly-owned to a wholly-owned subsidiary.

Other subsequent events

The directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of this report.

DIRECTORATE

Details of the board of directors are on pages 65 to 69.

BOARD CHANGES

Sizwe Errol Nxasana will resign as chief executive officer and executive director of FirstRand and FirstRand Bank with effect from 30 September 2015.

Johan Petrus Burger will be appointed as chief executive officer of FirstRand and FirstRand Bank in place of Sizwe Errol Nxasana with effect from 1 October 2015.

Alan Patrick Pullinger will be appointed deputy chief executive officer and executive director of FirstRand and FirstRand Bank with effect from 1 October 2015.

In addition to the above:

Paballo Joel Makosholo will be appointed as a non-executive director of FirstRand and FirstRand Bank with effect from 1 October 2015.

Kgotso Buni Schoeman will resign as a non-executive director of FirstRand and FirstRand Bank with effect from 30 September 2015.

Jurie Johannes Human Bester retired at the conclusion of the 2014 annual general meeting and did not offer himself for re-election.

DIRECTORS' AND PRESCRIBED OFFICERS' INTERESTS IN FIRSTRAND

Details of the directors' and prescribed officers' interests in the issued ordinary and preference shares of FirstRand have been disclosed in the *corporate governance report* (page 71).

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Details of directors' and prescribed officers' emoluments and their participation in share incentive schemes have been disclosed in the *corporate governance report* (pages 81 to 89). Further information relating to the determination of directors' and prescribed officers' emoluments, share option allocations and related matters are included in the *remuneration committee report* (pages 75 to 79).

AUDIT COMMITTEE REPORT

The *audit committee report* appears on pages 90 to 92.

MANAGEMENT BY THIRD PARTIES

The directors had no interest in any third party or company responsible for managing any of the business activities of the group except to the extent that they are shareholders in RMB Holdings, which together with Remgro, has significant influence over FirstRand.

DIRECTORS' INTEREST IN CONTRACTS

During the financial year, no contracts were entered into in which directors or officers of the company had an interest and which significantly affected the business of the group.

DISPOSALS

A number of private equity subsidiaries, associates and joint ventures were disposed of during the year. Further information is available in notes 14, 15 and 42 of the annual integrated report.

ACQUISITIONS

A number of private equity subsidiaries, associates or joint ventures were acquired during the year under review. Further information is available in note 14, 15 and 42 of the annual integrated report.

PROPERTY AND EQUIPMENT

There is no change in the nature of the property and equipment of the group or in the policy regarding their use during the year.

INSURANCE

The group protects itself against crime as well as professional indemnity by carrying large deductibles through a structured insurance risk financing programme. Levels of cover carried are commensurate with the size and stature of the group.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Interests in subsidiary, associate and joint venture companies, which are considered material in view of the group's financial position and its results, are included in notes 14, 15 and 41 of the annual integrated report.

COMPANY SECRETARY AND REGISTERED OFFICES

Mrs C Low is the company secretary. FirstRand's business and postal addresses appear on page 188. These addresses are also those of the registered offices.

SPECIAL RESOLUTIONS DURING 2015

The following special resolutions were passed by the company's ordinary shareholders at the AGM held on 2 December 2014, in accordance with the Companies Act:

1 Special resolution number 1

General authority to repurchase ordinary shares

Resolved the company and/or its subsidiaries be and are hereby authorised, in terms of a general authority, to acquire, as contemplated in section 48 of the Act, read with section 46, as amended, the company's issued shares from time to time on such terms and conditions and in such amounts as the directors may from time to time decide, but always subject to the approval, to the extent required, of the Registrar of Banks, the provisions of the Act, the Banks Act, the MOI and the Listings Requirements of the JSE and NSX.

2 Special resolutions number 2.1 to 2.3

Specific authorities to repurchase ordinary shares held by the FirstRand Black Employee Trust, the FirstRand Black Non-Executive Directors Trust and the FirstRand Staff Assistance Trust (together referred to as the trusts)

2.1 Resolved that the company be and is hereby authorised, by way of a specific authority, to approve the purchase, in terms of section 48 of the Act and as authorised by the MOI of the company, of a maximum of 62 000 000 FirstRand ordinary shares of 1 cent each from the FirstRand Black Employee Trust, Master's reference number IT3066/05, (FRBET), at no more than the thirty day volume weighted average price of a FirstRand ordinary share on 31 December 2014.

2.2 Resolved that the company be and is hereby authorised, by way of a specific authority, to approve the purchase, in terms of section 48 of the Act and as authorised by the MOI of the company, of a maximum of 9 000 000 FirstRand ordinary shares of 1 cent each from the FirstRand Black Non-Executive Directors Trust, Master's reference number IT3065/05, (FRBNEDT), at no more than the thirty day volume weighted average price of a FirstRand ordinary share on 31 December 2014.

2.3 Resolved that the company be and is hereby authorised, by way of a specific authority, to approve the purchase, in terms of section 48 of the Act and as authorised by the MOI of the company, of a maximum of 7 000 000 FirstRand ordinary shares of 1 cent each from the FirstRand Staff Assistance Trust, Master's reference number IT3067/05, (FRSAT), at no more than the thirty day volume weighted average price of a FirstRand ordinary share on 31 December 2014.

3 Special resolution number 3.1

Financial assistance to directors and prescribed officers as employee share scheme beneficiaries

Resolved that the directors may, subject to compliance with the requirements of the MOI, the Act and any other relevant legislation, the JSE and NSX, when applicable, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance (as contemplated in sections 44 and/or 45 of the Act) to, *inter alia*, any director or prescribed officer of the company or of a related or interrelated company on such terms and conditions as the directors may determine from time to time in order to facilitate the participation by such director or prescribed officer in any employee share incentive scheme, provided that nothing in this approval will limit the provision by the company of financial assistance that does not require approval by way of a special resolution of the shareholders in terms of sections 44 and/or 45 of the Act or falls within the exemptions contained in those sections.

4 Special resolution number 3.2

Financial assistance to related and interrelated entities

Resolved that the directors may, subject to compliance with the requirements of the MOI, the Act and any other relevant legislation, the JSE and NSX, when applicable, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance (as contemplated in sections 44 and/or 45 of the Act) to, *inter alia*, any related or interrelated company, trust or other entity on such terms and conditions as the directors may determine from time to time, provided that nothing in this approval will limit the provision by the company of financial assistance that does not require approval by way of a special resolution of the shareholders in terms of sections 44 and/or 45 of the Act or falls within the exemptions contained in those sections.

5 Special resolution number 4

Remuneration of non-executive directors

Resolved to approve as a special resolution in terms of section 66(9) of the Act that non-executive directors' remuneration (due to the applicable directors for services rendered by them in their capacities as such) be paid with effect from 2 December 2014 (schedule of fees not included, however can be located in the 2014 Notice of AGM).

LLDippenaar

LL Dippenaar
Chairman

SE Nxasana
Chief executive officer

9 September 2015

SUMMARISED CONSOLIDATED INCOME STATEMENT

for the year ended 30 June

R million	Notes	2015	2014
Interest and similar income		**58 960**	50 412
Interest expense and similar charges		**(23 339)**	(20 534)
Net interest income before impairment of advances		**35 621**	29 878
Impairment of advances	2	**(5 150)**	(5 252)
Net interest income after impairment of advances		**30 471**	24 626
Non-interest revenue		**37 421**	36 150
Income from operations		**67 892**	60 776
Operating expenses		**(38 692)**	(35 448)
Net income from operations		**29 200**	25 328
Share of profit of associates after tax		**1 085**	670
Share of profit of joint ventures after tax		**454**	257
Income before tax		**30 739**	26 255
Indirect tax		**(884)**	(878)
Profit before tax		**29 855**	25 377
Income tax expense		**(6 731)**	(5 591)
Profit for the year		**23 124**	19 786
Attributable to			
Ordinary equityholders		**21 623**	18 440
NCNR preference shareholders		**310**	288
Equityholders of the group		**21 933**	18 728
Non-controlling interests		**1 191**	1 058
Profit for the year		**23 124**	19 786
Earnings per share (cents)			
Basic		**390.1**	336.2
Diluted		**390.1**	332.7

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

R million	2015	2014
Profit for the year	**23 124**	19 786
Items that may subsequently be reclassified to profit or loss		
Cash flow hedges	**(271)**	363
Losses arising during the year	**(569)**	(109)
Reclassification adjustments for amounts included in profit or loss	**193**	613
Deferred income tax	**105**	(141)
Available-for-sale financial assets	**(377)**	(82)
Losses arising during the year	**(102)**	(82)
Reclassification adjustments for amounts included in profit or loss	**(293)**	(69)
Deferred income tax	**18**	69
Exchange differences on translating foreign operations	**406**	346
Gains arising during the year	**406**	346
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	**(262)**	131
Items that may not subsequently be reclassified to profit or loss		
Remeasurements on defined benefit post-employment plans	**(140)**	(82)
Losses arising during the year	**(141)**	(157)
Deferred income tax	**1**	75
Other comprehensive (loss)/income for the year	**(644)**	676
Total comprehensive income for the year	**22 480**	20 462
Attributable to		
Ordinary equityholders	**21 062**	19 086
NCNR preference shareholders	**310**	288
Equityholders of the group	**21 372**	19 374
Non-controlling interests	**1 108**	1 088
Total comprehensive income for the year	**22 480**	20 462

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June

R million	Notes	2015	2014
ASSETS			
Cash and cash equivalents		**65 567**	60 756
Derivative financial instruments		**34 500**	39 038
Commodities		**7 354**	7 904
Accounts receivable		**8 009**	8 159
Current tax asset		**115**	131
Advances	1	**751 366**	685 926
Investment securities and other investments		**165 171**	119 107
Investments in associates		**5 781**	5 847
Investments in joint ventures		**1 282**	1 205
Property and equipment		**16 288**	14 495
Intangible assets		**1 068**	1 047
Reinsurance assets		**388**	408
Defined benefit post-employment asset		**4**	5
Investment properties		**460**	419
Deferred income tax asset		**1 540**	862
Non-current assets and disposal groups held for sale		**373**	226
Total assets		**1 059 266**	945 535
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions		**5 685**	5 442
Derivative financial instruments		**40 917**	41 659
Creditors and accruals		**17 001**	13 437
Current tax liability		**353**	369
Deposits		**865 521**	768 234
Provisions		**623**	797
Employee liabilities		**9 734**	7 441
Other liabilities		**6 876**	6 586
Policyholder liabilities		**542**	540
Deferred income tax liability		**913**	796
Tier 2 liabilities		**12 497**	11 983
Liabilities directly associated with disposal groups held for sale		**–**	34
Total liabilities		**960 662**	857 318
Equity			
Ordinary shares	3	**56**	55
Share premium	3	**7 997**	5 531
Reserves		**82 725**	74 928
Capital and reserves attributable to ordinary equityholders		**90 778**	80 514
NCNR preference shares		**4 519**	4 519
Capital and reserves attributable to equityholders of the group		**95 297**	85 033
Non-controlling interests		**3 307**	3 184
Total equity		**98 604**	88 217
Total equity and liabilities		**1 059 266**	945 535

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June

		Ordinary share capital and ordinary equityholders' funds				
R million	**Notes**	**Share capital**	**Share premium**	**Share capital and share premium**	**Defined benefit post-employment reserve**	**Cash flow hedge reserve**
Balance as at 1 July 2013		55	5 609	**5 664**	(569)	100
Movement in other reserves		–	–	**–**	–	–
Ordinary dividends		–	–	**–**	–	–
Preference dividends		–	–	**–**	–	–
Transfer from/(to) general risk reserves		–	–	**–**	–	–
Changes in ownership interest of subsidiaries		–	–	**–**	–	–
Consolidation of treasury shares		–	(78)	**(78)**	–	–
Total comprehensive income for the year		–	–	**–**	(82)	361
Vesting of share-based payments		–	–	**–**	–	–
Balance as at 30 June 2014		55	5 531	**5 586**	(651)	461
Net proceeds of issue of share capital		–	1 611	**1 611**	–	–
Proceeds of issue of share capital		–	1 629	**1 629**	–	–
Share issue expenses		–	(18)	**(18)**	–	–
Share movements relating to the unwind of the staff share trust*		1	873	**874**	–	–
Disposal of subsidiaries		–	–	**–**	–	–
Movement in other reserves		–	–	**–**	–	–
Ordinary dividends		–	–	**–**	–	–
Preference dividends		–	–	**–**	–	–
Transfer from/(to) general risk reserves		–	–	**–**	–	–
Changes in ownership interest of subsidiaries		–	–	**–**	–	–
Consolidation of treasury shares		–	(18)	**(18)**	–	–
Total comprehensive income for the year		–	–	**–**	(140)	(271)
Vesting of share-based payments		–	–	**–**	–	–
Balance as at 30 June 2015		56	7 997	**8 053**	(791)	190

** Shares previously treated as treasury shares.*

	Ordinary share capital and ordinary equityholders' funds								
	Share-based payment reserve	Available-for-sale reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Reserves attributable to ordinary equity-holders	NCNR preference shares	Non-controlling interests	Total equity
	3 173	518	1 999	126	60 607	**65 954**	**4 519**	**2 896**	**79 033**
	(387)	–	–	14	(24)	**(397)**	**–**	**(86)**	**(483)**
	–	–	–	–	(8 669)	**(8 669)**	**–**	**(630)**	**(9 299)**
	–	–	–	–	–	**–**	**(288)**	**–**	**(288)**
	–	–	–	34	(34)	**–**	**–**	**–**	**–**
	–	–	–	–	(180)	**(180)**	**–**	**(84)**	**(264)**
	–	–	–	–	14	**14**	**–**	**–**	**(64)**
	–	(82)	353	96	18 440	**19 086**	**288**	**1 088**	**20 462**
	(3)	–	–	–	(877)	**(880)**	**–**	**–**	**(880)**
	2 783	436	2 352	270	69 277	**74 928**	**4 519**	**3 184**	**88 217**
	–	–	–	–	–	**–**	**–**	**–**	**1 611**
	–	–	–	–	–	**–**	**–**	**–**	**1 629**
	–	–	–	–	–	**–**	**–**	**–**	**(18)**
	–	–	–	–	–	**–**	**–**	**–**	**874**
	–	–	–	–	–	**–**	**–**	**(48)**	**(48)**
	(532)	–	–	10	(983)	**(1 505)**	**–**	**(24)**	**(1 529)**
	–	–	–	–	(10 724)	**(10 724)**	**–**	**(764)**	**(11 488)**
	–	–	–	–	–	**–**	**(310)**	**–**	**(310)**
	–	–	–	10	(10)	**–**	**–**	**–**	**–**
	–	–	–	–	(28)	**(28)**	**–**	**(149)**	**(177)**
	–	–	–	154	(156)	**(2)**	**–**	**–**	**(20)**
	–	(372)	405	(183)	21 623	**21 062**	**310**	**1 108**	**22 480**
	(2 230)	–	–	–	1 224	**(1 006)**	**–**	**–**	**(1 006)**
	21	64	2 757	261	80 223	**82 725**	**4 519**	**3 307**	**98 604**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June

R million	2015	2014
Cash flows from operating activities		
Cash receipts from customers	**85 324**	76 678
Cash paid to customers, suppliers and employees	**(52 049)**	(46 403)
Dividends received	**4 323**	3 734
Dividends paid	**(11 034)**	(8 957)
Dividends paid to non-controlling interests	**(764)**	(630)
Cash generated from operating activities	**25 800**	24 422
Increase in income-earning assets	**(110 584)**	(74 630)
Increase in deposits and other liabilities	**97 250**	68 797
Taxation paid	**(8 065)**	(6 711)
Net cash generated from operating activities	**4 401**	11 878
Cash flows from investing activities		
Acquisition of investments in associates	**(141)**	(1 566)
Proceeds on disposal of investments in associates	**1 326**	1 210
Acquisition of investments in joint ventures	**(16)**	(272)
Acquisition of investments in subsidiaries	**–**	(15)
Proceeds on disposal of investments in subsidiaries	**247**	32
Acquisition of property and equipment	**(4 356)**	(4 011)
Proceeds on disposal of property and equipment	**460**	682
Acquisition of intangible assets	**(161)**	(105)
Proceeds on disposal of intangible assets	**5**	7
Acquisition of investment properties	**(10)**	(37)
Proceeds on disposal of investment properties	**1**	76
Proceeds on disposal of non-current assets held for sale	**91**	41
Net cash outflow from investing activities	**(2 554)**	(3 958)
Cash flows from financing activities		
Proceeds from the issue of other liabilities	**837**	484
Proceeds from the issue of Tier 2 liabilities	**510**	3 859
Net proceeds from issue and buyback of ordinary shares	**1 563**	–
Acquisition of additional interest in subsidiaries from non-controlling interests*	**(181)**	(273)
Issue of shares of additional interest in subsidiaries to non-controlling interests*	**–**	41
Net cash inflow from financing activities	**2 729**	4 111
Net increase in cash and cash equivalents	**4 576**	12 031
Cash and cash equivalents at the beginning of the year	**60 756**	48 565
Cash and cash equivalents impacted by the disposal of subsidiaries	**67**	(11)
Effect of exchange rate changes on cash and cash equivalents	**168**	179
Transfer to non-current assets held for sale	**–**	(8)
Cash and cash equivalents at the end of the year	**65 567**	60 756

* *Acquisitions and issue of shares from and to non-controlling interests have been reclassified from investing activities to financing activities in order to better reflect the nature of the activity. Prior year amounts have also been reclassified.*

SUMMARISED CONSOLIDATED STATEMENT OF HEADLINE EARNINGS AND DIVIDENDS

for the year ended 30 June

	2015	2014
Headline earnings per share (cents)		
Basic	**381.4**	340.4
Diluted	**381.4**	336.8
Ordinary dividends per share (cents)		
Interim	**93.0**	77.0
Final	**117.0**	97.0
Total dividends per ordinary share (cents)	**210.0**	174.0
Headline earnings is calculated in terms of *Circular 2/2013 Headline Earnings.*		
Basic headline earnings		
Basic headline earnings per share is calculated by dividing the group's attributable earnings to ordinary equityholders after excluding separately identifiable remeasurements, net of tax and non-controlling interests, by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the group and held as treasury shares.		
Headline earnings attributable to ordinary shares in issue (R million)	**21 141**	18 671
Weighted average number of ordinary shares in issue	**5 543 556 976**	5 485 252 758
Diluted headline earnings		
Diluted headline earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.		
Diluted headline earnings attributable to ordinary equityholders (R million)	**21 141**	18 671
Diluted weighted average number of shares in issue	**5 543 556 976**	5 543 002 061

	2015		2014	
R million	**Gross**	**Net**	**Gross**	**Net**
Headline earnings reconciliation				
Earnings attributable to ordinary equityholders		**21 623**		18 440
Adjusted for				
Loss on disposal of investment securities and other investments of a capital nature	**1**	**1**	27	27
Gain on the disposal of available-for-sale assets	**(293)**	**(287)**	(69)	(50)
Transfer to foreign currency translation reserve	**10**	**13**	–	–
Gains on the disposal of investments in associates	**–**	**–**	(61)	(43)
Gains on the disposal of investments in subsidiaries	**(220)**	**(186)**	(14)	(10)
Gain on remeasuring retained interest in subsidiaries disposed of	**–**	**–**	(4)	(4)
Loss/(gain) on disposal of property and equipment	**5**	**(4)**	32	34
(Reversal of impairment)/impairment of property and equipment	**(3)**	**(2)**	141	139
Impairment of goodwill	**–**	**–**	128	128
Fair value movement of investment properties	**(33)**	**(19)**	–	–
Impairment of assets in terms of IAS 36	**3**	**2**	10	10
Headline earnings attributable to ordinary equityholders		**21 141**		18 671

Cents	**2015**	**2014**
Basic headline earnings per share	**381.4**	340.4
Diluted headline earnings per share	**381.4**	336.8

Cents	**2015**	**2014**
Dividend information		
Dividends declared on NCNR preference shares		
B preference shares		
23 February 2015/24 February 2014	**348.5**	320.3
31 August 2015/25 August 2014	**363.9**	341.1
Total B preference shares	**712.4**	661.4
Ordinary dividends declared		
6 March 2015/3 March 2014	**93.0**	77.0
9 September 2015/8 September 2014	**117.0**	97.0
Total ordinary dividends declared	**210.0**	174.0

