FIRSTRAND

ANALYSIS OF FINANCIAL RESULTS

for the year ended 30 June 2017

'17

about this report

This report covers the audited summary financial results of FirstRand Limited (FirstRand or the group) based on International Financial Reporting Standards (IFRS) for the year ended 30 June 2017. **The primary results and accompanying commentary are presented on a normalised basis as the group believes this most accurately reflects its economic performance.** The normalised results have been derived from the IFRS financial results.

Normalised results include a summary consolidated income statement, statement of comprehensive income, statement of financial position, statement of cash flows and a statement of changes in equity.
A detailed description of the difference between normalised and IFRS results is provided on pages 95 and 96. Detailed reconciliations of normalised to IFRS results are provided on pages 106 to 112. Commentary is based on normalised results, unless indicated otherwise.

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

FirstRand's annual integrated report will be published on the group's website, www.firstrand.co.za, on or about 3 October 2017.

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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SIMPLIFIED GROUP AND SHAREHOLDING STRUCTURE

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

Directors — 9.9% → RMB Holdings Limited

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

RMB Holdings Limited — 34.1% → FirstRand

BEE partners — 5.2% → FirstRand

FIRSTRAND

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

100%	100%	100%	100%	100%
FirstRand Bank Limited	FirstRand EMA Holdings (Pty) Ltd (FREMA)	FirstRand Investment Holdings (Pty) Ltd (FRIHL)	FirstRand Investment Management Holdings Limited	FirstRand Insurance Holdings (Pty) Ltd
Banking	Africa and emerging markets	Other activities	Investment management	Insurance

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]

FirstRand EMA Holdings (Pty) Ltd (FREMA) (Africa and emerging markets)

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

FirstRand Investment Holdings (Pty) Ltd (FRIHL) (Other activities)

96%	RMB Private Equity Holdings
93%	RMB Private Equity
100%	RMB Securities
50%	RMB Morgan Stanley
100%	FNB Securities
100%	RentWorks
100%	Direct Axis
81%	MotoVantage
100%	FirstRand International – Guernsey
100%	RMB Australia Holdings
100%	FirstRand Securities
48%	NewDisc

FirstRand Investment Management Holdings Limited (Investment management)

100%	Ashburton Fund Managers
100%	Ashburton Investor Services
100%	Ashburton Management Company (RF)
100%	Ashburton Investments International Holdings
100%	FNB CIS Management Company (RF)
100%	Atlantic Asset Management
100%	Various general partners[#]

FirstRand Insurance Holdings (Pty) Ltd (Insurance)

100%	FirstRand Life Assurance
100%	FirstRand Insurance Services Company (FRISCOL)[†]

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

 # Ashburton Investments has a number of general partners for fund seeding purposes – all of these entities fall under FirstRand Investment Management Holdings Limited.
† With effect from 1 July 2017.

Structure shows effective consolidated shareholding

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

FirstRand's portfolio of franchises comprises FNB, RMB, WesBank and Ashburton Investments and provides a universal set of transactional, lending, investment and insurance products and services. The FCC franchise represents group-wide functions.

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

Normalised earnings per share	Dividend per share	Return on equity
↑ 7%	↑ 13%	↓ 23.4%
2016: 8%	2016: 8%	2016: 24.0%

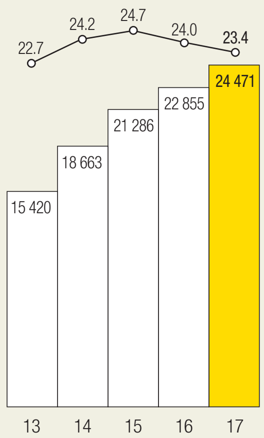
Normalised net asset value per share	Normalised earnings
↑ 9%	↑ 7%
2016: 10%	2016: 7%

FNB	RMB	WesBank
Normalised earnings	Normalised earnings	Normalised earnings
↑ 5%	↑ 11%	↑ 2%
2016: 8%	2016: 9%	2016: 21%

TRACK RECORD

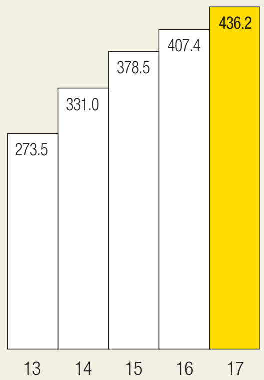
Normalised earnings (R million) *and ROE* (%)

CAGR 12%



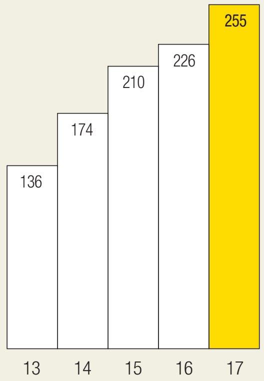
Diluted normalised earnings per share (cents)

CAGR 12%



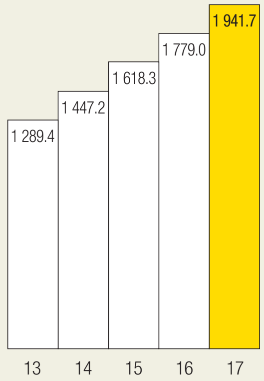
Dividend per share (cents)

CAGR 17%



Normalised net asset value per share (cents)

CAGR 11%



KEY FINANCIAL RESULTS, RATIOS AND STATISTICS – NORMALISED

This section is based on normalised results. A detailed reconciliation between IFRS and normalised results is set out on pages 106 to 112.