SELECTED NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June

1 ADVANCES

		2015				
R million	**Notes**	**Designated at fair value through profit or loss**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Total**
Notional value of advances		**201 299**	**26**	**562 803**	**19**	**764 147**
Contractual interest suspended		**–**	**(6)**	**(1 545)**	**–**	**(1 551)**
Gross value of advances		**201 299**	**20**	**561 258**	**19**	**762 596**
Sector analysis						
Agriculture		**1 236**	**–**	**27 362**	**19**	**28 617**
Banks		**11 928**	**–**	**4 700**	**–**	**16 628**
Financial institutions		**59 238**	**–**	**22 123**	**–**	**81 361**
Building and property development		**18 271**	**–**	**11 747**	**–**	**30 018**
Government, Land Bank and public authorities		**13 499**	**–**	**4 185**	**–**	**17 684**
Individuals		**461**	**20**	**378 048**	**–**	**378 529**
Manufacturing and commerce		**38 631**	**–**	**61 231**	**–**	**99 862**
Mining		**18 104**	**–**	**7 400**	**–**	**25 504**
Transport and communication		**10 847**	**–**	**6 934**	**–**	**17 781**
Other services		**29 084**	**–**	**37 528**	**–**	**66 612**
Gross value of advances		**201 299**	**20**	**561 258**	**19**	**762 596**
Impairment of advances	2	**–**	**(4)**	**(11 226)**	**–**	**(11 230)**
Net advances		**201 299**	**16**	**550 032**	**19**	**751 366**

1 ADVANCES continued

		2015				
R million	**Notes**	**Designated at fair value through profit or loss**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Total**
Category analysis						
Overdrafts and cash management accounts		–	–	59 345	–	59 345
Term loans		7 378	–	38 382	7	45 767
Card loans		–	–	21 103	–	21 103
Instalment sales and hire purchase agreements		–	–	157 037	12	157 049
Lease payments receivable		–	–	8 266	–	8 266
Property finance		271	20	214 160	–	214 451
– Home loans		–	20	190 455	–	190 475
– Commercial property finance		271	–	23 705	–	23 976
Personal loans		–	–	31 207	–	31 207
Preference share agreements		31 242	–	1 629	–	32 871
Assets under agreement to resell		37 884	–	2 969	–	40 853
Investment bank term loans		124 146	–	1 018	–	125 164
Long-term loans to group associates and joint ventures		70	–	1 961	–	2 031
Other		308	–	24 181	–	24 489
Gross value of advances		201 299	20	561 258	19	762 596
Impairment of advances	2	–	(4)	(11 226)	–	(11 230)
Net advances		201 299	16	550 032	19	751 366
Geographic analysis (based on credit risk)						
South Africa		164 852	20	464 171	19	629 062
Other Africa		25 365	–	53 614	–	78 979
United Kingdom		7 364	–	35 915	–	43 279
Other		3 718	–	7 558	–	11 276
– Europe		1 363	–	3 831	–	5 194
– North America		307	–	723	–	1 030
– South America		718	–	21	–	739
– Australasia		76	–	922	–	998
– Asia		1 254	–	2 061	–	3 315
Gross value of advances		201 299	20	561 258	19	762 596
Impairment of advances	2	–	(4)	(11 226)	–	(11 230)
Net advances		201 299	16	550 032	19	751 366

1 ADVANCES continued

R million	Notes	2014 Designated at fair value through profit or loss	2014 Held-to-maturity	2014 Loans and receivables	2014 Available-for-sale	2014 Total
Notional value of advances		183 711	36	514 178	22	697 947
Contractual interest suspended		–	(5)	(1 631)	–	(1 636)
Gross value of advances		183 711	31	512 547	22	696 311
Sector analysis						
Agriculture		417	–	22 473	22	22 912
Banks		4 175	–	4 379	–	8 554
Financial institutions		55 286	–	19 892	–	75 178
Building and property development		22 503	–	11 458	–	33 961
Government, Land Bank and public authorities		11 436	–	4 847	–	16 283
Individuals		307	31	355 880	–	356 218
Manufacturing and commerce		38 669	–	50 806	–	89 475
Mining		17 225	–	5 748	–	22 973
Transport and communication		12 141	–	7 371	–	19 512
Other services		21 552	–	29 693	–	51 245
Gross value of advances		183 711	31	512 547	22	696 311
Impairment of advances	2	–	(1)	(10 384)	–	(10 385)
Net advances		183 711	30	502 163	22	685 926

1 ADVANCES continued

		2014				
R million	**Notes**	**Designated at fair value through profit or loss**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Total**
Category analysis						
Overdrafts and cash management accounts		–	–	53 670	–	53 670
Term loans		1 569	–	30 795	22	32 386
Card loans		–	–	17 332	–	17 332
Instalment sales and hire purchase agreements		–	–	142 401	–	142 401
Lease payments receivable		–	–	9 398	–	9 398
Property finance		302	31	202 496	–	202 829
– Home loans		–	31	184 903	–	184 934
– Commercial property finance		302	–	17 593	–	17 895
Personal loans		–	–	27 261	–	27 261
Preference share agreements		26 498	–	2 805	–	29 303
Assets under agreement to resell		31 390	–	1 921	–	33 311
Investment bank term loans		121 464	–	1 030	–	122 494
Long-term loans to group associates and joint ventures		7	–	2 225	–	2 232
Other		2 481	–	21 213	–	23 694
Gross value of advances		183 711	31	512 547	22	696 311
Impairment of advances	2	–	(1)	(10 384)	–	(10 385)
Net advances		183 711	30	502 163	22	685 926
Geographic analysis (based on credit risk)						
South Africa		161 200	31	435 894	22	597 147
Other Africa		16 270	–	46 003	–	62 273
United Kingdom		3 944	–	24 370	–	28 314
Other		2 297	–	6 280	–	8 577
– Europe		864	–	3 452	–	4 316
– North America		504	–	719	–	1 223
– South America		–	–	161	–	161
– Australasia		107	–	1 058	–	1 165
– Asia		822	–	890	–	1 712
Gross value of advances		183 711	31	512 547	22	696 311
Impairment of advances	2	–	(1)	(10 384)	–	(10 385)
Net advances		183 711	30	502 163	22	685 926

1 ADVANCES continued

R million	2015 Within 1 year	2015 Between 1 and 5 years	2015 More than 5 years	2015 Total
Analysis of instalment sales and lease payments receivable				
Lease payments receivable	**2 023**	**6 558**	**570**	**9 151**
Suspensive sale instalments receivable	**50 498**	**135 759**	**8 519**	**194 776**
Sub total	**52 521**	**142 317**	**9 089**	**203 927**
Less: unearned finance charges	**(9 400)**	**(27 062)**	**(2 007)**	**(38 469)**
Total gross instalment sales and lease payments receivable	**43 121**	**115 255**	**7 082**	**165 458**
Less: interest in suspense				**(143)**
Total net instalment sales and lease payments receivable				**165 315**

R million	2014 Within 1 year	2014 Between 1 and 5 years	2014 More than 5 years	2014 Total
Analysis of instalment sales and lease payments receivable				
Lease payments receivable	2 478	6 975	614	10 067
Suspensive sale instalments receivable	45 820	123 136	9 339	178 295
Sub total	48 298	130 111	9 953	188 362
Less: unearned finance charges	(8 912)	(25 373)	(2 181)	(36 466)
Total gross instalment sales and lease payments receivable	39 386	104 738	7 772	151 896
Less: interest in suspense				(97)
Total net instalment sales and lease payments receivable				151 799

Under the terms of the lease agreements, no contingent rentals are payable. These agreements relate to motor vehicles and equipment. The accumulated allowance for uncollectible minimum lease payments receivable included in the allowance for impairments at the reporting date is R132 million (2014: R137 million).

1 ADVANCES continued

Securitisation transactions

In a synthetic securitisation transaction, credit risk related to specific advances is transferred to a structured entity through credit derivatives. The securitised advances are neither transferred nor derecognised and associated credit derivatives are recognised at fair value through profit or loss. The group consolidates these securitisation vehicles as structured entities, in terms of IFRS 10.

Fresco II, was a bankruptcy remote structured entity that was created in the past to facilitate synthetic securitisation transactions in the group. The securitisation matured on 2 August 2013. During the periods that the structure was in place credit risk relating to R5 billion of corporate advances were transferred to the structured entity.

In a traditional securitisation transaction, specific advances are transferred to a structured entity, which then issues liabilities to third party investors, for example variable rate notes. The group consolidates these securitisation vehicles as structured entities under IFRS 10 (refer to note 44 in the annual integrated report) and has therefore not derecognised the securitised advances. The group's obligations (associated liability) toward the third party note holders is limited to the cash flows received on the underlying securitised advances, i.e. the note holders only have a claim to the ring fenced advances in the structured entity, and not to other assets of the group.

The following bankruptcy remote structured entities were created to facilitate traditional securitisation transactions related to WesBank (Nitro 4 and Nitro 5) and MotoNovo (Turbo Finance 2, 3, 4 and 5) retail instalment sale advances.

Name of securitisation	Established	Initial transaction value	Carrying value of assets		Carrying value of liabilities	
			2015	**2014**	**2015**	**2014**
Nitro 4	July 2011	R4 billion	**12**	729	**12**	729
Nitro 5	June 2015	R2.4 billion	**2 475**	–	**2 475**	–
Turbo Finance 2	March 2013	GBP314 million	**–**	1 235	**–**	1 216
Turbo Finance 3	November 2012	GBP326 million	**890**	2 299	**851**	2 252
Turbo Finance 4	November 2013	GBP374 million	**5 595**	7 689	**5 571**	7 628
Turbo Finance 5	September 2014	GBP420 million	**9 075**	–	**9 041**	–

In the current year the Turbo Finance 2 securitisation was wound up and the notes called and settled. The process for winding down the Nitro 4 securitisation was also initiated in the current year and is expected to be finalised in the 2016 financial year.

1 ADVANCES continued

Credit risk mitigation

Collateral is an important mitigant of credit risk. Refer to the *risk and capital management report* in the annual integrated report for the group's credit risk management strategy with detailed information on credit risk mitigation.

The table below sets out the financial effect of collateral per class of advance.

R million	2015	2014
FNB retail	**7 101**	7 419
FNB commercial	**542**	482
Total FNB	**7 643**	7 901
RMB investment banking	**1 135**	1 056
RMB corporate banking	**30**	26
Total RMB	**1 165**	1 082
WesBank	**2 135**	1 959
FCC and other	**–**	73
Total	**10 943**	11 015

The financial effect of collateral and other credit enhancements has been calculated separately per class of advance for the performing book (IBNR and portfolio specific impairments) and the non-performing book. The amounts disclosed above represent the difference between the impairment recognised in the statement of financial position using the actual LGD and a proxy LGD for all secured portfolios. The proxy LGD is based on the LGD used to determine the balance sheet impairment for unsecured portfolios.

Where there is no collateral or where collateral is disregarded for provisioning purposes, no financial effect was calculated.

It is the group's policy that all items of collateral are valued at the inception of a transaction and at various points throughout the life of a transaction, either through physical inspection or indexation methods, as appropriate. For wholesale and commercial portfolios, the value of collateral is reviewed as part of the annual facility review. For mortgage portfolios, collateral valuations are updated on an ongoing basis through statistical indexation models. However, in the event of default, more detailed reviews and valuations of collateral are performed, which yields a more accurate financial effect.

2 IMPAIRMENT OF ADVANCES

Significant loans and advances are monitored by the credit committee and impaired according to the group's impairment policy when an indication of impairment is observed.

The following factors are considered when determining whether there is objective evidence that the asset has been impaired:

- breaches of loan covenants and conditions;
- time period of overdue contractual payments;
- actuarial credit models;
- loss of employment or death of the borrower; and
- probability of liquidation of the customer.

Where objective evidence of impairment exists, impairment testing is performed based on LGD, PD and EAD.

	2015			
	FNB		RMB	
R million	Retail	Commercial	Investment banking	Corporate banking
Analysis of movement in impairment of advances per class of advance				
Opening balance	4 603	1 061	453	252
Amounts written off	(3 276)	(266)	(45)	(35)
Disposals of subsidiaries	–	–	(71)	–
Transfers (to)/from other divisions	(35)	–	–	35
Transfer to non-current assets or disposal groups held for sale	–	–	–	–
Reclassifications	–	–	–	–
Exchange rate differences	4	(1)	14	(1)
Unwinding of discounted present value on NPLs	(84)	(2)	–	–
Net new impairments created/(released)*	3 432	341	312	113
Closing balance	**4 644**	**1 133**	**663**	**364**
(Increase)/decrease in impairments*	(3 432)	(341)	(312)	(113)
Recoveries of bad debts previously written off	1 258	30	–	1
Impairment (loss)/profit recognised in profit or loss	**(2 174)**	**(311)**	**(312)**	**(112)**

* *Refer to the risk management framework and governance structure report in the following category for more details: Credit risk – under the impairment of financial assets and NPLs section.*

	2015				
	WesBank	FCC and other	Total impairment	Specific impairment	Portfolio impairment
	2 669	1 347	10 385	5 575	4 810
	(2 378)	–	(6 000)	(6 000)	–
	–	–	(71)	(71)	–
	–	–	–	–	–
	(30)	–	(30)	(30)	–
	–	–	–	65	(65)
	9	–	25	12	13
	(8)	–	(94)	(94)	–
	3 115	(298)	7 015	6 410	605
	3 377	1 049	11 230	5 867	5 363
	(3 115)	298	(7 015)	(6 410)	(605)
	576	–	1 865	1 865	–
	(2 539)	298	(5 150)	(4 545)	(605)

2 IMPAIRMENT OF ADVANCES continued

	2014			
	FNB		RMB	
R million	Retail	Commercial	Investment banking	Corporate banking
Analysis of movement in impairment of advances per class of advance				
Opening balance	4 852	1 007	279	233
Amounts written off	(3 472)	(195)	(8)	(4)
Transfers from/(to) other divisions	123	(111)	–	(10)
Reclassifications	–	–	–	–
Exchange rate difference	7	5	5	–
Unwinding of discounted present value on non-performing loans	(116)	(8)	–	–
Net new impairments created	3 209	363	177	33
Closing balance	4 603	1 061	453	252
Increase in impairments	(3 209)	(363)	(177)	(33)
Recoveries of bad debts previously written off	1 058	101	–	1
Impairment loss recognised in profit or loss	(2 151)	(262)	(177)	(32)

	2014				
	WesBank	FCC and other	Total impairment	Specific impairment	Portfolio impairment
	2 256	806	9 433	5 713	3 720
	(2 148)	(8)	(5 835)	(5 835)	–
	(2)	–	–	–	–
	–	–	–	(7)	7
	10	–	27	17	10
	(11)	–	(135)	(135)	–
	2 564	549	6 895	5 822	1 073
	2 669	1 347	10 385	5 575	4 810
	(2 564)	(549)	(6 895)	(5 822)	(1 073)
	483	–	1 643	1 643	–
	(2 081)	(549)	(5 252)	(4 179)	(1 073)

2 IMPAIRMENT OF ADVANCES continued

	2015		
R million	**Total value net of interest in suspense**	**Security held and expected recoveries**	**Specific impairment**
NPLs by sector			
Agriculture	**276**	**193**	**83**
Financial institutions	**99**	**46**	**53**
Building and property development	**1 589**	**1 353**	**236**
Government, Land Bank and public authorities	**9**	**6**	**3**
Individuals	**11 403**	**7 408**	**3 995**
Manufacturing and commerce	**1 384**	**688**	**696**
Mining	**1 319**	**1 204**	**115**
Transport and communication	**185**	**98**	**87**
Other	**1 237**	**638**	**599**
Total NPLs	**17 501**	**11 634**	**5 867**
NPLs by category			
Overdrafts and cash management accounts	**1 422**	**506**	**916**
Term loans	**1 170**	**831**	**339**
Card loans	**465**	**122**	**343**
Instalment sales and hire purchase agreements	**4 774**	**3 071**	**1 703**
Lease payments receivable	**308**	**152**	**156**
Property finance	**5 213**	**4 155**	**1 058**
– Home loans	**4 801**	**3 859**	**942**
– Commercial property finance	**412**	**296**	**116**
Personal loans	**1 783**	**658**	**1 125**
Investment bank term loans	**1 827**	**1 827**	**–**
Long-term loans to group associates and joint ventures	**265**	**120**	**145**
Other	**274**	**192**	**82**
Total NPLs	**17 501**	**11 634**	**5 867**

For asset finance, the total security value reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of the recoveries total.

The group makes use of the allowance account method for the purpose of impairing loans and advances that are measured at amortised cost. Fair value gains and losses that arise on the remeasurement of loans and advances that are measured at fair value are included in fair value income in non-interest revenue. The total value NPLs, reflected above, includes the cumulative fair value adjustment applicable to RMB investment banking NPLs of R1 166 million at June 2015 (R1 066 million at June 2014). The age analysis of advances contained in the *risk and capital management report* in the annual integrated report reflects NPLs net of the cumulative fair value adjustment.

2 IMPAIRMENT OF ADVANCES continued

	2015		
R million	**Total value net of interest in suspense**	**Security held and expected recoveries**	**Specific impairment**
NPLs by class			
FNB retail	7 373	4 833	2 540
FNB commercial	1 301	549	752
Total FNB	8 674	5 382	3 292
RMB investment banking	2 893	2 600	293
RMB corporate banking	84	78	6
Total RMB	2 977	2 678	299
WesBank	5 850	3 574	2 276
Total NPLs	17 501	11 634	5 867
NPLs by geographical area			
South Africa	14 942	9 667	5 275
Other Africa	1 790	1 427	363
United Kingdom	151	60	91
Other	618	480	138
– Europe	90	47	43
– North America	427	395	32
– South America	20	20	–
– Australasia	1	-	1
– Asia	80	18	62
Total NPLs	17 501	11 634	5 867

2 IMPAIRMENT OF ADVANCES continued

	2014		
R million	Total value net of interest in suspense	Security held and expected recoveries	Specific impairment
NPLs by sector			
Agriculture	200	143	57
Financial institutions	167	47	120
Building and property development	2 194	1 850	344
Government, Land Bank and public authorities	53	19	34
Individuals	11 729	7 836	3 893
Manufacturing and commerce	661	218	443
Mining	248	160	88
Transport and communication	91	43	48
Other	938	390	548
Total NPLs	16 281	10 706	5 575
NPLs by category			
Overdrafts and cash management accounts	1 114	346	768
Term loans	669	369	300
Card loans	391	113	278
Instalment sales and hire purchase agreements	3 617	2 248	1 369
Lease payments receivable	225	124	101
Property finance	6 507	5 037	1 470
– Home loans	5 946	4 725	1 221
– Commercial property finance	561	312	249
Personal loans	1 508	518	990
Investment bank term loans	1 635	1 635	–
Long-term loans to group associates and joint ventures	154	30	124
Other	461	286	175
Total NPLs	16 281	10 706	5 575

2 IMPAIRMENT OF ADVANCES continued

	2014		
R million	**Total value net of interest in suspense**	**Security held and expected recoveries**	**Specific impairment**
NPLs by class			
FNB retail	8 127	5 412	2 715
FNB commercial	1 259	526	733
Total FNB	9 386	5 938	3 448
RMB investment banking	2 105	1 832	273
RMB corporate banking	6	–	6
Total RMB	2 111	1 832	279
WesBank	4 784	2 936	1 848
Total NPLs	16 281	10 706	5 575
NPLs by geographical area			
South Africa	15 062	10 030	5 032
Other Africa	810	506	304
United Kingdom	83	29	54
Other	326	141	185
– North America	26	–	26
– South America	161	141	20
– Australasia	78	–	78
– Asia	61	–	61
Total NPLs	16 281	10 706	5 575

3 SHARE CAPITAL AND SHARE PREMIUM

3.1 Share capital and share premium classified as equity

	2015		
	Number of ordinary shares	**Number of A preference shares****	**Number of B preference shares#**
Authorised			
Number of shares	**6 001 688 450**	**198 311 550**	**100 000 000**
Issued – fully paid up			
Ordinary shares			
Opening balance	**5 637 941 689**	**–**	**–**
Shares issued	**35 420 014**	**–**	**–**
Shares bought back	**(63 873 702)**	**–**	**–**
Closing balance	**5 609 488 001**	**–**	**–**
B preference shares			
Opening balance	**–**	**–**	**45 000 000**
Closing balance	**–**	**–**	**45 000 000**
Total issued share capital and share premium	**5 609 488 001**	**–**	**45 000 000**
Analysis of total issued share capital closing balance			
Ordinary issued share capital of 1 cent each closing balance as above	**5 609 488 001**	**–**	**–**
Treasury shares	**(2 956 365)**	**–**	**–**
Total issued share capital attributable to ordinary equityholders	**5 606 531 636**	**–**	**–**
B variable rate, NCNR preference shares of 1 cent each	**–**	**–**	**45 000 000**
Total issued share capital attributable to equityholders of the group	**5 606 531 636**	**–**	**45 000 000**
Disclosed on the face of the statement of financial position			
Ordinary share capital			
Ordinary share premium			
NCNR preference shares			
Total			
At beginning of year			
– Disposal of subsidiaries			
– Issued during the year			
– Impact of treasury shares			
At end of year			

* *Less than R500 000.*

** *The A variable rate cumulative convertible redeemable preference shares are not listed.*

The B preference shares are variable rate NCNR preference shares and are listed on the JSE. Dividends on the B preference shares are calculated at a rate of 75.5% of the FNB prime lending rate effective 23 May 2012.

† *The C preference shares are unlisted variable rate convertible non-cumulative redeemable preference shares.*

‡ *The D preference shares are unlisted variable rate, cumulative redeemable preference shares.*

The unissued ordinary shares are under the control of the directors until the next annual general meeting.

2015				
Number of C preference shares[†]	Number of D preference shares[‡]	Ordinary share capital R million	Share premium R million	Total
100 000 000	100 000 000	–	–	–
–	–	56	7 082	7 138
–	–	–	1 611	1 611
–	–	–	(637)	(637)
–	–	56	8 056	8 112
–	–	*	4 519	4 519
–	–	*	4 519	4 519
–	–	56	12 575	12 631
–	–	56	8 056	8 112
–	–	–	(59)	(59)
–	–	56	7 997	8 053
–	–	*	4 519	4 519
–	–	56	12 516	12 572
				56
				7 997
				4 519
				12 572
				–
				1 611
				48
				1 659

3 SHARE CAPITAL AND SHARE PREMIUM continued

3.1 Share capital and share premium classified as equity continued

	2014		
	Number of ordinary shares	**Number of A preference shares****	**Number of B preference shares#**
Authorised			
Number of shares	6 001 688 450	198 311 550	100 000 000
Issued – fully paid up			
Ordinary shares			
Opening balance	5 637 941 689	–	–
Shares issued	–	–	–
Shares bought back	–	–	–
Closing balance	5 637 941 689	–	–
B preference shares			
Opening balance	–	–	45 000 000
Closing balance	–	–	45 000 000
Total issued share capital and share premium	5 637 941 689	–	45 000 000
Analysis of total issued share capital closing balance			
Ordinary issued share capital closing balance as above 1 cent each	5 637 941 689	–	–
Treasury shares	(152 823 701)	–	–
Total issued share capital attributable to ordinary equityholders	5 485 117 988	–	–
B variable rate, NCNR preference shares of 1 cent each	–	–	45 000 000
Total issued share capital attributable to equityholders of the group	5 485 117 988	–	45 000 000
Disclosed on the face of the statement of financial position			
Ordinary share capital			
Ordinary share premium			
NCNR preference shares			
Total			
At beginning of year			
– Disposal of subsidiaries			
– Issued during the year			
– Bought back during the year			
At end of year			

* *Less than R500 000.*

** *The A variable rate cumulative convertible redeemable preference shares are not listed.*

\# *The B preference shares are variable rate NCNR preference shares and are listed on the JSE. Dividends on the B preference shares are calculated at a rate of 75.5% of the FNB prime lending rate effective 23 May 2012.*

† *The C preference shares are unlisted variable rate convertible non-cumulative redeemable preference shares.*

‡ *The D preference shares are unlisted variable rate, cumulative redeemable preference shares.*

	2014				
	Number of C preference shares†	Number of D preference shares‡	Ordinary share capital R million	Share premium R million	Total
	100 000 000	100 000 000	–	–	–
	–	–	56	7 082	7 138
	–	–	–	–	–
	–	–	–	–	–
	–	–	56	7 082	7 138
	–	–	*	4 519	4 519
	–	–	*	4 519	4 519
	–	–	56	11 601	11 657
	–	–	56	7 082	7 138
	–	–	(1)	(1 551)	(1 552)
	–	–	55	5 531	5 586
	–	–	*	4 519	4 519
	–	–	55	10 050	10 105
					55
					5 531
					4 519
					10 105
					–
					–
					–
					–

3 SHARE CAPITAL AND SHARE PREMIUM continued

3.1 Share capital and share premium classified as equity

%	2015	2014
The following represents the shareholding of subsidiaries in FirstRand Limited at 30 June		
These shares have been treated as treasury shares.	**0.05**	0.03
Share option schemes		
The investment in FirstRand Limited by the share incentive schemes has been treated as treasury shares as set out above.*	**–**	2.69

* *During the current year the share incentive scheme vested. Refer to note 31 in the annual integrated report for further details.*

3 SHARE CAPITAL AND SHARE PREMIUM continued

Preference shares that qualify as Tier 2 capital have been included in Tier 2 liabilities (note 28 in the annual integrated report). Other preference share liabilities have been included in deposits (note 25 in the annual integrated report) or other liabilities (note 27 in the annual integrated report) as appropriate.

3.2 Share capital and share premium classified as liabilities

R million	2015	2014
Redeemable preference shares		
Authorised		
5 000 000 000 redeemable preference shares with a par value of R0.0001 per share	**1**	1
100 000 000 million cumulative redeemable preference shares with a par value of 1 cent per share	**1**	1
Issued – fully paid up		
32 670 (2014: 32 670) redeemable preference shares with a par value of R0.0001 per share	*****	*
Redeemable preference share premium	**3 267**	3 267
5 030 001 (2014: 5 030 001) cumulative redeemable preference shares with a par value of 1 cent per share at various premiums per share**	*****	*
Redeemable class R preference shares		
Authorised		
50 000 redeemable preference shares with a par value of R0.0001 per share	*****	*
Issued – fully paid up		
6 287 (2014: 9 812) redeemable preference shares with a par value of R0.0001 per share issued by FirstRand Bank Limited	*****	*
Redeemable R class share premium	**629**	981

* *Denotes amounts less than R500 000.*

** *The amount excludes shares issued within the group and eliminated upon consolidation of R5 030 million (2014: R5 030 million).*

	Number of redeemable preference shares	Number of cumulative redeemable preference shares	Number of redeemable class R preference shares
Reconciliation of shares issued			
Shares at 1 July 2013	1 670	3 546 866	8 905
Issued during the year	31 000	1 500 000	1 100
Redeemed during the year	–	(16 865)	(193)
Shares at 30 June 2014	32 670	5 030 001	9 812
Issued during the year	**–**	**–**	**–**
Redeemed during the year	**–**	**–**	**(3 525)**
Shares at 30 June 2015	**32 670**	**5 030 001**	**6 287**

For detail on capital management of the group please refer to the *capital management report* in the annual integrated report.

These preference shares bear interest at 66.67% of the FNB prime lending rate and are redeemable after three years and one day after the date of issue.

4 CONTINGENCIES AND COMMITMENTS

R million	2015	2014
Contingencies and commitments		
Guarantees*	**34 995**	33 114
Letters of credit	**6 010**	7 588
Total contingencies	**41 005**	40 702
Irrevocable commitments	**87 464**	82 932
Committed capital expenditure	**5 340**	3 964
Operating lease commitments	**2 810**	2 581
Other	**442**	585
Contingencies and commitments	**137 061**	130 764

* *Guarantees consist predominantly of endorsements and performance guarantees.*

Other contingencies

The group is exposed to various actual or potential claims.

Legal proceedings

There are a number of legal or potential claims against the group, the outcome of which cannot at present be foreseen. These claims are not regarded as material either on an individual or a total basis.

	2015	2014
Provision is made for all liabilities that are expected to materialise.	**235**	219

Commitments

Commitments in respect of capital expenditure and long-term investments approved by directors comprise of the following.

	2015	2014
– Property, equipment and intangible asset commitments contracted for at the reporting date but not yet incurred	**916**	1 169
– Property, equipment and intangible asset commitments not yet contracted for at the reporting date but approved by the directors	**4 424**	2 795

Funds to meet these commitments will be provided from the group's resources.

4 CONTINGENCIES AND COMMITMENTS continued

African Bank Investments Limited (ABIL) contingency

The SARB announced in August 2014 that ABIL would be placed under curatorship. A consortium of six South African banks, including FirstRand, and the Public Investment Corporation (PIC) underwrote R5 billion.

Commitments under operating leases where the group is the lessee

The group's significant operating leases relate to property rentals of office premises and the various branch network channels represented by full service branches, agencies, mini branches and ATM lobbies. The rentals have fixed monthly payments, often including a contingent rental based on a percentage contribution of the monthly operating costs of the premises. Escalation clauses are based on market related rates and vary between 5% and 12%.

The leases are usually for a period of one to five years. The leases are non-cancellable and certain of the leases have an option to renew for a further leasing period at the end of the original lease term.

Restrictions are more an exception than the norm and usually relate to the restricted use of the asset for the business purposes specified in the lease contract.

	2015		
R million	**Within 1 year**	**Between 1 and 5 years**	**More than 5 years**
Office premises	**874**	**1 593**	**44**
Recoverable under subleases	**(7)**	**(42)**	**(18)**
Net office premises	**867**	**1 551**	**26**
Equipment and motor vehicles	**50**	**119**	**196**
Total operating lease commitments	**917**	**1 670**	**222**

	2014		
R million	**Within 1 year**	**Between 1 and 5 years**	**More than 5 years**
Office premises	783	1 345	36
Recoverable under subleases	–	–	–
Net office premises	783	1 345	36
Equipment and motor vehicles	133	139	145
Total operating lease commitments	916	1 484	181

4 CONTINGENCIES AND COMMITMENTS continued

Future minimum lease payments receivable under operating leases where the group is the lessor

The group owns various assets that are leased to third parties under non-cancellable operating leases as part of the group's revenue generating operations. The operating leases have various lease terms ranging from two to fifteen years.

The minimum future lease payments receivable under non-cancellable operating leases on assets where the group is the lessor are detailed below.

	2015		
R million	**Within 1 year**	**Between 1 and 5 years**	**More than 5 years**
Property	**56**	**180**	**74**
Motor vehicles	**626**	**902**	**–**
Total operating lease commitments	**682**	**1 082**	**74**

	2014		
R million	**Within 1 year**	**Between 1 and 5 years**	**More than 5 years**
Property	67	198	93
Motor vehicles	631	1 076	34
Total operating lease commitments	698	1 274	127

5 FAIR VALUE MEASUREMENTS

5.1 Valuation methodology

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

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

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

Recurring fair value measurements

Recurring fair value measurements are those for assets and liabilities that IFRS requires or permits to be recognised at fair value and are recognised in the statement of financial position at reporting date. This includes financial assets, financial liabilities and non-financial assets, including investment properties and commodities, that the group measures at fair value at the end of each reporting period.

FINANCIAL INSTRUMENTS

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

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

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

5 FAIR VALUE MEASUREMENTS continued

5.1 Valuation methodology continued

Non-financial assets

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

Non-recurring fair value measurements

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

Other fair value measurements

Other fair value measurements include assets and liabilities not measured at fair value but for which fair value disclosures are required under another IFRS e.g. financial instruments at amortised cost. The fair value for these items is determined by using observable quoted market prices where these are available, such as market prices quoted on BESA, or in accordance with generally acceptable pricing models such as a discounted cash flow analysis. Except for the amounts included under point 5.4 below, for all other financial instruments at amortised cost the carrying value is equal to or a reasonable approximation of the fair value.

5.2 Fair value hierarchy and measurements

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

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

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

5 FAIR VALUE MEASUREMENTS continued

5.2 Fair value hierarchy and measurements continued

Levels of fair value hierarchy

LEVEL 1

Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities where this is readily available and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. This category includes listed bonds and equity, exchange-traded derivatives, exchange-traded commodities and short trading positions.

LEVEL 2

Fair value is determined using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly such as quoted prices for similar items in an active market or for an identical item in an inactive market, or valuation models using observable inputs or inputs derived from observable market data. This category includes loans and advances to customers, equities listed in an inactive market, certain debt instruments, over the counter derivatives or exchange-traded derivatives where a market price is not available, deposits, other liabilities, Tier 2 liabilities, commodities which are not exchange-traded and investment properties.

LEVEL 3

Fair value is determined using a valuation technique and significant inputs that are not based on observable market data (i.e. unobservable inputs) such as an entity's own assumptions about what market participants would assume in pricing assets and liabilities. The assumptions applied by the group are set out in the table below. This category includes certain loans and advances to customers, certain over the counter derivatives such as equity options, investments in debt instruments, and certain deposits such as credit linked notes.

5 FAIR VALUE MEASUREMENTS continued

5.2 Fair value hierarchy and measurements continued

The table below sets out the valuation techniques applied by the group for recurring fair value measurements of assets and liabilities categorised as level 2 and level 3.

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Derivative financial instruments					
Option contracts	Level 2 and level 3	Option pricing model	The Black Scholes model is used.	Strike price of the option; market-related discount rate; forward rate and cap and floor volatility	Volatilities
Futures contracts	Level 2	Discounted cash flows	Future cash flows are discounted using a market-related interest rate. Projected cash flows are obtained by subtracting the strike price of the future contract from the market projected future value.	Market interest rates and curves	Not applicable
Swaps	Level 2	Discounted cash flows	Future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. The reset date of each swaplet is determined in terms of legal documents pertaining to the swap.	Market interest rates and curves	Not applicable
Forward rate agreements	Level 2	Discounted cash flows	Future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates and curves	Not applicable
Forward contracts	Level 2	Discounted cash flows	Future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market projected forward value.	Market interest rates and curves	Not applicable
Credit derivatives	Level 2 and level 3	Discounted cash flows	Future cash flows are discounted using a market-related interest rate. Where prices are obtainable from the market, individual credit spreads are used.	Market interest rates and curves	Credit inputs
Commodity derivatives	Level 2	Discounted cash flows	Commodity-linked instruments are measured by taking into account the price, location differential, grade differential, silo differential and the discount factor of the most liquidly traded futures linked to the commodity.	Futures prices	Not applicable

5 FAIR VALUE MEASUREMENTS continued

5.2 Fair value hierarchy and measurements continued

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Derivative financial instruments continued					
Equity derivatives	Level 2 and level 3	Industry standard models	The models calculate fair value based on input parameters such as stock prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and applying extrapolation techniques to match the appropriate risk profile.	Market interest rates and curves	Volatilities
Loans and advances to customers					
Investment banking book	Level 3	Discounted cash flows	The group has elected to designate the investment banking book of advances at fair value through profit or loss. Credit risk is not observable and could have a significant impact on the fair value measurement of these advances and as such, these advances are classified as level 3 on the fair value hierarchy. The future cash flows are discounted using a market-related interest rate. To calculate the fair value of credit the group uses a valuation methodology based on the credit spread matrix, which considers loss given default, tenor and the internal credit committee rating criteria. The fair value measurement includes the original credit spread and is repriced when there is a change in rating of the counterparty. A decline in credit rating would result in an increase in the spread above the base rate for discounting purposes and consequently a reduction of the fair value of the advance. Similarly an increase in credit rating would result in a decrease in the spread below the base rate and an increase of the fair value of the advance.	Market interest rates and curves	Credit inputs
Other loans and advances	Level 2 and level 3	Discounted cash flows	Future cash flows are discounted using a market-related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates and curves	Credit inputs

5 FAIR VALUE MEASUREMENTS continued

5.2 Fair value hierarchy and measurements continued

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Investment securities and other investments					
Equities/ bonds listed in an inactive market	Level 2 and level 3	Discounted cash flows	For listed equities and bonds, the listed price is used where the market is active (i.e. level 1). However, if the market is not active and the listed price is not representative of fair value, these are classified as level 2 or level 3 and a valuation technique is used, e.g. the discounted cash flow is used for listed bonds. This will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. Future cash flows are discounted using a market related interest rate. Where the valuation technique incorporates unobservable inputs for credit risk, level 3 of the fair value hierarchy is deemed appropriate.	Market interest rates and curves	Credit inputs
Unlisted bonds	Level 2 and level 3	Discounted cash flows	Unlisted bonds are valued similarly to advances measured at fair value. Future cash flows are discounted using a market-related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates and curves	Credit inputs
Unlisted equities	Level 2 and level 3	Price earnings (P/E) model	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place.	Market transactions	Growth rates and P/E ratios
Negotiable certificates of deposit	Level 2	Discounted cash flows	Future cash flows are discounted using a market-related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and curves	Not applicable

5 FAIR VALUE MEASUREMENTS continued

5.2 Fair value hierarchy and measurements continued

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Investment securities and other investments continued					
Treasury bills	Level 2	BESA bond pricing model	The BESA bond pricing model uses the BESA mark-to-market bond yield.	Market interest rates and curves	Not applicable
Non-recourse investments	Level 2	Discounted cash flows	Future cash flows are discounted using a discount rate which is determined as a base rate plus a spread. The base rate is determined by the legal agreements as either a bond or swap curve. The spread approximates the level of risk attached to the cash flows. When there is a change in the base rate in the market, the valuation is adjusted accordingly. The valuation model is calibrated to reflect transaction price at initial recognition.	Market interest rates and curves	Not applicable
Deposits					
Call and non-term deposits	Level 2	None – the undiscounted amount is used	The undiscounted amount of the deposit is the fair value due to the short-term nature of the instruments. These deposits are financial liabilities with a demand feature and the fair value is not less than the amount payable on demand, i.e. the undiscounted amount of the deposit.	None – the undiscounted amount approximates fair value and no valuation is performed	Not applicable
Non-recourse deposits	Level 2	Discounted cash flows	Fair value for interest rate and foreign exchange risk with no valuation adjustment for own credit risk. Valuation adjustments are affected for changes in the applicable credit ratings of the assets.	Market interest rates and foreign exchange rates; credit inputs	Not applicable
Deposits that represent collateral on credit linked notes	Level 3	Discounted cash flows	These deposits represent the collateral leg of credit linked notes. The forward curve adjusted for liquidity premiums and business unit margins is used. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs on related advance

5 FAIR VALUE MEASUREMENTS continued

5.2 Fair value hierarchy and measurements continued

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Deposits continued					
Other deposits	Level 2 and level 3	Discounted cash flows	The forward curve adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs
Other liabilities and Tier 2 liabilities	Level 2	Discounted cash flows	The future cash flows are discounted using a market-related interest rate.	Market interest rates and curves	Not applicable
Investment properties	Level 2	Adjusted market prices	The fair value of investment properties is determined by obtaining a valuation from an independent professional valuer not related to the group. This fair value is based on observable market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Variables are obtained through surveys and comparable recent market transactions not publicly quoted. These valuations are reviewed annually by a combination of independent and internal valuation experts.	Market prices, rental capitalisation rates, current rentals obtained, remaining lease term and the specialised nature of the properties	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Level 2 and level 3	Discounted cash flows	The future cash flows are discounted using a market-related interest rate and curves adjusted for credit inputs.	Market interest rates and curves	Credit inputs

For non-recurring fair value measurements, the fair value hierarchy classification and valuation technique applied in determining fair value will depend on the underlying asset or liability being measured. Where the underlying assets or liabilities are those for which recurring fair value measurements are required as listed in the table above, the technique applied and the inputs into the models would be in line with those as set out in the table. Where the underlying assets or liabilities are not items for which recurring fair value measurements are required, for example property and equipment or intangible assets, the carrying value is considered to be equal to or a reasonable approximation of the fair value. This will be assessed per transaction and details will be provided in the relevant notes i.e. note 42 of the annual integrated report for IFRS 3 transactions, note 22 of the annual integrated report for IFRS 5 transactions and note 3.1 of the annual integrated report for impairments of assets where the recoverable amount in terms of IAS 36 is based on the fair value. During the current year the recoverable amount of certain associates and joint ventures was determined based on the fair value for the purpose of calculating impairments.

During the current reporting period there were no changes in the valuation techniques used by the group.