R million	2017	2016	% change
Earnings performance			
Normalised earnings per share (cents)			
– Basic	**436.2**	407.4	7
– Diluted	**436.2**	407.4	7
Earnings per share (cents) – IFRS			
– Basic	**438.2**	402.4	9
– Diluted	**438.2**	402.4	9
Headline earnings per share (cents)			
– Basic	**423.7**	399.2	6
– Diluted	**423.7**	399.2	6
Attributable earnings – IFRS (refer page 98)	**24 572**	22 563	9
Headline earnings	**23 762**	22 387	6
Normalised earnings	**24 471**	22 855	7
Normalised net asset value	**108 922**	99 794	9
Normalised net asset value per share (cents)	**1 941.7**	1 779.0	9
Tangible normalised net asset value	**107 236**	98 225	9
Tangible normalised net asset value per share (cents)	**1 911.7**	1 751.1	9
Average normalised net asset value	**104 358**	95 286	10
Market capitalisation	**264 487**	251 529	5
Ordinary dividend per share (cents)	**255.0**	226.0	13
Dividend cover (times)	**1.71**	1.80	
NCNR B preference dividend – paid (cents per share)*	**790.3**	730.4	8
Capital adequacy – IFRS			
Capital adequacy ratio (%)	**17.1**	16.9	
Tier 1 ratio (%)	**14.9**	14.6	
Common Equity Tier 1 (CET1) (%)	**14.3**	13.9	
Balance sheet			
Normalised total assets	**1 217 745**	1 149 326	6
Advances (net of credit impairments)	**893 106**	851 405	5
Ratios and key statistics			
ROE (%)	**23.4**	24.0	
ROA (%)	**2.07**	2.07	
Price earnings ratio (times)	**10.8**	11.0	
Price-to-book ratio (times)	**2.4**	2.5	
Average gross loan-to-deposit ratio (%)	**93.4**	93.1	
Diversity ratio (%)	**45.7**	45.5	
Credit impairment charge	**8 054**	7 159	13
NPLs as % of advances	**2.41**	2.45	
Credit loss ratio (%)	**0.91**	0.86	
Specific coverage ratio (%)	**38.8**	38.6	
Total impairment coverage ratio (%)	**77.4**	77.9	
Performing book coverage ratio (%)	**0.95**	0.99	
Cost-to-income ratio (%)	**51.0**	51.1	
Effective tax rate (%)	**21.1**	21.8	
Share price (closing – rand)	**47.15**	44.84	5
Number of employees	**44 916**	45 100	–

* *75.56% of FNB prime lending rate.*

SUMMARY CONSOLIDATED INCOME STATEMENT – NORMALISED

for the year ended 30 June

R million	2017	2016	% change
Net interest income before impairment of advances	**46 626**	43 730	7
Impairment charge	**(8 054)**	(7 159)	13
Net interest income after impairment of advances	**38 572**	36 571	5
Total non-interest revenue	**39 268**	36 442	8
– Operational non-interest revenue	**38 227**	34 989	9
– Fee and commission income	**29 681**	27 681	7
– Markets, client and other fair value income	**4 255**	3 361	27
– Investment income	**2 178**	1 364	60
– Other non-interest revenue	**2 113**	2 583	(18)
– Share of profit of associates and joint ventures after tax	**1 041**	1 453	(28)
Income from operations	**77 840**	73 013	7
Operating expenses	**(43 773)**	(40 942)	7
Income before tax	**34 067**	32 071	6
Indirect tax	**(1 081)**	(928)	16
Profit before tax	**32 986**	31 143	6
Income tax expense	**(6 951)**	(6 784)	2
Profit for the year	**26 035**	24 359	7
NCNR preference shareholders	**(356)**	(342)	4
Non-controlling interests	**(1 208)**	(1 162)	4
Normalised earnings attributable to ordinary equityholders of the group	**24 471**	22 855	7