5 FAIR VALUE MEASUREMENTS continued

5.2 Fair value hierarchy and measurements continued

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

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

* *Although the fair value of credit is not significant year-on-year it may become significant in future. For this reason, together with the fact that the majority of South African counterparties do not have actively traded or observable credit spreads, the group has classified loans and advances to customers in level 3 of the fair value hierarchy. In the event that credit spreads are observable for a counterparty, loans and advances to customers are classified as level 2 of the fair value hierarchy.*

5 FAIR VALUE MEASUREMENTS continued

5.2 Fair value hierarchy and measurements continued

	2014			
R million	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Assets				
Recurring fair value measurements				
Derivative financial instruments	22	38 896	120	39 038
Advances*	–	31 923	151 810	183 733
Investment securities and other investments	57 601	38 106	3 958	99 665
Non-recourse investments	-	18 370	–	18 370
Commodities	7 904	–	–	7 904
Investment properties	–	419	–	419
Total assets measured at fair value	65 527	127 714	155 888	349 129
Liabilities				
Recurring fair value measurements				
Short trading positions	5 442	–	–	5 442
Derivative financial instruments	25	41 629	5	41 659
Deposits	125	84 940	1 327	86 392
Non-recourse deposits	–	18 370	–	18 370
Other liabilities	–	3 505	–	3 505
Tier 2 liabilities	–	1 030	–	1 030
Total liabilities measured at fair value	5 592	149 474	1 332	156 398

* *Although the fair value of credit is not significant year-on-year it may become significant in future. For this reason, together with the fact that the majority of South African counterparties do not have actively traded or observable credit spreads, the group has classified loans and advances to customers in level 3 of the fair value hierarchy. In the event that credit spreads are observable for a counterparty, loans and advances to customers are classified as level 2 of the fair value hierarchy.*

5 FAIR VALUE MEASUREMENTS continued

5.2 Fair value hierarchy and measurements continued

5.2.1 Transfers between fair value hierarchy levels

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

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

	2014		
R million	**Transfers in**	**Transfers out**	**Reasons for transfers in**
Level 1	35	–	Investment securities were transferred into level 1 and out of level 3 due to these investment securities listing on an exchange in an active market.
Level 2	150	(298)	Investment securities to the value of R150 million were transferred into level 2 and out of level 3 as these securities listed on an exchange. The market is not yet considered to be active for these investments and level 2 is considered to be appropriate.
Level 3	298	(185)	Investment securities to the value of R187 million and deposits to the value of R111 million were transferred into level 3 out of level 2 because the significant inputs in the fair value measurements became unobservable.
Total transfers	483	(483)	

5 FAIR VALUE MEASUREMENTS continued

5.3 Additional disclosures for level 3 financial instruments

5.3.1 Changes in level 3 instruments with recurring fair value measurements

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

	2015			
R million	**Fair value on 30 June 2014**	**Gains/ losses recognised in profit or loss**	**Gains/losses recognised in other comprehen-sive income**	
Assets				
Derivative financial instruments	**120**	**(35)**	**–**	
Advances	**151 810**	**7 123**	**–**	
Investment securities and other investments	**3 958**	**1 136**	**27**	
Total financial assets measured at fair value in level 3	**155 888**	**8 224**	**27**	
Liabilities				
Derivative financial instruments	**5**	**4**	**–**	
Deposits	**1 327**	**(13)**	**–**	
Total financial liabilities measured at fair value in level 3	**1 332**	**(9)**	**–**	

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

2015					
Purchases, sales, issues and settlements	Acquisitions/ disposals of subsidiaries	Transfers into level 3	Transfers out of level 3	Exchange rate difference	Fair value on 30 June 2015
(15)	–	–	–	–	70
322	–	–	(6)	1 279	160 528
17 175	–	4 709	(2)	24	27 027
17 482	–	4 709	(8)	1 303	187 625
(4)	–	–	–	–	5
13	–	–	(56)	2	1 273
9	–	–	(56)	2	1 278

5 FAIR VALUE MEASUREMENTS continued

5.3 Additional disclosures for level 3 financial instruments continued

5.3.1 Changes in level 3 instruments with recurring fair value measurements continued

	2014		
R million	**Fair value on 30 June 2013**	**Gains/ losses recognised in profit or loss**	**Gains/losses recognised in other com-prehensive income**
Assets			
Derivative financial instruments	110	30	–
Advances	116 749	3 511	–
Investment securities and other investments	5 330	361	4
Total financial assets measured at fair value in level 3	122 189	3 902	4
Liabilities			
Derivative financial instruments	1	4	–
Deposits	1 517	59	–
Total financial liabilities measured at fair value in level 3	1 518	63	–

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

	2014					
	Purchases, sales, issues and settlements	Acquisitions/ disposals of subsidiaries	Transfers into level 3	Transfers out of level 3	Exchange rate difference	Fair value on 30 June 2014
	(20)	–	–	–	–	120
	31 110	–	–	–	440	151 810
	(1 752)	–	187	(185)	13	3 958
	29 338	–	187	(185)	453	155 888
	–	–	–	–	–	5
	(383)	–	111	–	23	1 327
	(383)	–	111	–	23	1 332

5 FAIR VALUE MEASUREMENTS continued

5.3 Additional disclosures for level 3 financial instruments continued

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

The group classifies assets or liabilities in level 3 of the fair value hierarchy when the significant inputs into the valuation model are not observable. In addition the valuation model for level 3 assets or liabilities typically also relies on a number of inputs that are readily observable either directly or indirectly. Thus, the gains and losses presented below include changes in the fair value related to both observable and unobservable inputs.

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

	2015		
R million	**Gains/losses recognised in the income statement**	**Gains/losses recognised in other comprehensive income**	**Total gains/losses**
Assets			
Derivative financial instruments	**24**	**–**	**24**
Advances*	**5 456**	**–**	**5 456**
Investment securities and other investments	**987**	**27**	**1 014**
Total	**6 467**	**27**	**6 494**
Liabilities			
Derivative financial instruments	**4**	**–**	**4**
Deposits	**(37)**	**–**	**(37)**
Total	**(33)**	**–**	**(33)**

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

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

5 FAIR VALUE MEASUREMENTS continued

5.3 Additional disclosures for level 3 financial instruments continued

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

	2014		
R million	Gains/losses recognised in the income statement	Gains/losses recognised in other comprehensive income	Total gains/losses
Assets			
Derivative financial instruments	22	–	22
Advances*	3 039	–	3 039
Investment securities and other investments	287	(1)	286
Total	3 348	(1)	3 347
Liabilities			
Derivative financial instruments	4	–	4
Deposits	(23)	–	(23)
Total	(19)	–	(19)

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

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

5 FAIR VALUE MEASUREMENTS continued

5.3 Additional disclosures for level 3 financial instruments continued

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

The value of assets and liabilities measured at fair value on a recurring basis that are classified in level 3 of the fair value hierarchy is determined using valuation techniques that make use of significant inputs that are not based on observable market data. The input into these valuation techniques are derived from all available information and management's judgements. While management believes that these fair values are appropriate they could be sensitive to changes in the assumptions used to derive the inputs. The table below illustrates the sensitivity of the significant inputs when changed to reasonable possible alternative inputs.

R million	Significant unobservable inputs	Reasonably possible changes to significant unobservable inputs	
Assets			
Derivative financial instruments	Volatilities	Volatilities are increased and decreased by 10%.	
Advances	Credit	Credit migration matrix*	
Investment securities and other investments	Credit, growth rates and P/E ratios of unlisted investments	Unobservable inputs are increased and decreased by 10%	
Total financial assets measured at fair value in level 3			
Liabilities			
Derivative financial instruments	Volatilities	Volatilities are increased and decreased by 10%.	
Deposits	Credit risk of the cash collateral leg of credit linked notes	Credit migration matrix**	
Total financial liabilities measured at fair value in level 3			

* *The credit migration matrix is used as part of the group's credit risk management process for the advances measured at fair value through profit or loss. The matrix is a simulation model that contains a matrix of probabilities for downgrading or upgrading to another rating bucket. The migration matrix is based on actual observed rating migrations from S&P over the long term and is based on the fair value in the 75th percentile.*

** *The deposits included in level 3 of the hierarchy represent the collateral leg of credit linked notes. The most significant unobservable input in determining the fair value of the credit linked notes is the credit risk component. The sensitivity to credit risk has been assessed in the same way as for advances using the credit migration matrix with the deposit representing the cash collateral component thereof.*

	2015			2014		
	Reasonably possible alternative fair value			Reasonably possible alternative fair value		
	Fair value	Using more positive assumptions	Using more negative assumptions	Fair value	Using more positive assumptions	Using more negative assumptions
	70	**92**	**58**	120	175	107
	160 528	**161 601**	**158 170**	151 810	153 180	151 817
	27 027	**27 386**	**26 665**	3 958	4 381	3 540
	187 625	**189 079**	**184 893**	155 888	157 736	155 464
	5	**4**	**5**	5	5	5
	1 273	**1 146**	**1 401**	1 327	1 195	1 460
	1 278	**1 150**	**1 406**	1 332	1 200	1 465

5 FAIR VALUE MEASUREMENTS continued

5.4 Other fair value measurements

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

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

	2014				
R million	**Carrying value**	**Total Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Advances	502 195	505 747	–	72 581	433 166
Investment securities and other investments	1 072	1 070	–	729	341
Total financial assets at amortised cost	503 267	506 817	–	73 310	433 507
Liabilities					
Deposits	663 472	664 789	18 156	646 537	96
Other liabilities	3 075	2 850	–	975	1 875
Tier 2 liabilities	10 953	11 216	–	11 099	117
Total financial liabilities at amortised cost	677 500	678 855	18 156	658 611	2 088

5 FAIR VALUE MEASUREMENTS continued

5.5 Day 1 profit or loss

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the entry or exit price) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. Day 1 profit or loss arises on the initial recognition of a financial instrument when the fair value of the instrument is determined using a valuation technique that makes use of inputs that are not observable in an active market. In terms of IAS 39 if the fair value determined in accordance with such a valuation technique differs from the transaction price the initial recognition should take place at the transaction price. The day 1 profits or losses arising as a result of the difference between the two values should only be recognised over the life of the instrument as a result of changes that would also be considered by market participants.

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

R million	2015	2014
Balance at 1 July	**20**	28
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(9)**	(8)
Balance at 30 June	**11**	20

6 SEGMENT INFORMATION

6.1 Reportable segments

Set out below is information about the reportable segments of the FirstRand group, details of the various products and services provided by the franchises, their major customers and the basis of preparation of segment information. The group accounts for inter-segment transactions as if the transaction were with third parties.

FNB

FNB represents FirstRand's retail and commercial activities in South Africa and the broader African continent. FNB offers a diverse set of financial products and services to market segments including consumer, small business, agricultural, medium corporate, parastatals and government entities. FNB's products cover the entire spectrum of financial services – transactional, lending, investment and saving – and include mortgage loans, credit and debit cards, personal loans and investment products. Services include transactional and deposit-taking, card acquiring, credit facilities and FNB distribution channels (namely, the branch network, ATMs, call centres, cell phone and internet channels). FNB offers the full range of products and services through the FNB Africa subsidiaries in Namibia, Botswana, Lesotho, Swaziland, Zambia, Mozambique and Tanzania. FNB's primary segments are retail and commercial.

RMB

RMB is the corporate and investment banking arm of FirstRand and offers advisory, financing, trading, corporate banking and principal investing solutions. RMB has a deal footprint across more than 35 African countries and offices in Namibia, Botswana, Nigeria, Angola and Kenya, and also operates in the UK, India, China and the Middle East. RMB also offers its products and services through the FNB subsidiaries in Zambia, Tanzania, Lesotho, Swaziland and Mozambique. RMB's business units include global markets, investment banking, private equity and corporate banking.

WesBank

WesBank represents the group's activities in vehicle and asset finance in the retail, commercial and corporate segments operating primarily through alliances and JVs with leading motor manufacturers, suppliers and dealer groups where it has built up a strong point-of-sale presence. WesBank also manages a personal loans business, driven through the Direct Axis marketing origination channel in South Africa, and has a vehicle finance business in the UK, MotoNovo.

FCC and other

FCC represents key group-wide functions, including Group Treasury (capital, liquidity and financial resource management), group finance, group tax, enterprise risk management, regulatory risk management and group internal audit. FCC has a custodianship mandate which includes managing relationships on behalf of the group with key external stakeholders (e.g. shareholders, debt holders, regulators) and the ownership of key group strategic frameworks (e.g. performance measurement, risk/reward). Its objective is to ensure the group delivers on its commitments to stakeholders.

The results of Ashburton Investments Holdings Limited (Ashburton Investments), the group's recently-established investment management business, are also included in the FCC segment. Ashburton Investments offers focused traditional and alternative investment solutions to individual and institutional investors and combines established active fund management expertise with alternative investment solutions from product providers across the FirstRand group. The Ashburton brand therefore represents the group's investment management activities across the different franchises.

Ashburton Investments, the legal entity, includes the management activities within that legal entity, i.e. excluding the investment management activities that are included in the segment results of the other franchises. The results of Ashburton Investments have therefore been included in this reportable segment as these are not material on a legal entity basis.

FCC also includes the results of the FirstRand company and various other trusts that have been set up to facilitate the group's BEE schemes.

6 SEGMENT INFORMATION continued

6.1 Reportable segments continued

Major customers

In terms of *IFRS 8 Operating Segments* a customer is regarded as a major customer if the revenue from transactions with this customer exceeds 10% or more of the entity's revenue. The FirstRand group has no major customer as defined and is therefore not reliant on the revenue from one or more major customers.

Basis of preparation of segment information

The segmental analysis is based on the information reported to management for the respective segments and is based on the current franchise management structures. The information is prepared in terms of IFRS with the exception of normalisation adjustments and certain adjustments made to the segment results in order to eliminate the effect of non-taxable income and other segment specific items that impact certain key ratios reviewed by the chief operating decision maker when assessing the operating segments' performance.

The group believes that normalised earnings more accurately reflects its economic performance therefore IFRS earnings are adjusted to take into account headline earnings adjustments, non-operational items and accounting anomalies.

In order to ensure that the total segment results, assets and liabilities agree to the amounts reported in terms of IFRS, the aforementioned amounts are adjusted in the IFRS adjustments column.

Below is a description of the normalised adjustments made to IFRS earnings when preparing the normalised results.

6.2 Description of normalised adjustments

Consolidated private equity subsidiaries

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

FirstRand shares held for client trading activities

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

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

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

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

6 SEGMENT INFORMATION continued

6.2 Description of normalised adjustments continued

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

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

Economic interest rate hedges

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

Fair value annuity income – lending

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

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

Credit-based investments included in advances

Certain corporate bonds and debt securities qualifying as HQLA and notes held in securitisation vehicles are classified as investments securities for IFRS purposes. The underlying nature and risk exposure of these assets is credit related and these assets were, therefore, reclassified from investment securities into advances.

US Dollar liquidity funding

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

IAS 19 Remeasurement of plan assets

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

Realisations on the sale of private equity subsidiaries

In terms of *Circular 2/2013 Headline Earnings*, gains or losses from the sale of subsidiaries are excluded from headline earnings.

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

6 SEGMENT INFORMATION continued

6.2 Description of normalised adjustments continued

Cash-settled share-based payments and the economic hedge

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

In terms of IAS 39 the TRS is accounted for as a derivative instrument at fair value with the full fair value change recognised in NIR.

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

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

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

Equity-settled share-based payments and treasury shares: consolidation of staff share trusts

IFRS 2 requires that all share-based payment transactions for goods or services received must be expensed with effect from financial periods commencing on or after 1 January 2005.

In 2005 the group concluded a BEE transaction. As part of this transaction, rights were granted to the group's black South African employees and black non-executive directors. These rights are accounted for as expenses in accordance with IFRS 2. The group hedged itself against the price risk of the FirstRand share price inherent in these schemes by buying, in the open market, the FirstRand shares required to settle these schemes. These shares are held in various share trusts. In addition to the 2005 grants, the staff share trusts received MMI Holdings Limited (MMI) shares pursuant to the unbundling of MMI. These schemes all vested on 31 December 2014 and the staff received the FirstRand and MMI shares due to them.

IFRS 10 requires certain of these share trusts to be consolidated by the group. The FirstRand shares held by the staff share trusts were, therefore, treated as treasury shares. MMI shares held by the staff share trusts were treated as available-for-sale equity investments. On vesting all the assets and liabilities in the trusts were used in the vesting of the shares and the wind-up of the trusts.

From an IFRS perspective the following expenses are recognised for the period from 1 July 2014 until the vesting date:

- IFRS 2 cost for the FirstRand shares granted to employees based on grant date fair value; and
- IAS 19 expense for the movement in fair value of the MMI shares that were expected to vest.

When calculating normalised results, the following adjustments are made in respect of the staff share trusts to reflect the economic cost of the scheme:

- historically FirstRand shares held by staff share schemes were treated as issued to parties external to the group and loans to share trusts were recognised as external loans. As these trusts have now been unwound and the loans settled this adjustment is no longer required;
- the IFRS 2 expense is reversed; and
- the IAS 19 expense relating to the fair value movement in the MMI shares is reversed.

Headline earnings adjustments

All adjustments that are required by *Circular 2/2013 Headline Earnings* in calculating headline earnings are included in normalised earnings on a line-by-line basis based on the nature of the adjustment.

The description and amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 44. These adjustments include the write back of impairment losses recognised on intangible assets and goodwill.

6 SEGMENT INFORMATION continued

6.3 Geographic segments

Refer to the reportable segment information for a description of the divisions.

Segment	Countries included	Franchises included
South Africa	South Africa	FNB RMB WesBank FCC (including Group Treasury)
Other Africa	Namibia Botswana Swaziland Mozambique Zambia Lesotho Tanzania Ghana Nigeria Mauritius	FNB RMB WesBank
United Kingdom	United Kingdom	FNB RMB WesBank FCC (including Group Treasury)
Australasia	Australia	RMB
Other	Asia (India, China) Middle East (U.A.E) North America South America	FNB RMB

6 SEGMENT INFORMATION continued

6.3 Geographic segments continued

The following significant exchange rates were used to convert the statement of financial position. Foreign denominated assets and liabilities are converted at the closing rate of exchange.

	2015	2014
GBP	**19.12**	18.17
EUR	**13.57**	14.55
USD	**12.14**	10.63
AUD	**9.35**	10.02
BRL	**3.90**	4.83
INR	**0.19**	0.18

6 SEGMENT INFORMATION continued

6.4 Reportable segments

R million	2015 FNB	FNB Africa*
Net interest income before impairment of advances	18 633	3 068
Impairment of advances	(2 070)	(415)
Net interest income after impairment of advances	16 563	2 653
Non-interest revenue	18 593	2 723
Net income from operations	35 156	5 376
Operating expenses	(19 904)	(3 654)
Share of profit of associates after tax	18	1
Share of profit of joint ventures after tax	–	–
Income before tax	15 270	1 723
Indirect tax	(435)	(83)
Profit for the year before tax	14 835	1 640
Income tax expense	(4 154)	(551)
Profit for the year	10 681	1 089
The income statement includes:		
Depreciation	(1 211)	(160)
Amortisation	(2)	(9)
Net impairment	(4)	–
The statement of financial position includes:		
Investments in associates	246	4
Investments in joint ventures	–	–
Total assets	300 033	50 602
Total liabilities	285 544	50 053

* *Includes FNB's activities in India.*

** *Other was previously reported separately and has now been included in the FCC segment. The comparative amounts have been restated accordingly.*

Geographical segments

	2015					
R million	South Africa	Other Africa	United Kingdom	Australasia	Other	Total
Net interest income after impairment	26 095	3 132	1 171	(65)	138	30 471
Non-interest revenue*	34 786	3 725	14	136	299	38 960
Total assets	919 010	75 553	55 753	3 841	5 109	1 059 266
Non-current assets **	21 320	2 060	76	1 513	26	24 995
Total liabilities	835 084	64 781	55 348	2 853	2 596	960 662

* *Includes share of profit of associates and joint ventures after tax.*

** *Excludes financial instruments, accounts receivable, deferred income tax assets, post-employment benefit assets and rights arising under insurance contracts.*

	2015					
	RMB					
	Investment banking	Corporate banking	WesBank	FCC (including Group Treasury) and other**	Consoli-dation and IFRS adjustments	Total
	1 656	923	8 796	2 469	76	35 621
	(312)	(112)	(2 539)	(27)	325	(5 150)
	1 344	811	6 257	2 442	401	30 471
	11 379	1 316	3 607	2 325	(2 522)	37 421
	12 723	2 127	9 864	4 767	(2 121)	67 892
	(6 647)	(1 423)	(5 344)	(2 934)	1 214	(38 692)
	1 120	–	342	(3)	(393)	1 085
	487	–	–	40	(73)	454
	7 683	704	4 862	1 870	(1 373)	30 739
	(93)	18	(239)	(52)	–	(884)
	7 590	722	4 623	1 818	(1 373)	29 855
	(2 125)	(202)	(1 294)	(509)	2 104	(6 731)
	5 465	520	3 329	1 309	731	23 124
	(206)	(5)	(481)	(30)	–	(2 093)
	(16)	–	(70)	(5)	–	(102)
	(14)	(2)	(128)	–	51	(97)
	3 802	–	1 735	13	(19)	5 781
	1 249	–	–	48	(15)	1 282
	406 726	6 974	186 273	226 514	(117 856)	1 059 266
	397 228	6 147	180 293	98 919	(57 522)	960 662

Reconciliation of profit for the year to normalised earnings

R million	2015
Profit for the year (per above)	23 124
NCNR preference shareholders	(310)
Non-controlling interest	(1 191)
Attributable earnings to ordinary equityholders	21 623
Headline earnings adjustments	(482)
Headline earnings to ordinary equityholders	21 141
Normalised adjustments	145
– TRS and IFRS 2 liability remeasurements	(34)
– IFRS 2 share-based payment expenses	75
– Treasury shares	25
– IAS 19 adjustment	(107)
– Private equity subsidiary realisations	186
Normalised earnings from continuing operations	21 286

6 SEGMENT INFORMATION continued

6.4 Reportable segments continued

R million	2014 FNB	2014 FNB Africa*
Net interest income before impairment of advances	16 143	2 639
Impairment of advances	(2 082)	(331)
Net interest income after impairment of advances	14 061	2 308
Non-interest revenue	17 200	2 273
Net income from operations	31 261	4 581
Operating expenses	(17 998)	(3 068)
Share of profit of associates after tax	29	1
Share of profit of joint ventures after tax	–	–
Income before tax	13 292	1 514
Indirect tax	(487)	(65)
Profit for the year before tax	12 805	1 449
Income tax expense	(3 585)	(515)
Profit for the year	9 220	934
The income statement includes:		
Depreciation	(1 188)	(149)
Amortisation	(22)	(12)
Impairment charges	(27)	–
The statement of financial position includes:		
Investments in associates	241	4
Investments in joint ventures	–	–
Total assets	271 372	51 743
Total liabilities	259 852	49 360

* *Includes FNB's activities in India.*

** *Other was previously reported separately and has now been included in the FCC segment. The comparative amounts have been restated accordingly.*

Geographical segments

R million	2014 South Africa	Other Africa	United Kingdom	Australasia	Other	Total
Net interest income after impairment	20 928	2 982	588	47	81	24 626
Non-interest revenue*	32 205	3 093	1 094	206	479	37 077
Total assets	833 469	65 292	38 427	4 160	4 187	945 535
Non-current assets**	19 683	1 791	70	1 572	28	23 144
Total liabilities	757 431	56 672	38 111	2 863	2 241	857 318

* *Includes share of profit of associates and joint ventures after tax.*

** *Excludes financial instruments, accounts receivable, deferred income tax assets, post-employment benefit assets and rights arising under insurance contracts.*

	2014					
	RMB					
	Investment banking	Corporate banking	WesBank	FCC (including Group Treasury) and other**	Consolidation and IFRS adjustments	Total
	1 455	817	8 213	130	481	29 878
	(177)	(32)	(2 081)	(98)	(451)	(5 252)
	1 278	785	6 132	32	30	24 626
	11 320	1 229	3 290	3 066	(2 228)	36 150
	12 598	2 014	9 422	3 098	(2 198)	60 776
	(6 620)	(1 432)	(5 072)	(2 520)	1 262	(35 448)
	770	–	214	(6)	(338)	670
	328	–	–	1	(72)	257
	7 076	582	4 564	573	(1 346)	26 255
	(69)	(25)	(253)	19	2	(878)
	7 007	557	4 311	592	(1 344)	25 377
	(1 962)	(156)	(1 208)	(270)	2 105	(5 591)
	5 045	401	3 103	322	761	19 786
	(216)	(7)	(434)	(47)	(1)	(2 042)
	(15)	–	(44)	(4)	2	(95)
	(125)	–	(12)	(42)	(117)	(323)
	4 172	–	1 436	14	(20)	5 847
	1 214	–	–	7	(16)	1 205
	383 083	7 126	170 194	181 405	(119 388)	945 535
	373 661	6 446	166 137	60 970	(59 108)	857 318

Reconciliation of profit for the year to normalised earnings

R million	2014
Profit for the year (per above)	19 786
NCNR preference shareholders	(288)
Non-controlling interests	(1 058)
Attributable earnings to ordinary equityholders	18 440
Headline earnings adjustments	231
Headline earnings to ordinary equityholders	18 671
Normalised adjustments	(8)
– TRS and IFRS 2 liability remeasurement	(198)
– IFRS 2 share-based payment expense	182
– Treasury shares	97
– IAS 19 adjustment	(104)
– Private equity subsidiary realisations	15
Normalised earnings from continuing operations	18 663

7 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The group had the following acquisitions and disposals of subsidiaries during the current and prior years.

	2015				
Entity	**% acquired/ disposed of**	**Transaction date**	**Net asset value of subsidiary R million**	**Notes**	**Transaction details**
Acquisitions			Nil	7.1	There were no acquisitions of subsidiaries in the current year.
Disposals					
RMB private equity	Various	Various	188	7.2	The group disposed of various RMB private equity subsidiaries, none of which were individually material.
Other insignificant	Various	Various	(113)		The group entered into other individually insignificant disposal transactions which resulted in the group losing control over subsidiaries and no longer consolidating these entities.

	2014				
Entity	**% acquired/ disposed of**	**Transaction date**	**Net asset value of subsidiary R million**	**Notes**	**Transaction details**
Acquisitions					
RMB private equity	Various	Various	Nil	7.1	The group purchased various RMB private equity subsidiaries. The primary reason for these purchases is to expand the private equity portfolio of the group by obtaining control of the operations and management of those companies.
Disposals					
RMB private equity	Various	Various	50	7.2	The group disposed of various RMB private equity subsidiaries, none of which were individually material.
Other insignificant	Various	Various	3		The group entered into other individually insignificant disposal transactions which resulted in the group losing control over subsidiaries and no longer consolidating these entities.

7 ACQUISITION AND DISPOSAL OF SUBSIDIARIES continued

7.1 Acquisitions of subsidiaries

	2014	
R million	**Total**	**RMB private equity**
Total goodwill is calculated as follows:		
Total cash consideration transferred	15	15
Less: net identifiable asset value as at date of acquisition	–	–
Goodwill on acquisition	15	15
Cash flow information		
Discharged by cash consideration	15	15
Net cash outflow on acquisition of subsidiaries	15	15

7 ACQUISITION AND DISPOSAL OF SUBSIDIARIES continued

7.2 Disposals of subsidiaries

	2015		
R million	**Total**	**RMB private equity**	**Other insignificant disposals**
ASSETS			
Cash and cash equivalents/(overdrafts)	**(67)**	**(67)**	**–**
Accounts receivable	**279**	**279**	**–**
Advances	**573**	**573**	**–**
Investments in associates	**9**	**9**	**–**
Property and equipment	**74**	**28**	**46**
Intangible assets	**20**	**20**	**–**
Deferred income tax asset	**24**	**24**	**–**
Non-current assets and disposal groups held for sale	**152**	**87**	**65**
Total assets disposed of	**1 064**	**953**	**111**
LIABILITIES			
Creditors and accruals	**107**	**78**	**29**
Current tax liability	**1**	**1**	**–**
Employee liabilities	**3**	**3**	**–**
Other liabilities	**673**	**666**	**7**
Liabilities directly associated with disposal groups held for sale	**205**	**17**	**188**
Total liabilities disposed of	**989**	**765**	**224**
Net asset value as at date of disposal	**75**	**188**	**(113)**
Total gain on disposal is calculated as follows:			
Total consideration received	**248**	**248**	**–**
Total cash consideration received	**247**	**247**	**–**
Total non-cash consideration received	**1**	**1**	**–**
Add: non-controlling share of net asset value at disposal date	**48**	**57**	**(9)**
Less: group's portion of the net asset value on disposal	**75**	**188**	**(113)**
Gain/(loss) on disposal of controlling interest in a subsidiary	**221**	**117**	**104**
Cash flow information			
Discharged by cash consideration	**247**	**247**	**–**
Less: cash and cash equivalents/(overdrafts) disposed of in the subsidiary	**(67)**	**(67)**	**–**
Net cash inflow on disposal of subsidiaries	**314**	**314**	**–**

7 ACQUISITION AND DISPOSAL OF SUBSIDIARIES continued

7.2 Disposals of subsidiaries continued

	2014		
R million	**Total**	**RMB private equity**	**Other insignificant disposals**
ASSETS			
Cash and cash equivalents	11	3	8
Accounts receivable	23	23	–
Advances	1	1	–
Investments in joint ventures	45	45	–
Property and equipment	20	20	–
Total assets disposed of	100	92	8
LIABILITIES			
Creditors and accruals	4	4	–
Current tax liability	7	7	–
Other liabilities	36	31	5
Total liabilities disposed of	47	42	5
Net asset value as at date of disposal	53	50	3
Total gain on disposal is calculated as follows:			
Total consideration received	38	38	–
Total cash consideration received	32	32	–
Total non-cash consideration received	6	6	–
Add: non-controlling share of net asset value at disposal date	33	31	2
Less: group's portion of the net asset value on disposal	53	50	3
Gain on disposal of controlling interest in a subsidiary	18	19	(1)
Cash flow information			
Discharged by cash consideration	32	32	–
Less: cash and cash equivalents disposed of in the subsidiary	11	3	8
Net cash inflow on disposal of subsidiaries	21	29	(8)

8 EVENTS AFTER REPORTING PERIOD

Non-adjusting event

Direct Axis SA

WesInvest Holdings Proprietary Limited, a wholly owned subsidiary of FirstRand Investment Holdings Proprietary Limited, has acquired the non-controlling interests in Direct Axis SA Proprietary Limited on 1 July 2015 for a total consideration of R1.335 billion. The transaction has resulted in Direct Axis moving from a partly owned subsidiary to a wholly owned subsidiary of WesInvest Holdings and R1 billion economic goodwill will be recognised directly in equity by WesInvest as the transaction occurs between entities in their capacity as owners of the subsidiary.

Motorite and SMART

FirstRand's asset finance business WesBank has, together with the Hollard Insurance Company, formed a new holding company, where FirstRand, through its WesBank division, will be the majority shareholder with 81.1% shareholding. The new holding company will acquire two entities, namely Motorite and SMART. Motorite offers a variety of vehicle warranty and maintenance products, while SMART specialises in body repair cover and offers paint and dent protection policies. By combining resources it is envisaged that going forward WesBank will be in a very strong position to provide innovative and competitively priced solutions for customers. All regulatory approvals are expected to be received in September 2015.

Discovery

During the 2016 financial year Discovery Limited (Discovery) will subscribe for preference shares in FirstRand Bank Limited in the amount of R1.35 billion and increase its participation in DiscoveryCard to 74.99% with FirstRand retaining 25.01%. It is intended that in time, the arrangement will be expanded to a broader product suite with the same profit share. DiscoveryCard made a profit before tax of approximately R320 million for the year ending 30 June 2015 and net advances totalled R3.7 billion.

Other subsequent events

The directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of this report.

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DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Additional Tier 1 capital (AT1)	NCNR preference share capital plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specified regulatory deductions.
CAGR	Compound annual growth rate.
Capital adequacy ratio (CAR)	Capital divided by RWA.
Common Equity Tier 1 capital (CETI)	Tier 1 less Additional Tier 1 capital.
Common Equity Tier 1 capital	Share capital and premium plus accumulated comprehensive income and reserves plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specific regulatory deductions.
Cost-to-income ratio	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates and joint ventures.
Credit loss ratio	Total impairment charge per the income statement expressed as a percentage of average advances (average between the opening and closing balance for the year).
Diversity ratio	Non-interest revenue expressed as a percentage of total income including share of profits from associates and joint ventures.
Dividend cover	Normalised earnings per share divided by dividend per share.
Effective tax rate	Tax per the income statement divided by the profit before tax per the income statement.
Exposure at default (EAD)	Gross exposure of a facility upon default of a counterparty.
Loan-to-deposit ratio	Average advances expressed as a percentage of average deposits.
Loss given default (LGD)	Economic loss that will be suffered on an exposure following default of the counterparty, expressed as a percentage of the amount outstanding at the time of default.
Net income after capital charge (NIACC)	Normalised earnings less the cost of equity multiplied by the average ordinary shareholders' equity and reserves.
Normalised earnings	The group believes normalised earnings more accurately reflect its economic performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies.
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares including treasury shares.
Normalised net asset value	Normalised equity attributable to ordinary equityholders.
Normalised net asset value per share	Normalised equity attributable to ordinary equityholders divided by the number of issued ordinary shares.
Price earnings ratio (times)	Closing price on 30 June divided by basic normalised earnings per share.
Price-to-book (times)	Closing share price on 30 June divided by normalised net asset value per share.
Probability of default (PD)	Probability that a counterparty will default within the next year (considering the ability and willingness of the counterparty to repay).

Return on assets (ROA)	Normalised earnings divided by average assets.
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders equity.
Risk weighted assets (RWA)	Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets.
Shares in issue	Number of ordinary shares listed on the JSE.
Tier 1 ratio	Tier 1 capital divided by RWA.
Tier 1 capital	Common Equity Tier 1 capital plus AT 1 capital.
Tier 2 capital	Qualifying subordinated debt instruments plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties plus general provisions for entities on the standardised approach less regulatory deductions.
Total qualifying capital and reserves	Tier 1 capital plus Tier 2 capital.
Weighted average number of ordinary shares	Weighted average number of ordinary shares in issue during the year as listed on the JSE.

ABBREVIATIONS

AIRB	Advanced internal ratings based approach
AMA	Advanced measurement approach
AVC	Asset value correlation
BIA	Basic indicator approach
BPRMF	Business performance and risk management framework
CVA	Credit value adjustment
ICR	Individual capital requirement
LCR	Liquidity coverage ratio
NOFP	Net open forward position in foreign exchange
NSFR	Net stable funding ratio
TSA	The standardised approach
VaR	Value-at-Risk

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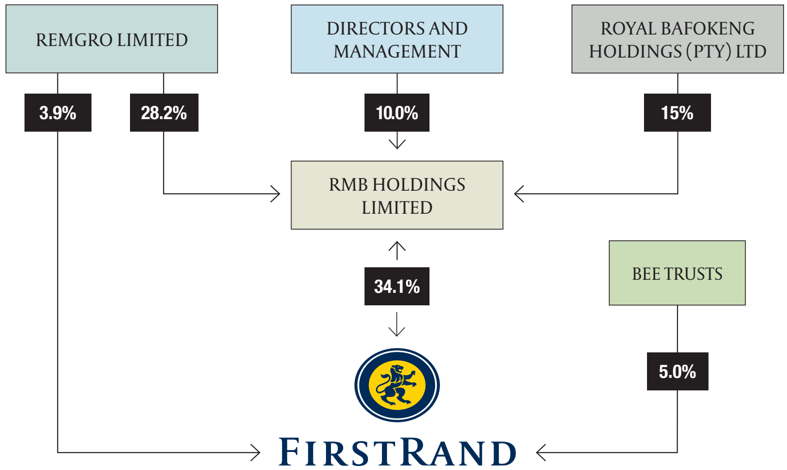
SHAREHOLDERS' INFORMATION

SIMPLIFIED GROUP STRUCTURE



LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

100% FIRSTRAND BANK LIMITED – Banking

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

100% FIRSTRAND EMA (PTY) LTD (FREMA) – Africa and emerging markets

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

100% FIRSTRAND INVESTMENT HOLDINGS (PTY) LTD (FRIHL) – Other activities

96%	RMB Private Equity Holdings
93%	RMB Private Equity
100%	RMB Securities
50%	RMB Morgan Stanley
100%	FNB Securities
100%	RentWorks
100%	Direct Axis#
100%	FirstRand International – Guernsey
100%	RMB Australia Holdings

100% ASHBURTON INVESTMENTS HOLDINGS LIMITED – Investment management

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

100% FIRSTRAND INSURANCE HOLDINGS (PTY) LTD – Insurance

100%	FirstRand Life Assurance

1. Division
2. Branch
3. Representative office

* MotoNovo Finance is a business segment of FirstRand Bank Limited (London Branch).
** Trading as FNB Channel Islands.
# Percentage ownership at date of publication of annual integrated report

Structure shows effective consolidated shareholding

For segmental analysis purposes, entities included in FRIHL and FREMA are reported as part of results of the managing franchise. The group's securitisations and conduits are in FRIHL.

ANALYSIS OF ORDINARY SHAREHOLDERS

	Number of shareholders	Shares held (thousands)	%
Shareholders beneficial effective holding more than 5%			
RMB Holdings Limited		1 910 433	34.1
Public investment corporation		518 126	9.2
FirstRand Empowerment Trust and related parties		280 557	5.0
Financial Securities Limited (Remgro)		219 805	3.9
Subtotal		2 928 921	52.2
Other		2 680 567	47.8
Total		5 609 488	100.0
Shareholder type			
Corporates (RMB Holdings and Remgro)		2 130 239	38.0
Pension funds		946 182	16.9
Insurance companies and banks		283 257	5.0
Unit trusts		995 627	17.7
Individuals		45 338	0.8
Empowerment trust		280 557	5.0
Staff assistance trust		15 237	0.3
Other		913 051	16.3
Total		5 609 488	100.0
Public and non-public shareholders			
Public	52 330	3 164 570	56.4
Non-public			
– Corporates (RMB Holdings and Remgro)	2	2 130 239	38.0
– Directors and prescribed officers*	12	18 885	0.3
– Empowerment trust	1	280 557	5.0
– Staff assistance trust	1	15 237	0.3
Total	52 346	5 609 488	100.0
Geographic ownership			
South Africa		3 941 540	70.3
International		1 241 473	22.1
Unknown/unanalysed		426 475	7.6
Total		5 609 448	100.0

* *Reflects direct beneficial interest.*

ANALYSIS OF B PREFERENCE SHAREHOLDERS

as at 30 June 2015

	Number of shareholders	Shares held (thousands)	%
Public and non-public shareholders			
Public	**6 054**	**44 750**	**99.4**
Non-public			
– directors	**1**	**250**	**0.6**
Total	**6 055**	**45 000**	**100.0**

PERFORMANCE ON THE JSE

as at 30 June

	2015	2014
Number of shares in issue (thousands)	**5 609 488**	5 637 942
Market price (cents per share)		
Closing	**5 332**	4 075
High	**5 847**	4 162
Low	**4 002**	2 765
Weighted average	**4 901**	3 431
Closing price/net asset value per share	**3.26**	2.78
Closing price/earnings (headline)	**13.98**	11.97
Volume of shares traded (millions)	**2 539**	2 664
Value of shares traded (R million)	**123 832**	90 928
Market capitalisation (R billion)	**297.21**	229.75

COMPANY INFORMATION

DIRECTORS

LL Dippenaar (chairman), SE Nxasana (chief executive officer), JP Burger (deputy chief executive officer), HS Kellan (financial director), VW Bartlett, JJH Bester (retired December 2014), MS Bomela, P Cooper (alternate), L Crouse, JJ Durand, GG Gelink, PM Goss, NN Gwagwa, PK Harris, WR Jardine, RM Loubser, EG Matenge-Sebesho, AT Nzimande, D Premnarayen (India), KB Schoeman, BJ van der Ross, JH van Greuning

SECRETARY AND REGISTERED OFFICE

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PO Box 650149, Benmore 2010
Tel: +27 11 282 1808
Fax: +27 11 282 8088
Website: www.firstrand.co.za

JSE SPONSOR

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

NAMIBIAN SPONSOR

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

TRANSFER SECRETARIES – SOUTH AFRICA

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

TRANSFER SECRETARIES – NAMIBIA

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

LISTED FINANCIAL INSTRUMENTS OF THE GROUP AND ITS SUBSIDIARIES

LISTED EQUITY INSTRUMENTS

Johannesburg Stock Exchange (JSE)