SUMMARY CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME – NORMALISED

for the year ended 30 June

R million	2017	2016	% change
Profit for the year	**26 035**	24 359	7
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	**(150)**	118	(>100)
(Losses)/gains arising during the year	**(141)**	144	(>100)
Reclassification adjustments for amounts included in profit or loss	**(67)**	20	(>100)
Deferred income tax	**58**	(46)	(>100)
Available-for-sale financial assets	**(282)**	(504)	(44)
Losses arising during the year	**(397)**	(671)	(41)
Reclassification adjustments for amounts included in profit or loss	**(52)**	(6)	>100
Deferred income tax	**167**	173	(3)
Exchange differences on translating foreign operations	**(1 633)**	567	(>100)
(Losses)/gains arising during the year	**(1 633)**	567	(>100)
Share of other comprehensive (loss)/income of associates and joint ventures after tax and non-controlling interests	**(157)**	87	(>100)
Items that may not subsequently be reclassified to profit or loss			
Remeasurements on defined benefit post-employment plans	**286**	(37)	(>100)
Gains/(losses) arising during the year	**404**	(52)	(>100)
Deferred income tax	**(118)**	15	(>100)
Other comprehensive (loss)/income for the year	**(1 936)**	231	(>100)
Total comprehensive income for the year	**24 099**	24 590	(2)
Attributable to			
Ordinary equityholders	**22 590**	23 059	(2)
NCNR preference shareholders	**356**	342	4
Equityholders of the group	**22 946**	23 401	(2)
Non-controlling interests	**1 153**	1 189	(3)
Total comprehensive income for the year	**24 099**	24 590	(2)

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION – NORMALISED

as at 30 June

R million	2017	2016*	2015*
ASSETS			
Cash and cash equivalents	**68 483**	64 303	65 567
Derivative financial instruments	**35 459**	40 551	34 500
Commodities	**14 380**	12 514	7 354
Investment securities	**167 516**	142 747	137 448
Advances	**893 106**	851 405	779 171
– Advances to customers	**848 649**	808 699	751 366
– Marketable advances	**44 457**	42 706	27 805
Accounts receivable	**8 878**	10 152	7 977
Current tax asset	**147**	428	109
Non-current assets and disposal groups held for sale	**580**	193	373
Reinsurance assets	**89**	36	388
Investments in associates	**5 924**	4 964	5 781
Investments in joint ventures	**1 379**	1 294	1 234
Property and equipment	**17 512**	16 909	16 288
Intangible assets	**1 686**	1 569	1 068
Investment properties	**399**	386	460
Defined benefit post-employment asset	**5**	9	4
Deferred income tax asset	**2 202**	1 866	1 540
Total assets	**1 217 745**	1 149 326	1 059 262
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**15 276**	14 263	5 685
Derivative financial instruments	**44 403**	50 782	40 917
Creditors, accruals and provisions	**17 014**	17 141	17 527
Current tax liability	**277**	270	351
Liabilities directly associated with disposal groups held for sale	**195**	141	–
Deposits	**983 529**	920 074	865 616
– Deposits from customers	**715 101**	668 010	617 371
– Debt securities	**179 115**	153 727	158 171
– Asset-backed securities	**35 445**	29 305	28 574
– Other	**53 868**	69 032	61 500
Employee liabilities	**9 884**	9 771	9 734
Other liabilities	**6 385**	8 311	6 876
Policyholder liabilities	**3 795**	1 402	542
Tier 2 liabilities	**18 933**	18 004	12 497
Deferred income tax liability	**832**	1 053	913
Total liabilities	**1 100 523**	1 041 212	960 658
Equity			
Ordinary shares	**56**	56	56
Share premium	**8 056**	8 056	8 056
Reserves	**100 810**	91 682	82 666
Capital and reserves attributable to ordinary equityholders	**108 922**	99 794	90 778
NCNR preference shares	**4 519**	4 519	4 519
Capital and reserves attributable to equityholders of the group	**113 441**	104 313	95 297
Non-controlling interests	**3 781**	3 801	3 307
Total equity	**117 222**	108 114	98 604
Total equities and liabilities	**1 217 745**	1 149 326	1 059 262

* *Certain prior year numbers have been restated. Refer to pages 113 to 115 for detailed information.*

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – NORMALISED

for the year ended 30 June

R million	Ordinary share capital and ordinary equityholders' funds				
	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 1 July 2015	56	8 056	**8 112**	(470)	190
Net proceeds of issue of share capital and premium	–	–	**–**	–	–
Proceeds from the issue of share capital	–	–	**–**	–	–
Share issue expenses	–	–	**–**	–	–
Acquisition of subsidiaries	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Total comprehensive income for the year	–	–	**–**	(37)	118
Vesting of share-based payments	–	–	**–**	–	–
Balance as at 30 June 2016	56	8 056	**8 112**	(507)	308
Net proceeds of issue of share capital and premium	–	–	**–**	–	–
Proceeds from the issue of share capital	–	–	**–**	–	–
Share issue expenses	–	–	**–**	–	–
Acquisition of subsidiaries	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Total comprehensive income for the year	–	–	**–**	286	(150)
Vesting of share-based payments	–	–	**–**	–	–
Balance as at 30 June 2017	56	8 056	**8 112**	(221)	158

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

	Ordinary share capital and ordinary equityholders' funds								
	Share-based payment reserve	Available-for-sale reserve	Foreign currency translation reserve	Other reserves	Retained earnings	**Reserves attributable to ordinary equity-holders**	**NCNR preference shares**	**Non-controlling interests**	**Total equity**
	21	64	2 757	261	79 843	**82 666**	**4 519**	**3 307**	**98 604**
	–	–	–	–	–	**–**	**–**	**39**	**39**
	–	–	–	–	–	**–**	**–**	**24**	**24**
	–	–	–	–	–	**–**	**–**	**15**	**15**
	–	–	–	–	–	**–**	**–**	**19**	**19**
	5	–	–	20	(396)*	**(371)**	**–**	**18***	**(353)**
	–	–	–	–	(12 608)	**(12 608)**	**–**	**(761)**	**(13 369)**
	–	–	–	–	–	**–**	**(342)**	**–**	**(342)**
	–	–	–	18	(18)	**–**	**–**	**–**	**–**
	–	–	–	–	(1 077)	**(1 077)**	**–**	**(10)**	**(1 087)**
	–	(505)	553	75	22 855	**23 059**	**342**	**1 189**	**24 590**
	(17)	–	–	–	30	**13**	**–**	**–**	**13**
	9	(441)	3 310	374	88 629	**91 682**	**4 519**	**3 801**	**108 114**
	–	–	–	–	–	**–**	**–**	**–**	**–**
	–	–	–	–	–	**–**	**–**	**–**	**–**
	–	–	–	–	–	**–**	**–**	**–**	**–**
	–	–	–	–	–	**–**	**–**	**8**	**8**
	3	–	–	195	(194)*	**4**	**–**	**84***	**88**
	–	–	–	–	(13 294)	**(13 294)**	**–**	**(1 099)**	**(14 393)**
	–	–	–	–	–	**–**	**(356)**	**–**	**(356)**
	–	–	–	16	(16)	**–**	**–**	**–**	**–**
	–	–	–	–	(175)	**(175)**	**–**	**(166)**	**(341)**
	–	(274)	(1 620)	(123)	24 471	**22 590**	**356**	**1 153**	**24 099**
	(3)	–	–	–	6	**3**	**–**	**–**	**3**
	9	(715)	1 690	462	99 427	**100 810**	**4 519**	**3 781**	**117 222**

FLOW OF FUNDS ANALYSIS – NORMALISED

R million	**June 2017 vs June 2016 12-month movement**	June 2016 vs June 2015 12-month movement
Sources of funds		
Capital account movement (including profit and reserves)	**9 108**	9 510
Working capital movement	**1 125**	(494)
Short trading positions and derivative financial instruments	**(274)**	12 392
Investments	**(3 693)**	(5 104)
Deposits and long-term liabilities	**64 384**	59 965
Total	**70 650**	76 269
Application of funds		
Advances	**(41 701)**	(72 234)
Cash and cash equivalents	**(4 180)**	1 264
Investment securities (e.g. liquid asset portfolio)	**(24 769)**	(5 299)
Total	**(70 650)**	(76 269)

It's very pleasing that the group can continue to produce real growth in earnings and a high return to our shareholders, despite a very challenging operating environment. These results are testament to the quality of the operational performances of FirstRand's franchises which were characterised by solid topline growth.

The group's high ROE, strong capital position and conservatively positioned balance sheet has allowed the board to increase the dividend payout above earnings growth.

JOHAN BURGER
CEO

INTRODUCTION

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

GROUP STRATEGY

FirstRand's strategy accommodates a broad set of growth opportunities across the entire financial services universe from a product, market, segment and geographic perspective. The group believes this will create long-term franchise value, ensure sustainable and superior returns for shareholders, within acceptable levels of volatility and maintain balance sheet strength.

Currently group earnings are tilted to its domestic market where the lending and transactional franchises have delivered sustained growth since 2010 resulting from the acquisition of a deep and loyal customer base. The group recognises the imperative to continue to protect and grow these very valuable banking franchises, but it also believes that through the utilisation of the origination capabilities and distribution networks of those franchises, it can diversify and capture a larger share of profits from savings, insurance and investment products within its existing customer base.

The growth opportunity is significant given the annual flows to other providers from FNB's customer base alone. Through the manufacture and sale of its own insurance, savings and investment products, the group will, over time, offer differentiated value propositions for customers and generate new and potentially meaningful revenue streams for the group. To date, progress looks promising and FirstRand is incrementally increasing its share of the insurance, savings and investment profit pools that exist within its own customer base. The group also continues to protect and grow its large transactional and lending franchises.

The group's strategy outside of its domestic market centres on growing its presence and offerings in nine markets in the rest of Africa where it believes it can organically build competitive advantage and scale over time. In addition, it is focusing on leveraging its current operations in the UK to create new revenue streams.