Ordinary shares

Issuer	Share code	ISIN code
FirstRand Limited	FSR	ZAE000066304

Non-cumulative non-redeemable B preference shares

Issuer	Share code	ISIN code
FirstRand Limited	FSRP	ZAE000060141

Namibian Stock Exchange (NSX)

Ordinary shares

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

Botswana Stock Exchange (BSE)

Ordinary shares

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

LISTED DEBT INSTRUMENTS

Johannesburg Stock Exchange (JSE)

	Issuer	Bond code	ISIN code
Subordinated debt	FirstRand Bank Limited	FRB05	ZAG000031337
	FirstRand Bank Limited	FRB08	ZAG000047796
	FirstRand Bank Limited	FRB09	ZAG000047804
	FirstRand Bank Limited	FRB10	ZAG000092487
	FirstRand Bank Limited	FRB11	ZAG000102054
	FirstRand Bank Limited	FRB12	ZAG000116278
	FirstRand Bank Limited	FRB13	ZAG000116286
	FirstRand Bank Limited	FRB14	ZAG000116294
	FirstRand Bank Limited	FRB15	ZAG000124199
	FirstRand Bank Limited	FRBC21	ZAG000052283
	FirstRand Bank Limited	FRBC22	ZAG000052390
Senior unsecured	FirstRand Bank Limited	FRBN04	ZAG000041005
	FirstRand Bank Limited	FRBZ01	ZAG000049255
	FirstRand Bank Limited	FRBZ02	ZAG000072711
	FirstRand Bank Limited	FRBZ03	ZAG000080029
	FirstRand Bank Limited	FRJ16	ZAG000073826
	FirstRand Bank Limited	FRJ17	ZAG000094343
	FirstRand Bank Limited	FRJ18	ZAG000084187
	FirstRand Bank Limited	FRJ19	ZAG000104563
	FirstRand Bank Limited	FRJ20	ZAG000109596

	Issuer	Bond code	ISIN code
Senior unsecured	FirstRand Bank Limited	FRJ21	ZAG000115858
	FirstRand Bank Limited	FRJ25	ZAG000124256
	FirstRand Bank Limited	FRS36	ZAG000077397
	FirstRand Bank Limited	FRS37	ZAG000077793
	FirstRand Bank Limited	FRS43	ZAG000078643
	FirstRand Bank Limited	FRS46	ZAG000079807
	FirstRand Bank Limited	FRS49	ZAG000081787
	FirstRand Bank Limited	FRS51	ZAG000086117
	FirstRand Bank Limited	FRS56	ZAG000087271
	FirstRand Bank Limited	FRS59	ZAG000089855
	FirstRand Bank Limited	FRS62	ZAG000090614
	FirstRand Bank Limited	FRS64	ZAG000092529
	FirstRand Bank Limited	FRS81	ZAG000100892
	FirstRand Bank Limited	FRS85	ZAG000104985
	FirstRand Bank Limited	FRS86	ZAG000105008
	FirstRand Bank Limited	FRS87	ZAG000105420
	FirstRand Bank Limited	FRS88	ZAG000106154
	FirstRand Bank Limited	FRS90	ZAG000106410
	FirstRand Bank Limited	FRS94	ZAG000107871
	FirstRand Bank Limited	FRS96	ZAG000108390
	FirstRand Bank Limited	FRS100	ZAG000111634
	FirstRand Bank Limited	FRS101	ZAG000111774
	FirstRand Bank Limited	FRS102	ZAG000111782
	FirstRand Bank Limited	FRS103	ZAG000111840
	FirstRand Bank Limited	FRS104	ZAG000111857
	FirstRand Bank Limited	FRS105	ZAG000112046
	FirstRand Bank Limited	FRS107	ZAG000112061
	FirstRand Bank Limited	FRS108	ZAG000113515
	FirstRand Bank Limited	FRS109	ZAG000113564
	FirstRand Bank Limited	FRS110	ZAG000113663
	FirstRand Bank Limited	FRS112	ZAG000115395
	FirstRand Bank Limited	FRS113	ZAG000115478
	FirstRand Bank Limited	FRS114	ZAG000116070
	FirstRand Bank Limited	FRS115	ZAG000116740
	FirstRand Bank Limited	FRS116	ZAG000117136
	FirstRand Bank Limited	FRS117	ZAG000117706
	FirstRand Bank Limited	FRS118	ZAG000118498
	FirstRand Bank Limited	FRS119	ZAG000118951
	FirstRand Bank Limited	FRS120	ZAG000119298
	FirstRand Bank Limited	FRS121	ZAG000120643
	FirstRand Bank Limited	FRS122	ZAG000121062
	FirstRand Bank Limited	FRS123	ZAG000121328
	FirstRand Bank Limited	FRS124	ZAG000122953
	FirstRand Bank Limited	FRS126	ZAG000125188
	FirstRand Bank Limited	FRS127	ZAG000125394
	FirstRand Bank Limited	FRS129	ZAG000125865

LISTED DEBT INSTRUMENTS

JSE continued

	Issuer	Bond code	ISIN code
Senior unsecured	FirstRand Bank Limited	FRS130	ZAG000125873
	FirstRand Bank Limited	FRS131	ZAG000126186
	FirstRand Bank Limited	FRS132	ZAG000126194
	FirstRand Bank Limited	FRS133	ZAG000126541
	FirstRand Bank Limited	FRS134	ZAG000126574
	FirstRand Bank Limited	FRS135	ZAG000126608
	FirstRand Bank Limited	FRS136	ZAG000126780
	FirstRand Bank Limited	FRS137	ZAG000127549
	FirstRand Bank Limited	FRS138	ZAG000127556
	FirstRand Bank Limited	FRX16	ZAG000084203
	FirstRand Bank Limited	FRX17	ZAG000094376
	FirstRand Bank Limited	FRX18	ZAG000076472
	FirstRand Bank Limited	FRX19	ZAG000073685
	FirstRand Bank Limited	FRX20	ZAG000109604
	FirstRand Bank Limited	FRX23	ZAG000104969
	FirstRand Bank Limited	FRX24	ZAG000073693
	FirstRand Bank Limited	FRX26	ZAG000112160
	FirstRand Bank Limited	FRX30	ZAG000124264
	FirstRand Bank Limited	FRX31	ZAG000084195
	FirstRand Bank Limited	FRX45	ZAG000076480
Inflation-linked bonds	FirstRand Bank Limited	FRBI22	ZAG000079666
	FirstRand Bank Limited	FRBI23	ZAG000076498
	FirstRand Bank Limited	FRBI25	ZAG000109588
	FirstRand Bank Limited	FRBI28	ZAG000079237
	FirstRand Bank Limited	FRBI33	ZAG000079245
Credit-linked notes	FirstRand Bank Limited	FRC37	ZAG000076712
	FirstRand Bank Limited	FRC40	ZAG000081027
	FirstRand Bank Limited	FRC46	ZAG000082959
	FirstRand Bank Limited	FRC61	ZAG000087347
	FirstRand Bank Limited	FRC66	ZAG000088485
	FirstRand Bank Limited	FRC67	ZAG000088741
	FirstRand Bank Limited	FRC68	ZAG000088758
	FirstRand Bank Limited	FRC69	ZAG000088766
	FirstRand Bank Limited	FRC71	ZAG000088923
	FirstRand Bank Limited	FRC72	ZAG000088956
	FirstRand Bank Limited	FRC74	ZAG000089178
	FirstRand Bank Limited	FRC76	ZAG000089574
	FirstRand Bank Limited	FRC78	ZAG000089806
	FirstRand Bank Limited	FRC79	ZAG000089947
	FirstRand Bank Limited	FRC82	ZAG000090796
	FirstRand Bank Limited	FRC83	ZAG000090952
	FirstRand Bank Limited	FRC84	ZAG000090986
	FirstRand Bank Limited	FRC86	ZAG000091182

	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC87	ZAG000091570
	FirstRand Bank Limited	FRC94A	ZAG000106725
	FirstRand Bank Limited	FRC95	ZAG000092792
	FirstRand Bank Limited	FRC96A	ZAG000106733
	FirstRand Bank Limited	FRC98	ZAG000093220
	FirstRand Bank Limited	FRC99	ZAG000093501
	FirstRand Bank Limited	FRC101	ZAG000093576
	FirstRand Bank Limited	FRC105	ZAG000093998
	FirstRand Bank Limited	FRC106	ZAG000093956
	FirstRand Bank Limited	FRC107	ZAG000094574
	FirstRand Bank Limited	FRC108	ZAG000094871
	FirstRand Bank Limited	FRC109	ZAG000094889
	FirstRand Bank Limited	FRC112	ZAG000095621
	FirstRand Bank Limited	FRC113	ZAG000095761
	FirstRand Bank Limited	FRC115	ZAG000095852
	FirstRand Bank Limited	FRC116	ZAG000095860
	FirstRand Bank Limited	FRC117	ZAG000095928
	FirstRand Bank Limited	FRC118	ZAG000096280
	FirstRand Bank Limited	FRC121	ZAG000096314
	FirstRand Bank Limited	FRC122	ZAG000096322
	FirstRand Bank Limited	FRC124	ZAG000096579
	FirstRand Bank Limited	FRC125	ZAG000096678
	FirstRand Bank Limited	FRC128	ZAG000096959
	FirstRand Bank Limited	FRC134	ZAG000097056
	FirstRand Bank Limited	FRC135	ZAG000097122
	FirstRand Bank Limited	FRC144	ZAG000097569
	FirstRand Bank Limited	FRC145	ZAG000097627
	FirstRand Bank Limited	FRC147	ZAG000099433
	FirstRand Bank Limited	FRC148	ZAG000099466
	FirstRand Bank Limited	FRC149	ZAG000099607
	FirstRand Bank Limited	FRC150	ZAG000099821
	FirstRand Bank Limited	FRC151	ZAG000099904
	FirstRand Bank Limited	FRC152	ZAG000100330
	FirstRand Bank Limited	FRC153	ZAG000100348
	FirstRand Bank Limited	FRC154	ZAG000100694
	FirstRand Bank Limited	FRC155	ZAG000101643
	FirstRand Bank Limited	FRC161	ZAG000102260
	FirstRand Bank Limited	FRC163	ZAG000102898
	FirstRand Bank Limited	FRC166	ZAG000103573
	FirstRand Bank Limited	FRC167	ZAG000104019
	FirstRand Bank Limited	FRC168	ZAG000104753
	FirstRand Bank Limited	FRC169	ZAG000104852
	FirstRand Bank Limited	FRC170	ZAG000105586
	FirstRand Bank Limited	FRC171	ZAG000105719

	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC172	ZAG000105818
	FirstRand Bank Limited	FRC173	ZAG000105826
	FirstRand Bank Limited	FRC174	ZAG000105891
	FirstRand Bank Limited	FRC175	ZAG000106527
	FirstRand Bank Limited	FRC176	ZAG000107178
	FirstRand Bank Limited	FRC177	ZAG000107632
	FirstRand Bank Limited	FRC178	ZAG000107897
	FirstRand Bank Limited	FRC179	ZAG000108168
	FirstRand Bank Limited	FRC180	ZAG000108234
	FirstRand Bank Limited	FRC181	ZAG000108549
	FirstRand Bank Limited	FRC182	ZAG000108713
	FirstRand Bank Limited	FRC183	ZAG000109356
	FirstRand Bank Limited	FRC184	ZAG000109992
	FirstRand Bank Limited	FRC185	ZAG000111451
	FirstRand Bank Limited	FRC186	ZAG000111576
	FirstRand Bank Limited	FRC188	ZAG000111873
	FirstRand Bank Limited	FRC189	ZAG000112145
	FirstRand Bank Limited	FRC190	ZAG000113994
	FirstRand Bank Limited	FRC191	ZAG000114547
	FirstRand Bank Limited	FRC192	ZAG000114521
	FirstRand Bank Limited	FRC193	ZAG000114620
	FirstRand Bank Limited	FRC194	ZAG000114638
	FirstRand Bank Limited	FRC195	ZAG000114745
	FirstRand Bank Limited	FRC196	ZAG000114729
	FirstRand Bank Limited	FRC197	ZAG000114737
	FirstRand Bank Limited	FRC198	ZAG000114760
	FirstRand Bank Limited	FRC199	ZAG000114844
	FirstRand Bank Limited	FRC200	ZAG000114992
	FirstRand Bank Limited	FRC201	ZAG000115106
	FirstRand Bank Limited	FRC202	ZAG000115114
	FirstRand Bank Limited	FRC203	ZAG000115122
	FirstRand Bank Limited	FRC204	ZAG000115593
	FirstRand Bank Limited	FRC205	ZAG000115619
	FirstRand Bank Limited	FRC206	ZAG000116088
	FirstRand Bank Limited	FRC207	ZAG000117649
	FirstRand Bank Limited	FRC208	ZAG000117656
	FirstRand Bank Limited	FRC209	ZAG000118613
	FirstRand Bank Limited	FRC210	ZAG000120296
	FirstRand Bank Limited	FRC211	ZAG000121013
	FirstRand Bank Limited	FRC212	ZAG000121054
	FirstRand Bank Limited	FRC213	ZAG000121047
	FirstRand Bank Limited	FRC214	ZAG000121039
	FirstRand Bank Limited	FRC215	ZAG000121021
	FirstRand Bank Limited	FRC216	ZAG000121070

	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC217	ZAG000121088
	FirstRand Bank Limited	FRC218	ZAG000121096
	FirstRand Bank Limited	FRC219	ZAG000121138
	FirstRand Bank Limited	FRC220	ZAG000121146
	FirstRand Bank Limited	FRC221	ZAG000121229
	FirstRand Bank Limited	FRC222	ZAG000121294
	FirstRand Bank Limited	FRC223	ZAG000121302
	FirstRand Bank Limited	FRC224	ZAG000121310
	FirstRand Bank Limited	FRC225	ZAG000121435
	FirstRand Bank Limited	FRC226	ZAG000122722
	FirstRand Bank Limited	FRC227	ZAG000124363
	FirstRand Bank Limited	FRC228	ZAG000124397
	FirstRand Bank Limited	FRC229	ZAG000124850
	FirstRand Bank Limited	FRC230	ZAG000125006
	FirstRand Bank Limited	FRC231	ZAG000125030
	FirstRand Bank Limited	FRD003	ZAG000114067
Investment security index contracts	Rand Merchant Bank	RMBI06	ZAG000056722
	Rand Merchant Bank	RMBI07	ZAG000057910
	Rand Merchant Bank	RMBI08	ZAG000072265
Structured notes	FirstRand Bank Limited	COLRMB	ZAE000155222

LISTED DEBT INSTRUMENTS

NSX

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

London Stock Exchange (LSE)

European medium term note (EMTN) programme

	Issuer	ISIN code
Senior unsecured	FirstRand Bank Limited	XS0610341967
	FirstRand Bank Limited	XS0635404477

SIX Swiss Exchange

	Issuer	ISIN code
Senior unsecured	FirstRand Bank Limited	CH0238315680

NOTICE OF ANNUAL GENERAL MEETING

FIRSTRAND LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1966/010753/06)
Share code: (JSE): FSR ISIN: ZAE000066304
JSE B preference share code: FSRP ISIN: ZAE000060141
NSX ordinary share code: FST
(FirstRand or the company or FSR)

Notice is hereby given to all holders of ordinary shares in the company (shareholders) that the nineteenth annual general meeting of FirstRand will be held in the Auditorium, FNB Conference and Learning Centre, 114 Grayston Drive, Sandton, on Tuesday, 1 December 2015, at 09:00, to deal with such business as may lawfully be dealt with at the meeting and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended (the Act), as read with the Listings Requirements of the JSE Limited (JSE).

Record date

Record date in order to be eligible to receive the notice of AGM	Friday, 16 October 2015
Posting date	Friday, 23 October 2015
Last day to trade in order to be eligible to attend and vote at the AGM	Friday, 13 November 2015
Record date in order to be eligible to attend and vote at the AGM	Friday, 20 November 2015
Proxies due	Friday, 27 November 2015
AGM	Tuesday, 1 December 2015

Notes:

The above dates and times are subject to amendment, provided that in the event of an amendment, an announcement will be released on SENS and published in the South African press.

All dates and times indicated above are references to South African dates and times.

AGENDA

1 Annual financial statements

Presentation of the consolidated audited annual financial statements of the company as approved by the board of directors of the company (directors or board), including the reports of the external auditors, audit committee and directors for the financial year ended 30 June 2015, all of which are included in the 2015 annual integrated report and the summarised financial statements 2015 (annual report), of which this notice forms part, distributed as required by the Act to shareholders.

2 Social and ethics committee

The FirstRand social and ethics committee report is set out in the annual integrated report, as required in terms of regulation 43 (5) (c) of the Act's Regulations, 2011.

3 Ordinary resolutions number 1.1 to 1.6

Re-election of directors by way of separate resolutions

To re-elect, by way of separate resolutions, the following directors of the company in accordance with the Act and in terms of clauses 25.2 and 25.7.1 of the company's Memorandum of Incorporation (MOI).

1.1 Jan Jonathan Durand
Non-executive director
Date of appointment: 23 October 2012

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

1.2 Patrick Maguire Goss
Independent non-executive director
Date of appointment: 27 May 1998

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

1.3 Paul Kenneth Harris
Non-executive director
Date of appointment: 1 July 1992

Educational qualifications
MCom

1.4 William Rodger Jardine
Independent non-executive director
Date of appointment: 1 July 2010

Educational qualifications
BSc (Physics), MSc (Radiological Physics)

1.5 Ethel Gothatamodimo Matenge-Sebesho
Independent non-executive director
Date of appointment: 1 July 2010

Educational qualifications
MBA (Brunel), CAIB (SA)

1.6 Amanda Tandiwe (Tandi) Nzimande
Non-executive director
Date of appointment: 28 February 2008

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

The directors proposed for re-election, retire by rotation in terms of clause 25.7.1 of the MOI, and being eligible and having been recommended by the board, offer themselves for re-election.

Biographical details of these directors are set out in the annual integrated report.

The percentage of voting rights required for each ordinary resolution contained under points 1.1 to 1.6 of the notice to be adopted is more than 50% (fifty percent) of the voting rights exercised on each resolution.

Re-election of directors by way of separate resolution
To re-elect the following directors in terms of clause 25.2, 25.7.1 and 25.9.2 of the company's MOI.

1.7 Vivian Wade Bartlett
Independent non-executive director
Date of appointment: 27 May 1998

Educational qualifications
AMP (Harvard), FIBSA

Mr Bartlett reached age 72 on 12 April 2015. The board has considered and has unanimously approved the extension of his tenure as a director for an additional 12 months from date of the AGM.

Accordingly, being eligible for re-election and having been recommended by the board, Mr Bartlett offers himself for re-election.

The percentage of voting rights required for the ordinary resolution contained under point 1.7 of the notice to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution.

Vacancies filled by the directors during the year
To elect by way of a separate resolution, the following director who was appointed by the board on 2 September 2015, with effect from 1 October 2015, to fill a vacancy in accordance with the Act and in terms of clause 25.2 of the company's MOI and is now recommended by the board for election by shareholders:

1.8 Alan Patrick Pullinger
Deputy chief executive officer
Date of appointment: 1 October 2015

Educational qualifications
MCom, CA(SA), CFA

Brief biographical notes
Alan Pullinger 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 until his promotion to deputy CEO of FirstRand Limited.

To elect by way of a separate resolution, the following director who was appointed by the board on 2 September 2015, with effect from 1 October 2015, to fill a vacancy in accordance with the Act and in terms of clause 25.2 of the company's MOI and is now recommended by the board for election by shareholders:

1.9 Paballo Joel Makosholo
Non-executive director
Date of appointment: 1 October 2015

Educational qualifications
MCom (South African and International Taxation), CA(SA)

Brief biographical notes
Paballo Makosholo graduated from the University of Johannesburg (formerly RAU) and qualified as a chartered accountant after serving articles at KPMG. He spent two 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.

The percentage of voting rights required for each ordinary resolution contained under points 1.8 to 1.9 of the notice to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution.

5 Ordinary resolution number 2

Appointment of joint auditors responsible for the audit of the company

2.1 Resolved that, as recommended by the audit committee of the company, Deloitte & Touche be appointed auditors of the company until the next annual general meeting.

2.2 Resolved that, as recommended by the audit committee of the company, PricewaterhouseCoopers Inc. be appointed auditors of the company until the next annual general meeting.

The company's audit committee has recommended and the directors have endorsed the proposed appointments. It is proposed that the aforementioned appointments be made on a joint basis. If either resolution 2.1 or resolution 2.2 is not passed, the resolution passed shall be effective.

The remuneration of the company's auditors and the auditors' terms of engagement are determined by the audit committee pursuant to the Act.

The percentage of voting rights required for each ordinary resolution contained under points 2.1 and 2.2 of the notice to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution.

6 Advisory endorsement of the remuneration policy

To endorse, through a non-binding advisory vote, the company's remuneration policy (excluding the remuneration of the non-executive directors and the members of board committees for their services as directors and members of committees), as set out in the remuneration report contained on pages 75 to 89.

In terms of King III, every year, the company's remuneration policy should be tabled for a non-binding advisory vote at the meeting. The essence of this vote is to enable the shareholders to express their views on the remuneration policies adopted and on their implementation. Shareholders are accordingly requested to endorse the company's remuneration policy.

7 Ordinary resolution number 3

Placing the unissued ordinary shares under the control of the directors

Resolved that the authorised but unissued ordinary shares in the capital of the company be and are hereby placed under the control and authority of the directors and that the directors be and are hereby generally authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of the Act, the Banks Act, 94 of 1990 as amended (the Banks Act), the MOI and the Listings Requirements of the JSE and the Namibian Stock Exchange (NSX), when applicable.

Shareholders are requested to note that the 392 200 449 unissued ordinary share capital of the company represents approximately 6.5% of the entire authorised share capital of the company.

The percentage of voting rights required for ordinary resolution number 3 to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution.

8 Ordinary resolution number 4

General authority to issue authorised but unissued ordinary shares

Resolved that subject to the passing of ordinary resolution number 3, the directors be and are hereby authorised by way of a renewable general authority, to issue all or any of the authorised but unissued equity shares in the capital of the company for cash as and when they in their discretion deem fit, subject to the Act, the Banks Act, the MOI and the Listings Requirements of the JSE and NSX, when applicable, on the basis that:

- this authority shall be valid until the company's next annual general meeting or for 15 months from the date that this resolution is passed, whichever period is shorter;
- the ordinary shares must be issued to public shareholders as defined by the Listings Requirements of the JSE and the NSX and not to related parties;
- the equity shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- in respect of securities which are the subject of the general issue of shares for cash:
  - in the aggregate in any one financial year the ordinary shares may not exceed 5% (280 474 400) of the

company's relevant number of equity shares in issue of that class, as at the date of this notice;
  - any equity shares issued under this authority during the period contemplated must be deducted from such number;
  - in the event of a subdivision or consolidation of issued equity shares during the period contemplated, the existing authority must be adjusted to represent the same allocation ratio;
  - the calculation of the listed equity shares is a factual assessment of the listed equity shares as at the date of the notice of the annual general meeting, excluding treasury shares;
- a maximum discount at which the ordinary shares may be issued is 10% of the weighted average traded price of the company's ordinary shares measured over 30 business days prior to the date that the price of the issue is determined or agreed by the directors and the party subscribing for the securities;
- any such general issues are subject to exchange control regulations and approval at that point in time; and
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of ordinary shares in issue prior to that issue, in terms of the Listings Requirements of the JSE.

The above general authority may additionally be used to issue shares required to be issued to support the conversion and/or exchange (as the case may be) of Basel III compliant additional Tier 1 and Tier 2 instruments issued by FSR or FirstRand Bank Limited as contemplated in the regulations published pursuant to the Banks Act, 1990 (published on 12 December 2012 as No. R. 12 1029 in Government Gazette No. 35950) (the Regulations) into FSR ordinary shares upon the occurrence of a trigger event as specified in writing by the Registrar of Banks or such other regulatory body in South Africa that has the authority to make such decisions.

Basel III requires that the terms and conditions of additional Tier 1 and Tier 2 capital instruments contain a provision that such instruments, at the option of the Registrar of Banks, either be written off or converted into ordinary shares upon the occurrence of a trigger event. The Regulations further require that FSR must at all times maintain all prior authorisations necessary to immediately issue the relevant number of ordinary shares specified in the terms and conditions of the additional Tier 1 and Tier 2 capital instruments and/or in terms of the provisions of the Banks Act, 1990 and the Regulations dealing with additional Tier 1 and/or Tier 2 capital should the relevant trigger event occur. It is FSR's intention to issue additional Tier 1 and/or Tier 2 capital instruments and the purpose of the above resolution is to give effect to these requirements.

The percentage of voting rights required for ordinary resolution 4 to be adopted is at least 75% (seventy five percent) of the voting rights exercised on the resolution.

9 Ordinary resolution number 5

Signing authority

Resolve that each director, or the company secretary of the company, be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to the implementation of the resolutions passed at the AGM of the company and set out in this notice.

The percentage of voting rights required for ordinary resolution 5 to be adopted is at least 50% (fifty percent) of the voting rights exercised on the resolution.

Additional Information in respect of ordinary resolution number 5

For the sake of practicality, the directors of the company must be empowered to enforce the resolutions so passed by the shareholders at this annual general meeting, if any.

10 Special resolution number 1

General authority to repurchase ordinary shares

Resolved that the company and/or its subsidiaries be and are hereby authorised, in terms of a general authority, to acquire, as contemplated in section 48 of the Act, read with section 46, as amended, the company's issued shares from time to time on such terms and conditions and in such amounts as the directors may from time to time decide, but always subject to the approval, to the extent required, of the Registrar of Banks, the provisions of the Act, the Banks Act, the MOI and the Listings Requirements of the JSE and NSX, and subject to the following conditions:

- this general authority will be valid only until the company's next annual general meeting, provided that it will not extend beyond 15 months from the date of the passing of this special resolution, whichever is shorter;
- the repurchase of securities will be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the repurchase of such securities by the company is effected;
- the acquisitions of ordinary shares shall in the aggregate in any one financial year, not exceed 10% of the company's issued ordinary share capital as at the beginning of the financial year, provided that the number of shares purchased and held by a subsidiary/ies of the company shall not exceed 10% in aggregate of the number of issued shares in the company at any time;
- neither the company nor its subsidiaries will repurchase securities during a prohibited period, as defined in paragraph 3.67 of the Listings Requirements of the JSE, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed to the JSE prior to the commencement of the prohibited period, as required;
- a resolution having been passed by the board of directors confirming that the board has authorised the repurchase, that the group passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the company;
- any such general repurchases are subject to exchange control regulations and approval at that point in time;
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement shall be published on SENS and in the financial press; and
- at any point in time the company shall appoint only one agent to effect any repurchase(s) on its behalf.

The percentage of voting rights required for this special resolution number 1 to be adopted is at least 75% (seventy five percent) of the voting rights exercised on the resolution.

Additional information in respect of special resolution number 1

The reason for special resolution number 1 is to grant the company's directors a general authority, up to and including the date of the following annual general meeting of the company, to approve the company's purchase of shares in itself, or to permit a subsidiary of the company to purchase shares in the company.

The directors have no immediate intention to use this authority to repurchase company shares. The directors are, however, of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future.

The directors undertake that the company will not commence a general repurchase of shares as contemplated above unless:

- the company and the group will be in a position to repay its debts in the ordinary course of business for a period of 12 months after the date of the general repurchase of shares in the open market;
- the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the general repurchase of shares in the open market, for which purpose the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Act;
- the ordinary share capital and reserves of the company and the group will be adequate for ordinary business purposes for the 12 months after the general repurchase of shares in the open market;
- the available working capital will be adequate to continue the operations of the company and the group for a period of 12 months after the repurchase of shares in the open market; and
- a resolution has been passed by the board of directors authorising the repurchase and confirming that the company and its subsidiary/ies have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group; and
- special resolution 1, as required by the Listings Requirements of the JSE is set out in Annexure 2.

11 Special resolution number 2.1

Financial assistance to directors and prescribed officers as employee share scheme beneficiaries

Resolved that the directors may, subject to compliance with the requirements of the MOI, the Act and any other relevant legislation, the JSE and NSX, when applicable, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance (as contemplated in sections 44 and/or 45 of the Act) to, *inter alia*, any director or prescribed officer of the company or of a related or interrelated company on such terms and conditions as the directors may determine from time to time in order to facilitate the participation by such director or prescribed officer in any employee share incentive scheme, provided that nothing in this approval will limit the provision by the company of financial assistance that does not require approval by way of a special resolution of the shareholders in terms of sections 44 and/or 45 of the Act or falls within the exemptions contained in those sections.

The percentage of voting rights required for this special resolution number 2.1 to be adopted is at least 75% (seventy five percent) of the voting rights exercised on the resolution.

Additional information in respect of special resolution 2.1

The company may elect to fund the long-term incentive schemes in which executive directors, prescribed officers and identified staff of the company, and related and inter-related companies participate.

12 Special resolution number 2.2

Financial assistance to related and interrelated entities

Resolved that the directors may, subject to compliance with the requirements of the MOI, the Act and any other relevant legislation, the JSE and NSX, when applicable, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance (as contemplated in sections 44 and/or 45 of the Act) to, *inter alia*, any related or interrelated company, trust or other entity on such terms and conditions as the directors may determine from time to time, provided that nothing in this approval will limit the provision by the company of financial assistance that does not require approval by way of a special resolution of the shareholders in terms of sections 44 and/or 45 of the Act or falls within the exemptions contained in those sections.

The percentage of voting rights required for this special resolution number 2.2 to be adopted is at least 75% (seventy five percent) of the voting rights exercised on the resolution.

Additional information in respect of special resolution number 2.2

Companies within the group receive and provide loan financing and other support to one another in the normal and ordinary course of business from time to time.

13 Special resolution number 3

Remuneration of non-executive directors

Resolved to approve as a special resolution in terms of section 66(9) of the Act that non-executive directors' remuneration (due to the applicable directors for services rendered by them in their capacities as such) be paid as follows with effect from 1 December 2015.

	Note	Proposed remuneration for the 12-month period from 1 December 2015 to 30 November 2016	USD fee for foreign domiciled directors[3]	Remuneration for the 12-month period from 2 December 2014 to 1 December 2015
Board				
Chairman	1	**5 100 000**		4 793 000
Director	2	**472 500**	108 500	444 000
Audit committee				
Chairman	4	**675 000**		636 000
Member	5	**337 500**	77 500	250 000
Risk, capital management and compliance committee				
Chairman	4	**675 000**		636 000
Member	5	**337 500**	77 500	250 000
Remuneration committee				
Chairman	4	**351 000**		341 000
Member	6	**175 500**	40 000	139 100
Directors' affairs and governance committee				
Chairman	4	**129 600**		109 000
Member	6	**64 800**	15 000	54 377
Large exposures committee				
Chairman	4	**446 580**		
Member	7	**223 290**	51 000	
Social and ethics committee				
Chairman	4	**259 200**		
Member	7	**129 600**	30 000	
Transformation monitoring committee				
Chairman	4	**194 400**		141 000
Member	8	**97 200**	22 500	71 000
***Ad hoc* work**				
Special technical	9	**4 135**	600	
Standard	10	**2 700**	400	3 900

1. *The group chairman's fees covers chairmanship and membership of all board committees and subcommittees.*
2. *Executive directors of the company do not receive fees as members of the board.*
3. *Fees paid to members of the board domiciled outside of South Africa are approximately 2.75 x the standard rate.*
4. *Fees for board committee chairman are twice that of committee member's fees.*
5. *Due to extensive legislation and compliance requirements, these fees have been adjusted in line with increased workload.*
6. *Directors' affairs and governance committee and remuneration committee fees adjusted in line with market norms and workload.*
7. *Large exposures committee and social and ethics committee fees adjusted in line with increased workload of number of meeting to four full meetings a year and increase in duration of meetings.*
8. *Transformation committee fees adjusted in line with market norms and workload expectations.*
9. *Special technical rate for highly specialised ad hoc work at the request of the board.*
10. *Standard ad hoc rate for additional work at the request of the responsible executive.*

14 Special resolution number 4

Adoption of new Memorandum of Incorporation (MOI) of the company

Resolved, as a special resolution that the revised MOI, in the form of the draft tabled at this annual general meeting and initialed by the chairman of the meeting for the purposes of identification, be and is hereby adopted in substitution for and to the exclusion of the entire current MOI, subject to obtaining the prior written consent of the company.

Reasons and effects of special resolution number 4

The reason for special resolution number 4 is to bring the company's incorporation documents into harmony with the provisions of the revised JSE Listings Requirements. The company has also used this opportunity to do a thorough review of the contents of the existing MOI and to update, amend or omit parts thereof as necessary.

The effect of special resolution number 4 will be to replace the company's existing MOI with the proposed new MOI referred to in special resolution number 4.

The percentage of voting rights required for this special resolution number 4 to be adopted is at least 75% (seventy five percent) of the voting rights exercised on the resolution.

Additional information in respect of special resolution number 4

- Sections 16(1)(c)(ii) and 16(5)(a) of the Companies Act provides that a company's MOI may be amended at any time if a special resolution to amend it is adopted at a shareholders' meeting. The amendment may take the form of a new MOI in substitution for the existing MOI.
- The JSE has revised its requirements for the MOI of a listed company and requires companies to amend their MOI so as to comply with the new requirements. In order to ensure compliance with the Companies Act and the Listings Requirements, and to optimise its governance processes in the changed regulatory environment, the company conducted a review of the current MOI and accordingly prepared the proposed MOI in substitution thereof.
- The amended new MOI has been approved by the board, JSE and the Registrar of Banks and the board's intention is for the shareholders to pass a special resolution adopting the new MOI in substitution for the existing MOI.
- Special resolution number 4 is proposed to enable the company to adopt a new MOI that will be in line with the requirements of new the JSE Listings Requirements and any applicable legislation. In addition to the new JSE Listings Requirements, developments in market practice require a substantial number of changes to the existing MOI of the company. Accordingly, it is considered more appropriate to adopt the proposed new MOI rather than to amend the existing MOI. The principal changes being proposed in the proposed MOI are summarised in Annexure 1. *Other changes, which are of a minor technical or clarifying nature, have not been noted in Annexure 1*. The proposed MOI will substitute the company's current MOI in its entirety.
- In compliance with Section 65(4) of the Companies Act, an explanatory note identifying the salient differences between the current MOI and the proposed MOI is contained in Annexure 1. As the aforementioned explanatory note is not an exhaustive list of the differences between the current MOI and the proposed MOI, shareholders are advised to review the current MOI and proposed MOI prior to this annual general meeting, both the current MOI and the proposed MOI will be available for inspection from the date of issue of the notice to the date of the annual general meeting, being Tuesday, 1 December 2015, at both (i) the registered office of the company during office hours, being 4 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton, 2196 and (ii) on the company's website, being www.firstrand.co.za.
- Please note that the summary referred to above is intended for information purposes only, and is not intended as a substitute for the thorough perusal of the document to which it relates. The entire MOI under consideration of this special resolution is posted on the company's website, www.firstrand.co.za, on its home page.

Important notes regarding attendance at the annual general meeting

General

Shareholders wishing to attend the meeting have to ensure beforehand with the transfer secretaries of the company that their shares are in fact registered in their name.

Certificated shareholders and own name dematerialised shareholders

Shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder.

Proxy forms are to be forwarded to reach the registered office of the company's transfer secretaries by 09:00 on Friday, 27 November 2015. Before a proxy exercises any rights of a shareholder at the meeting, such form of proxy must be so delivered. Any forms of proxy not lodged by this time must be handed to the chairman of the meeting immediately prior to the meeting.

Dematerialised shareholders other than with own name registration
Shareholders who have dematerialised their shares, other than those members who have dematerialised their shares with own name registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Voting
Voting will be by way of a poll and every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Shares held by FirstRand employee share trusts and unlisted shares will not have their votes at the meeting taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements and the Act.

Proof of identification required
In compliance with section 63 of the Act, kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, drivers' licences and passports.

Summary of shareholder rights

In compliance with the provisions of section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Act, is set out immediately below:

- A shareholder entitled to attend and vote at the meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not be a shareholder of the company.
- A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the meeting.
- A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Act or the company's MOI to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the notes to the form of proxy.

Directions for obtaining a copy of financial statements
A summarised form of the audited financial statements of the company is sent to shareholders with this notice. A copy of the comprehensive 2015 annual integrated report and the complete financial statements is available for viewing and downloading on FirstRand's website (www.firstrand.co.za) or a copy thereof can be requested in writing from the transfer secretaries, Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), fax number (011) 688 5238 or in Namibia to Transfer Secretaries (Pty) Ltd, PO Box 2401, Windhoek, Namibia, fax number +264 6124 8531.

By order of the board

C Low
Company secretary

9 September 2015

Transfer secretaries
Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg
2001

Registered office address
4 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton
2196

FIRSTRAND

ANNEXURE 1 – EXPLANATORY NOTE REGARDING SPECIAL RESOLUTION NUMBER 4, IDENTIFYING THE SALIENT DIFFERENCES BETWEEN THE CURRENT MOI AND THE PROPOSED MOI

The explanatory table below is to be read with the special resolution for the approval and adoption of the proposed MOI, which shall be tabled at the annual general meeting to be held on Tuesday, 1 December 2015 (or any adjournment or postponement thereof), and which seeks to identify some of the salient amendments made to the existing MOI in order to render them consistent with the provisions of the Companies Act, and all relevant provisions of the JSE Listings Requirements.

The MOI has been drafted so as to retain the philosophy of the current MOI and to superimpose (i) amendments required by the unalterable provisions of the Companies Act, (ii) amendments made to adopt, restrict or limit the application of the alterable provisions of the Companies Act, and (iii) to comply with the provisions of the JSE Listings Requirements. In this regard, please note that some alterable provisions of the Companies Act are not capable of amendment in the listed environment, for example, the threshold for a special resolution although alterable in terms of the Companies Act, must be 75% (seventy five percent) for the purposes of the JSE Listings Requirements and, accordingly, the JSE Listings Requirements shall take precedence in these respects.

This table has been compiled, in compliance with provisions of Section 65(4) of the Companies Act, to highlight only the salient differences between the current MOI and new MOI. Nonetheless, all shareholders are advised to conduct their own review of the current MOI and the proposed MOI before voting on the adoption of new MOI, as this table is not an exhaustive list of the differences between the current MOI and the proposed MOI but merely sets out the salient differences between the two.

Accordingly, this document must be read in conjunction with the current MOI and the proposed MOI. Both the current MOI and the proposed MOI will be available for inspection from the date of issue of this notice to the date of the annual general meeting, being Tuesday, 1 December 2015, at both (i) the registered office of the company during office hours, being 4 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton, 2196 and (ii) on the company's website, being www.firstrand.co.za.

Clause	Subject	Existing regime in the current MOI	Proposed regime in MOI
1.1.10	**DEFINITIONS**	Replacing the definition of Security Services Act in Clause 1.1.20	"**Financial Markets Act**" means the Financial Markets Act, No 19 of 2012, including any amendment, consolidation or re-enactment thereof.
3.1	**SECURITIES EXCHANGES**	The ordinary Shares of the Company are, as at the date on which this Memorandum of Incorporation is adopted, listed on the JSE and the Namibian Stock Exchange. The Company may seek listings on such further securities exchanges as the Directors may consider appropriate from time to time.	The Shares of the Company are, as at the date on which this Memorandum of Incorporation is adopted, listed on the JSE and the Namibian Stock Exchange. In addition, the "B" variable rate non-cumulative non-redeemable preference shares with a par value of R0.01 (one cent) each in the share capital of the Company as contemplated in item 2 of Schedule 1 are listed on the JSE Stock Exchange. The Company may seek listings on such further securities exchanges as the Directors may consider appropriate from time to time.
3.2		For so long as the Shares of the Company are listed on any securities exchange in addition to the JSE, if the listing on the JSE is the primary listing and if the Company is obliged to obtain the approval of the JSE in regard to any matter, the Company shall, to the extent required, also obtain the consent at the same time of any other securities exchanges on which it is listed.	For so long as any shares of any class of the Company are listed on any securities exchange in addition to the JSE, if the listing on the JSE is the primary listing and if the Company is obliged to obtain the approval of the JSE in regard to any matter, the Company shall, to the extent required, also obtain the consent at the same time of any other securities exchanges on which it is listed.
4.1	**JURISTIC PERSONALITY**	The Company is a pre-existing company as defined in the Companies Act and, as such, continues to exist as a public company as if it had been incorporated and registered in terms of the Companies Act, as contemplated in item 2 of the Fifth Schedule to the Companies Act, and this Memorandum of Incorporation replaces and supersedes the Memorandum and Articles of Association of the Company applicable immediately prior to the filing hereof.	The Company is a pre-existing company as defined in the Companies Act and, as such, continues to exist as a public company as if it had been incorporated and registered in terms of the Companies Act, as contemplated in item 2 of the Fifth Schedule to the Companies Act, and this Memorandum of Incorporation replaces and supersedes the Memorandum of Incorporation of the Company applicable immediately prior to the filing hereof.