OPERATING ENVIRONMENT

Globally the economic environment improved and this allowed the US Federal Reserve to continue with gradual monetary policy normalisation. Economic activity in emerging economies held up better than was widely anticipated, with fears of a hard landing in China abating, and Brazil and Russia recovering from deep recessions.

OVERVIEW OF RESULTS continued

Unfortunately, South Africa could not benefit materially from these improved conditions given the prevailing environment of macroeconomic weakness, political and policy uncertainty, and low economic growth. These uncertainties were further exacerbated by allegations of state capture, the sudden replacement of the finance minister in early 2017, and concerns about corporate governance and financial stress at some large state owned enterprises (SOEs).

In the year under review, the South African economy suffered its first recession since the 2008 financial crisis and the government's sovereign debt ratings were lowered again. The private sector remained cautious with both business and consumer confidence falling to multi-year lows.

The combination of improved global risk appetite, increased foreign capital flows to emerging markets and the relatively high yield offered by South Africa's fixed income market attracted foreign investors to domestic capital markets, and this provided support to the rand. Inflation also started to fall earlier this year and was back within the target band by the second quarter of 2017. This allowed the South African Reserve Bank to end the policy tightening cycle, which provided some relief to consumers.

Macroeconomic conditions in the rest of the sub-Saharan region improved slightly but remained subdued. Economic activity in Namibia and Botswana was impacted by South African macroeconomic weakness and some local economic challenges.

OVERVIEW OF RESULTS

Despite these significant macro pressures, FirstRand's portfolio of businesses produced a resilient performance, characterised by quality topline growth, improved cost management and ongoing conservatism in both origination and provisioning strategies. The group continued to strengthen its balance sheet and protect its return profile.

Normalised earnings for the year to June 2017 increased 7% with a normalised ROE of 23.4%. The table below shows a breakdown of sources of normalised earnings from the portfolio per operating franchise.

Sources of normalised earnings

R million	**2017**	**% composition**	2016	% composition	% change
FNB	**12 947**	**53**	12 294	53	5
RMB	**6 955**	**28**	6 287	28	11
WesBank	**3 996**	**16**	3 927	17	2
FCC (including Group Treasury) and other*,**	**929**	**4**	689	3	35
NCNR preference dividend	**(356)**	**(1)**	(342)	(1)	4
Normalised earnings	**24 471**	**100**	22 855	100	7

* *Includes FirstRand Limited (company).*

** *Includes capital endowment, the impact of accounting mismatches, interest rate management and foreign currency liquidity management.*

FNB's results were driven by a strong performance from its domestic franchise underpinned by solid non-interest revenue (NIR) growth on the back of ongoing customer gains and growth in transactional volumes, and high quality net interest income (NII) growth, particularly from deposit generation. FNB's rest of Africa portfolio's year-on-year performance, however, remained negative.

RMB also produced a strong performance, with private equity realisations contributing more than R1.9 billion in pre-tax and minorities profit for the year. Good cost management was maintained, origination strategies continued to be anchored to protecting the return profile and credit provisions remained conservative.

WesBank delivered a solid performance off a high base. The local operations remained resilient given the credit cycle and the prudent origination strategies. However, overall results in rand were negatively impacted by the currency appreciation impacting the results of the UK business (MotoNovo).

At a group level, total NII increased 7%, underpinned by good growth in deposits (+7%) and positive endowment on the back of higher average interest rates. Advances growth was subdued (+5%) given the group's appropriate risk appetite. Margins in many of the asset-generating businesses continued to come under pressure from higher term funding and liquidity costs. Term lending in RMB and WesBank's corporate business remained muted due to ongoing discipline in origination to preserve returns given the prevailing competitive pressures.

Group NIR (+8%) reflects strong fee and commission income growth of 7% at FNB, which continued to benefit from volumes in digital and electronic channels, and solid growth in customer numbers. Fee and commission income represents 78% (2016: 79%) of group operational NIR. Group NIR also benefited from realisations in RMB's private equity portfolio at marginally higher levels compared to the prior year.

Insurance revenues grew 26%, driven by volume growth in funeral and credit products from FNB and strong growth in WesBank's insurance income of 11%.

Total cost growth of 7% was significantly down on the 11% increase in the prior year, but continues to trend above inflation due to ongoing investment in the new insurance and asset management franchises, platforms to extract further efficiencies and building the footprint in the rest of Africa.

Operating jaws were positive for the year reflecting the solid topline growth generated and improved management of core operating expenses. The cost-to-income ratio improved marginally to 51.0%.

The group's impairment ratio of 91 bps remains below the group's through-the-cycle threshold and well within expectations. The 13% increase in the impairment charge results from the following:

- some normalisation of WesBank's charge, which was anticipated given the cycle and the fact that the charge had been below the long run average since 2010;
- a sharp rise in FNB's rest of Africa charge on the back of tough macros in the smaller sub-scale subsidiaries;
- new business strain, on the back of strong book growth across FNB's premium and commercial customer segments resulting from new customer acquisition and its cross-sell and up-sell strategies. These books remain below through-the-cycle thresholds and have been appropriately priced for risk; and
- the increasing number of FNB and WesBank customers entering debt-review. The group does not reclassify these customers and discloses them in NPLs until they fully rehabilitate.

Retail portfolio provisions were increased at a franchise level. The group believes this is prudent given its current view on the domestic macroeconomic environment.

Corporate provisions decreased as certain large corporate exposures were rehabilitated or written off, thereby impacting their and the group's overall portfolio provisions.

Overall portfolio provisions at 95 bps remain conservative and above the overall annual charge.

OVERVIEW OF RESULTS continued

OPERATING FRANCHISE REVIEWS

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 on the back of a compelling customer offering that provides a broad range of innovative financial services products.

FNB South Africa produced a strong performance given the tough domestic operating environment, growing pre-tax profits 8%. Total FNB pre-tax profits were, however, impacted by the poor performance from FNB's rest of Africa portfolio where profits declined 32% year-on-year. Despite these pressures, FNB produced overall growth in profits of 5% and an ROE of 37.4%.

FNB financial highlights

R million	2017	2016	% change
Normalised earnings	**12 947**	12 294	5
Normalised profit before tax	**18 828**	17 883	5
– South Africa	**17 948**	16 586	8
– Rest of Africa	**880**	1 297	(32)
Total assets	**398 521**	383 416	4
Total liabilities	**380 283**	366 942	4
NPLs (%)	**3.24**	3.03	
Credit loss ratio (%)	**1.20**	1.08	
ROE (%)	**37.4**	38.4	
ROA (%)	**3.34**	3.36	
Cost-to-income ratio (%)	**54.0**	54.1	
Advances margin (%)	**3.58**	3.65	

Segment results

R million	2017	2016	% change
Normalised PBT			
Retail	**11 010**	10 551	4
Commercial	**6 938**	6 035	15
FNB Africa	**880**	1 297	(32)
Total FNB	**18 828**	17 883	5

FNB South Africa constitutes R17.9 billion (95%) of total FNB profits and its performance reflects the success of its strategy to:

- grow and retain core transactional accounts;
- provide digital platforms to deliver cost effective and innovative transactional propositions to its customers;
- use its deep customer relationships and sophisticated data analytics to effectively cross-sell and up-sell a broad range of financial services products;
- apply disciplined origination strategies;
- provide innovative savings products to grow its retail deposit franchise; and
- right-size its physical infrastructure to achieve efficiencies.

FNB continued to see good growth in customers:

Segment	Year-on-year growth Customer numbers %
Consumer	**3**
Premium	**7**
Commercial	**11**

FNB's rest of Africa portfolio represents a mix of mature businesses with significant scale and market share, such as Namibia and Botswana, combined with newly established and start-up businesses, such as Mozambique, Zambia, Tanzania and Ghana. Across the board in the year under review, these businesses operated in markets facing economic headwinds and emerging regulatory challenges, and the portfolio delivered a mixed performance. The new businesses particularly suffered due to lack of scale and book diversification coupled with poor macros, significantly impacting credit losses. The continued investment drag on the back of organic build further depressed the performance.

A breakdown of key performance measures from the domestic and rest of Africa franchises is shown below.

%	FNB SA	Rest of Africa
PBT growth	+8	(32)
Cost increase	+6	+13
Credit loss ratio	1.12	1.78
Advances growth	+5	+3
NPLs	2.96	5.30
Deposit growth	+13	–
Cost-to-income ratio	51.5	71.7
Operating jaws	1.6	(7.0)

Total FNB NII increased 9% driven by moderate growth in advances (+4%) and excellent growth in deposits (+12%) with some positive endowment effect from higher average interest rates during the year under review.

The table below demonstrates the growth in advances and deposits on a segment basis and reflects FNB's ongoing success in growing its deposit franchise.

Segment analysis of advances and deposit growth

	Deposit growth		Advances growth	
Segment	%	R billion	%	R billion
Retail	14	24.6	4	8.9
– Consumer	10	7.8	3	1.3
– Premium	16	16.8	4	7.6
Commercial	12	20.9	7	5.6
FNB Africa	–	–	3	1.3
Total FNB	12	45.5	4	15.8

The subdued overall growth in advances reflects, to a degree, a high level of prudency in FNB's origination strategies, particularly in the consumer segment where households have experienced significant pressure on disposable income. FNB's focus on cross-selling into its core transactional retail and commercial customer bases has, however, resulted in good growth in both advances and deposits in the premium and commercial segments.

The tables below unpack advances, at both a segment and product level, and reflect the segment specific nature of FNB's risk appetite and origination strategies.

The consumer segment saw good growth in its affordable housing books but unsecured lending contracted on the back of conservative risk appetite. In the premium segment, mortgages showed muted growth as FNB continues to focus on low risk origination, however unsecured grew strongly on the back of cross-sell and up-sell.