Clause	Subject	Existing regime in the current MOI	Proposed regime in MOI
7.11	**ISSUE OF SHARES AND VARIATION OF RIGHTS**	Subject to what may be authorised by the Companies Act, the JSE Listings Requirements and at meetings of Shareholders in accordance with clause 7.13, and subject to clause 7.12, the Board may only issue unissued ordinary Shares if such ordinary Shares have first been offered to existing Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine, unless such ordinary Shares are issued for the acquisition of assets by the Company.	Subject to what may be authorised by the Companies Act, the JSE Listings Requirements and at meetings of Shareholders in accordance with clause 7.13, and subject to clause 7.12, the Board may only issue unissued Shares if such Shares have first been offered to existing Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine, unless such Shares are issued for the acquisition of assets by the Company.
7.12		Notwithstanding the provisions of clauses 7.11 and 7.13, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of the Companies Act, require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.	Notwithstanding the provisions of clauses 7.11 and 7.13 –
7.12.1.1		**NEW CLAUSE**	an issue of Shares or Securities convertible into Shares, or a grant of options contemplated in section 42 of the Companies Act, or a grant of any other rights exercisable for Securities to a –
7.12.1.1.1		**NEW CLAUSE**	Director, future Director, prescribed officer, or future prescribed officer of the Company;
7.12.1.1.2		**NEW CLAUSE**	person related or inter-related to the Company or to a Director or prescribed officer of the Company; or
7.12.1.1.3		**NEW CLAUSE**	nominee of a person contemplated in clause 7.12.1.1.1 or 7.12.1.1.2, must be approved by a special resolution of the Shareholders as contemplated in section 41(1) of the Companies Act, read together with section 41(2) of the Companies Act; and

Clause	Subject	Existing regime in the current MOI	Proposed regime in MOI
7.12.1.2		**RENUMBERED AND AMENDED**	any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3) of the Companies Act, require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.
7.13		Notwithstanding the provisions of clause 7.11, the Shareholders may at a general meeting authorise the Directors to issue ordinary Shares of the Company at any time and/or grant options to subscribe for ordinary Shares as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and comply with the JSE Listings Requirements.	Notwithstanding the provisions of clause 7.11, the Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and comply with the JSE Listings Requirements.
8.1	**CERTIFICATED AND UNCERTIFICATED SECURITIES**	Securities of the Company are to be issued in certificated or uncertificated form, as shall be determined by the Board from time to time. Except to the extent otherwise provided in the Companies Act, the rights and obligations of Security holders shall not be different solely on the basis of their Securities being Certificated Securities or Uncertificated Securities and each provision of this Memorandum of Incorporation applies with respect to any Uncertificated Securities in the same manner as it applies to Certificated Securities, unless otherwise stated or indicated by the context.	Pursuant to section 33(2) of the Financial Markets Act, the Company may only issue further listed Securities in uncertificated form. Except to the extent otherwise provided in the Companies Act, the rights and obligations of Security holders shall not be different solely on the basis of their Securities being Certificated Securities or Uncertificated Securities and each provision of this Memorandum of Incorporation applies with respect to any Uncertificated Securities in the same manner as it applies to Certificated Securities, unless otherwise stated or indicated by the context.
17.2	**ACQUISITION BY THE COMPANY OF ITS OWN SHARES**	Any decision by the Company to acquire its own Shares must satisfy the JSE Listings Requirements and the requirements of the Companies Act and, accordingly, the Company may not acquire its own ordinary Shares unless –	Any decision by the Company to acquire its own Shares must satisfy the JSE Listings Requirements and the requirements of the Companies Act and, accordingly, the Company may not acquire its own Shares unless –
19.6.4	**SHAREHOLDERS MEETINGS**	the sanctioning or declaration of distributions; and	the sanctioning or declaration of distributions, subject to the provisions of clause 37 and the Companies Act; and
21.1.3	**VOTES OF SHAREHOLDERS**	the holders of Securities other than ordinary Shares shall not be entitled to vote on any resolution at a meeting of Shareholders, except as provided in clause 21.2.	the holders of Securities other than Shares shall not be entitled to vote on any resolution at a meeting of Shareholders, except as provided in clause 21.2.

Clause	Subject	Existing regime in the current MOI	Proposed regime in MOI
21.10		**NEW CLAUSE**	All results of voting by the Shareholders on resolutions submitted to them shall be announced and disclosed by the Company as required by the JSE Listings Requirements.
24.4	**SHAREHOLDERS ACTING OTHER THAN AT A MEETING**	The provisions of this clause 24 shall not apply to any Shareholder meetings that are called in terms of the Listings Requirements or the passing of any resolution in terms of clause 25.2 or to any annual general meeting of the Company.	Save where specifically permitted by the JSE Listings Requirements, the provisions of this clause 24 shall not apply to any Shareholder resolutions that are required in terms of the JSE Listings Requirements or the passing of any resolution in terms of clause 25.2 or to any annual general meeting of the Company.
25.1	**COMPOSITION OF THE BOARD OF DIRECTORS**	In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Companies Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors but not more than 24 (twenty four) Directors.	In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Companies Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 6 (six) Directors but not more than 24 (twenty four) Directors.
25.7		Subject to the provisions of clause 27.1, the Directors shall rotate in accordance with the following provisions of this clause 25.7 –	Subject to the provisions of clause 27.1, the non-executive Directors (other than the chairperson) shall rotate in accordance with the following provisions of this clause 25.7 –
25.7.1		at each annual general meeting referred to in clause 19.4, 1/3 (one third) of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office;	at each annual general meeting referred to in clause 19.4, 1/3 (one third) of the non-executive Directors (other than the chairperson) for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office;
25.7.2		the non-executive Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot, provided that notwithstanding anything to the contrary contained in this Memorandum of Incorporation, if at the date of any annual general meeting any non-executive Director shall have held office for a period of 3 (three) years since his last election or appointment, he shall retire at such meeting either as one of the non-executive Directors to retire in pursuance of the aforegoing or additionally thereto;	the non-executive Directors to retire in every year in terms of clause 25.7.1 shall be those who have been longest in office since their last election, but as between persons who were elected as non-executive Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot, provided that notwithstanding anything to the contrary contained in this Memorandum of Incorporation, if at the date of any annual general meeting any non-executive Director (other than the chairperson) shall have held office for a period of 3 (three) years since his last election or appointment, he shall retire at such meeting either as one of the non-executive Directors to retire in pursuance of the aforegoing or additionally thereto;

Clause	Subject	Existing regime in the current MOI	Proposed regime in MOI
25.7.3		a retiring Director shall be eligible for re-election but no person, other than a Director retiring at the meeting, shall, unless recommended by the Directors, be eligible for election to the office of a Director at any general meeting unless not more than 13 (thirteen) but at least 6 (six) clear days before the day appointed for the meeting, there shall have been left at the Office, a notice in writing by some Shareholder duly qualified to be present and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected (so that the period of days shall not include the day on which the notices are left at the Office or the day appointed for the meeting);	a retiring non-executive Director (as contemplated in this clause 25.7 shall be eligible for re-election but no person, other than a Director retiring at the meeting, shall be eligible for election to the office of a Director at any general meeting unless –
25.7.3.1		**NEW CLAUSE**	recommended by the Directors; or
25.7.3.2		**NEW CLAUSE**	any Shareholder (duly qualified to be present and vote at the meeting in question) delivers a written notice to the Office not more than 13 (thirteen) days, but not less than 6 (six) days, (excluding the day on which the notice is given and the day on which the meeting is to be held) before the day appointed for the relevant meeting, stating such Shareholder's intention to propose the relevant person for election as a Director, which notice shall include a written and signed notice by the such person being proposed stating his willingness to be elected as a Director;
25.9.1		an executive Director shall vacate his office at the close of the first annual general meeting of the Company after the Director reaches the age of 60 (sixty) years, provided that the Board shall have a discretion to extend that age on one or more occasions up to the financial year in which a Director reaches the age of 65 (sixty five) years; and	an executive Director shall vacate his office at the close of the first annual general meeting of the Company after such Director reaches the retirement age applicable to that Director in terms of his/her service contract with the Company or in terms of the Company's pensions fund or provident fund rules (as applicable), provided that the Board shall have a discretion to extend that age on one or more occasions for a period of up to 5 (five) years from the applicable Director's initial retirement age; and
25.10.1		is removed by an ordinary resolution adopted at a Shareholders meeting by the persons entitled to exercise voting rights in an election of that Director, and otherwise in accordance with any applicable provisions of the Companies Act;	is removed by an ordinary resolution adopted at a Shareholders meeting by the persons entitled to exercise voting rights in an election of that Director, and otherwise in accordance with any applicable provisions of the Companies Act; or

Clause	Subject	Existing regime in the current MOI	Proposed regime in MOI
25.10.2		is removed by a resolution of the Directors passed at a duly constituted meeting of the Directors convened either in the ordinary course or on not less than 48 (forty eight) hours' notice specifically for this purpose;	is removed by a resolution of the Directors passed at a duly constituted meeting of the Directors convened either in the ordinary course or on not less than 48 (forty eight) hours' notice specifically for this purpose; or
27.1	**EXECUTIVE DIRECTORS**	Subject to the provisions of the Banks Act, the Directors may from time to time appoint 1 (one) or more of their body to the office of Chief Executive Officer, Chief Financial Officer or Executive Director (with or without specific designation) of the Company or to another executive office ("Executive Director") with the Company for such term and at such remuneration as they may think fit (subject only to the requirements of the Companies Act, including those pertaining to qualifications of directors), and may revoke such appointment subject to the terms of any agreement entered into in any particular case and having regard to applicable law (including the provisions of the Companies Act pertaining to the removal of directors), provided that the period of office of an Executive Director appointed in terms of an agreement shall be for a maximum period of 5 (five) years at any one time. An Executive Director so appointed shall be subject to retirement in the same manner as the other Directors (who are not Executive Directors) except during the period of his agreement, and his appointment shall terminate if he ceases for any reason to be a Director.	Subject to the provisions of the Banks Act, the Directors may from time to time appoint 1 (one) or more of their body to the office of Chief Executive Officer, Financial Director or Executive Director (with or without specific designation) of the Company or to another executive office ("Executive Director") with the Company for such term and at such remuneration as they may think fit (subject only to the requirements of the Companies Act, including those pertaining to qualifications of directors), and may revoke such appointment subject to the terms of any agreement entered into in any particular case and having regard to applicable law (including the provisions of the Companies Act pertaining to the removal of directors), provided that the period of office of an Executive Director appointed in terms of an agreement shall be for a maximum period of 5 (five) years at any one time. An Executive Director so appointed shall be subject to retirement in the same manner as the other Directors (who are not Executive Directors) except during the period of his agreement, and his appointment shall terminate if he ceases for any reason to be a Director.
29.2	**DIRECTORS' MEETINGS**	The Directors may elect a chairperson and a deputy chairperson and determine the period for which each is to hold office. The chairperson, or in his absence the deputy chairperson, shall be entitled to preside over all meetings of Directors. If no chairperson or deputy chairperson is elected, or if at any meeting neither is present or willing to act as chairperson thereof within 10 (ten) minutes of the time appointed for holding the meeting, the Directors present shall choose 1 (one) of their number to be chairperson of such meeting.	The Directors may elect a chairperson and a deputy chairperson from amongst their number and determine the period for which each is to hold office. The chairperson, or in his absence the deputy chairperson, shall be entitled to preside over all meetings of Directors. If no chairperson or deputy chairperson is elected, or if at any meeting neither is present or willing to act as chairperson thereof within 10 (ten) minutes of the time appointed for holding the meeting, the Directors present shall choose 1 (one) of their number to be chairperson of such meeting.
29.3		The Directors shall elect a lead independent Director in the event that the chairperson of the Board is not independent.	The Directors shall elect a lead independent Director from amongst their number in the event that the chairperson of the Board is not independent.

Clause	Subject	Existing regime in the current MOI	Proposed regime in MOI
41.1	**NOTICES**	All notices shall be given by the Company to each Shareholder entitled thereto and simultaneously to the Issuer Services Division of the JSE, and shall be given in writing in any manner authorised by the JSE Listings Requirements and the Regulations, and particularly Table CR 3 annexed to the Regulations. All notices shall, in addition to the above, be released through SENS provided that, in the event that the Shares or other Securities of the Company are not listed on the JSE, all the provisions of this Memorandum of Incorporation relating to the publication of notices via SENS shall no longer apply and such notices shall thereafter only be published in accordance with the provisions of the Companies Act.	All notices of annual/general meetings shall be given by the Company to each Shareholder entitled thereto and simultaneously to the Issuer Services Division of the JSE, and shall be given in writing in any manner authorised by the JSE Listings Requirements and the Regulations, and particularly Table CR 3 annexed to the Regulations. All details of the date, time and venue of an annual/general meeting shall, in addition to the above, be released through SENS provided that, in the event that the Shares or other Securities of the Company are not listed on the JSE, all the provisions of this Memorandum of Incorporation relating to the publication of notices via SENS shall no longer apply and such notices shall thereafter only be published in accordance with the provisions of the Companies Act.

ANNEXURE 2 – ADDITIONAL INFORMATION REGARDING SPECIAL RESOLUTION NUMBER 1

For the purposes of considering special resolution number 1 and in compliance with the JSE Listings Requirements, the information listed below has been included.

1 Share capital

The authorised and issued share capital of the company as at the last practicable date is as follows.

Share capital of FirstRand	R thousand
Authorised	
6 001 688 450 ordinary shares of 1 cent each	60 017
198 311 550 A variable rate, convertible, cumulative redeemable preference shares of 1 cent each	1 983
100 000 000 B variable rate, convertible, non-cumulative non-redeemable preference shares of 1 cent each	1 000
100 000 000 C variable rate, convertible, non-cumulative redeemable preference shares of 1 cent each	1 000
100 000 000 D variable rate, cumulative redeemable preference shares of 1 cent each	1 000
Total authorised share capital	**65 000**
Issued	
5 609 488 001 ordinary shares of 1 cent each	56 095
Less: 1 422 629 treasury shares of 1 cent each	(14)
45 000 000 B variable rate, convertible, non-cumulative non-redeemable preference shares of 1 cent each	450
Total issued share capital	**56 531**
Share premium	
Ordinary shares	8 055 798
B variable rate, convertible, non-cumulative non-redeemable preference shares	4 519 000
Total share premium	**12 574 798**

- All of the issued ordinary shares are listed on the JSE and the NSX.
- All of the issued B preference shares are listed on the JSE.

2 Major shareholders

The following shareholders were directly or indirectly, beneficially and effectively interested in 5% or more of the share capital of the company as at the last practicable date.

	Shares held (thousands)	%
Shareholders holding more than 5%		
RMB Holdings Limited	**1 910 433**	**34.1**
Public Investment Corporation	**518 126**	**9.2**
FirstRand empowerment trust and related parties	**280 557**	**5.0**
Financial Securities Limited (Remgro)	**219 805**	**3.9**
Subtotal	**2 928 921**	**52.2**
Other	**2 680 567**	**47.8**
Total	**5 609 488**	**100.0**

3 Material changes

There have been no material changes in the financial or trading position of the company and its subsidiaries that have occurred since the end of the last financial period, as detailed in the annual integrated report to which this Annexure 2 forms part.

4 Directors' responsibility statement

The directors, collectively and individually accept full responsibility for the accuracy of the information contained in special resolution number 1 , as well as the explanatory notes thereto, and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries in this regard, and that this resolution contains all information required by law and the Listings Requirements of the JSE.

FIRSTRAND

PROXY FORM – ORDINARY SHAREHOLDERS

FirstRand Limited
(Incorporated in the Republic of South Africa) (Registration number: 1966/010753/06) Share code: (JSE): FSR ISIN: ZAE000066304
JSE B preference share code: FSRP ISIN: ZAE000060141 NSX ordinary share code: FST (FirstRand or the company or FSR)

Only for use by shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration.

All other dematerialised shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance at the annual general meeting.

For completion by the aforesaid registered shareholders who hold ordinary shares of the company and who are unable to attend the 2015 annual general meeting of the company to be held in the Auditorium, FNB Conference and Learning Centre, 114 Grayston Drive, on Tuesday, 1 December 2015 at 09:00 (the annual general meeting).

I/We

Of (address)

Being the holder/s of ordinary shares in the company, hereby appoint (see notes overleaf)

1. Or, failing him/her
2. Or, failing him/her
3. The chairman of the annual general meeting, as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the annual general meeting of the company and at any adjournment thereof, as follows (see notes overleaf).

	Insert an X or the number of votes exercisable (one vote per ordinary share)		
	In favour of	**Against**	**Abstain**
Ordinary resolution numbers 1.1 to 1.6 Re-election of directors by way of separate resolution: 1.1 JJ Durand			
1.2 PM Goss			
1.3 PK Harris			
1.4 WR Jardine			
1.5 EG Matenge-Sebesho			
1.6 AT Nzimande			
Ordinary resolution number 1.7 To re-elect director who has reached age 70: 1.7 VW Bartlett			
Ordinary resolution number 1.8 Vacancies filled by the directors during the year: 1.8 AP Pullinger			
Ordinary resolution number 1.9 Vacancies filled by the directors during the year: 1.9 PB Makosholo			
Ordinary resolution numbers 2.1 and 2.2 Appointment of auditor: 2.1 Deloitte & Touche			
Appointment of auditor: 2.2 PricewaterhouseCoopers Inc.			
Advisory endorsement of remuneration policy Endorsement of remuneration policy			
Ordinary resolution number 3 Placing the unissued ordinary shares under the control of the directors			
Ordinary resolution number 4 General authority to issue authorised but unissued ordinary shares			
Ordinary resolution number 5 Signing authority			

	Insert an X or the number of votes exercisable (one vote per ordinary share)		
	In favour of	**Against**	**Abstain**
Special resolution number 1 General authority to repurchase ordinary shares			
Special resolution number 2.1 Financial assistance to directors and prescribed officers as employee share scheme beneficiaries			
Special resolution number 2.2 Financial assistance to related and interrelated entities			
Special resolution number 3 Remuneration of non-executive directors with effect from 1 December 2015			
Special resolution number 4 Adoption of new Memorandum of Incorporation of the Company			

Signed at on 2015

Signature/s

Assisted by
(where applicable)

NOTES TO PROXY FORM

Use of proxies

A shareholder who holds ordinary shares (shareholder) is entitled to attend and vote at the annual general meeting and to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the company.

Every shareholder present in person or by proxy and entitled to vote at the annual general meeting of the company shall, on a show of hands, have one vote only, irrespective of the number of shares such shareholder holds, but in the event of a poll, every ordinary share in the company shall have one vote.

Instructions on signing and lodging the proxy form:

Instructions on signing and lodging the proxy form:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholders' choice in the space/s provided overleaf, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. Should this space be left blank, the chairman of the annual general meeting will exercise the proxy. The person whose name appears first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of the number of votes exercisable by that shareholder in the appropriate spaces provided overleaf. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder of his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. To be valid the completed proxy forms must be forwarded to reach the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), fax number (011) 688 5238 or in Namibia to Transfer Secretaries (Pty) Ltd, PO Box 2401, Windhoek, Namibia, fax number +264 6124 8531 by no later than 09:00 on Friday, 27 November 2015. Proxy forms may only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration.
5. Documentary evidence establishing the authority of a person signing a proxy form in a representative capacity must be attached to the proxy form unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
6. The completion and lodging of this proxy form shall not preclude the relevant shareholder from attending the annual general meeting, and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this proxy form must be initialled by the signatory/ies.
8. The chairman of the annual general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
9. A proxy may not delegate his/her authority to any other person.

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