	Consumer		
	Advances		
R million	2017	2016	%
Residential mortgages	**22 480**	20 224	11
Card	**9 211**	9 366	(2)
Personal loans	**7 416**	8 142	(9)
Retail other	**3 198**	3 270	(2)

	Premium		
	Advances		
R million	2017	2016	%
Residential mortgages	**173 018**	169 229	2
Card	**14 589**	12 602	16
Personal loans	**6 956**	6 301	10
Retail other	**12 231**	11 074	10

	Commercial		
R million	2017	2016	%
Advances	**83 580**	77 957	7

OVERVIEW OF RESULTS continued

NIR growth of 6% was achieved despite actions FNB took in its consumer segment to simplify its product offering. This resulted in some customers moving into lower revenue-generating product lines with the resultant negative impact on NIR for the full year of approximately R540 million. This impact will not be repeated and indications are that this improved customer value proposition will ensure sustainable growth in NIR for the consumer segment going forward.

NIR growth in the retail and commercial segments continued to be robust, increasing 6% and 9%, respectively.

Overall fee and commission income benefited from strong volume growth of 10% with excellent momentum across FNB's digital and electronic channels, as can be seen from the table below. There was some negative impact from a reduction in cash-related NIR and the cost of rewards linked to the e-migration and cross-sell strategy.

Channel volumes

Thousands	2017	2016	% change
ATM/ADT	**232 310**	225 045	3
Internet	**214 701**	201 019	7
Banking app	**99 410**	59 075	68
Mobile	**43 818**	36 469	20
Point-of-sale	**1 166 844**	1 051 480	11

Cost growth in the South African business was well contained at 6% with total costs growing 7% mainly on the back of continued investment in diversification strategies and rest of Africa expansion. The domestic cost-to-income ratio decreased marginally to 51.5%.

As expected, FNB's overall bad debts and NPLs increased year-on-year (NPLs +11%), however, the rolling six months reflect a flattening trajectory in retail. NPL formation in the commercial book is ticking up, but this is not unexpected given previous book growth and some residual pressure in the agric sector. NPL formation in the rest of Africa business increased sharply (+35%).

NPLs in FNB's domestic unsecured books, which have shown strong advances growth particularly in the premium segment, are trending in line with expectations. This reflects the quality of new business written, appropriate pricing strategies and the positive effect of cutbacks in higher risk origination buckets.

Overall provisioning levels have increased with overlays maintained.

Progress on insurance initiative

FNB's insurance initiatives gained traction with more than four million lives now covered. FNB activated further life products, with the investment in system infrastructure significantly reducing time-to-market for new products.

RMB

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

RMB financial highlights

R million	2017	2016	% change
Normalised earnings	**6 955**	6 287	11
Normalised profit before tax	**9 832**	8 918	10
– South Africa and other	**8 517**	7 899	8
– Rest of Africa*	**1 315**	1 019	29
Total assets	**447 029**	435 133	3
Total liabilities	**436 046**	423 322	3
NPLs (%)	**0.62**	1.35	
Credit loss ratio (%)	**0.20**	0.27	
ROE (%)	**26.2**	25.2	
ROA (%)	**1.56**	1.45	
Cost-to-income ratio (%)	**43.4**	45.1	

* *Includes in-country and cross-border activities.*

RMB delivered a strong operational performance, with pre-tax profits increasing 10% to R9.8 billion. The ROE improved to 26.2%, demonstrating the strength and diversification of the portfolio. RMB's balance sheet remains robust, with high quality earnings and solid operational leverage. Cost growth was well below inflation due to the benefits of platform investment and ongoing automation. The business continues to spend on regulatory and compliance initiatives.

The rest of Africa portfolio remains key to RMB's strategy and delivered pre-tax profits of R1.3 billion, up 29% on the prior year. This performance was anchored on solid corporate and transactional banking earnings, and robust structuring and flow trading income. Results were further bolstered by solid advances growth and lower credit impairments given conservative provisioning in prior periods.

*Breakdown of profit contribution by activity**

R million	2017	2016	% change
Investment banking and advisory	**3 626**	3 258	11
Corporate and transactional banking	**1 731**	1 466	18
Markets and structuring	**1 612**	1 389	16
Investing	**2 841**	2 643	7
Investment management	**88**	177	(50)
Other	**(66)**	(15)	>100
Total RMB	**9 832**	8 918	10

* *Refer to additional business unit disclosure on page 32.*

OVERVIEW OF RESULTS continued

In an environment characterised by difficult credit markets and lower economic growth, the investment banking and advisory activities delivered a resilient performance. Advisory, lending and capital market mandates were secured particularly off the back of client activity in offshore markets. Disciplined financial resource allocation and good advances growth continued to preserve returns, and cost containment further benefited the results. Given the prevailing weak credit cycle and macroeconomic environment, credit provisioning levels remained conservative.

Corporate and transactional banking's focus on leveraging platforms, managing costs and expanding product offerings locally and in the rest of Africa, contributed to strong profit growth. The business benefited from increased demand for structured and traditional trade products and its focus on liability strategies resulted in increased transactional volumes and average deposit balances, particularly in the rest of Africa. The global foreign exchange business was adversely impacted by regulatory changes in certain rest of Africa jurisdictions.

Markets and structuring activities delivered a strong performance with improved quality of earnings driven by good client flows and the execution of large structuring deals. A solid commodities performance and sustained equity flows also contributed to profitability in the current year.

Investing activities produced solid results off a high base, supported by a significant realisation in the Private Equity portfolio. The business is now entering an investment cycle and, during the year, several acquisitions were made. The quality and diversity of the Ventures and Corvest portfolios contributed to good annuity earnings despite economic headwinds and continue to underpin the unrealised value of the portfolio at R3.7 billion (June 2016: R4.2 billion).

Other activities reported a marginal loss in the current year, driven mainly by costs associated with the group's market infrastructure programme which is aimed at driving efficiencies, ensuring regulatory and legislative compliance and improving risk mitigation. This was offset by the curtailment of losses in the RMB Resources portfolio and higher endowment earned on capital invested.

WesBank

WesBank represents the group's activities in instalment credit and related services in the retail, commercial and corporate segments of South Africa and the rest of Africa (where represented), and through MotoNovo Finance in the UK. Through the Direct Axis brand, WesBank also operates in the unsecured lending market in South Africa. WesBank's leading position in its chosen markets is due to its long-standing alliances with leading motor manufacturers, suppliers and dealer groups, strong point-of-sale presence and innovative channel origination strategies.

WesBank financial highlights

R million	2017	2016	% change
Normalised earnings	**3 996**	3 927	2
Normalised profit before tax	**5 612**	5 518	2
Total assets	**214 222**	205 016	4
Total liabilities	**207 809**	199 686	4
NPLs (%)	**3.80**	3.38	
Credit loss ratio (%)	**1.68**	1.59	
ROE (%)	**20.0**	21.9	
ROA (%)	**1.87**	1.99	
Cost-to-income ratio (%)	**40.2**	39.1	
Net interest margin (%)	**4.93**	4.90	

WesBank grew total profits 2%, and delivered an ROE of 20% and an ROA of 1.87%. This was a solid operational performance and reflects the tough operating environment for its domestic lending businesses and increased conservatism in origination and provisioning. The rand profit contribution from WesBank's UK business, MotoNovo, was significantly impacted by the 20% average appreciation of the rand against the GBP during the year.

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

*Breakdown of profit contribution by activity**

R million	2017	2016	% change
Normalised profit before tax			
VAF	**4 192**	4 100	2
– Retail SA**	**2 658**	2 358	13
– MotoNovo#	**1 190**	1 360	(13)
– Corporate and commercial	**344**	382	(10)
Personal loans	**1 352**	1 327	2
Rest of Africa	**68**	91	(25)
Total WesBank	**5 612**	5 518	2

* *Refer to additional segment disclosure on page 33.*

** *Includes MotoVantage.*

\# *Normalised PBT for MotoNovo up 9% to GBP69 million.*

Retail SA VAF delivered 6% pre-tax profit growth, driven by resilient margins and a significant improvement in the equity-accounted profits generated from the investment in associates. When the contribution from MotoVantage, the insurance business, is included, PBT increased 13%. New business origination remained resilient, with production up 10% on the back of an increased focus on the used car market.

MotoNovo grew profits 9% in GBP terms as the business continues to invest in capacity, particularly in its collections and sales areas and in building out the personal loans offering. MotoNovo's new business volumes continued to track up in GBP (+11.7%) although risk appetite has tightened.

Personal loans delivered a modest increase in profits of 2% despite healthy book growth. This was mainly due to ongoing investment spend in new channels and the impact of the National Credit Amendment Act (NCAA) rate caps which impacted margins.

Profits from the corporate business were down 10% year-on-year, mainly because of competitive pricing pressures, lengthening of replenishment cycles and reduced market demand as corporates delay investment.

Interest margins continue to be resilient despite higher funding and liquidity costs, and the shift in mix from fixed to floating-rate business within the retail SA VAF portfolio. From a new business perspective, however, this shift in mix has started to reverse.

As expected, retail SA VAF and personal loans NPLs both increased (+19%) on the back of a higher proportion of restructured debt-review accounts as well as the worsening credit cycle. The retail SA VAF charge of 1.54% includes adjustments in the LGD models, which is considered appropriate given the cycle.

NPLs in MotoNovo increased 19%, moderating from the first half, reflecting the positive impact of increased prudency in origination strategies implemented at the end of 2016 and operational right-sizing in the collections area.

WesBank produced strong growth in operational NIR of 15%. This was mainly driven by increased insurance and VAPS-related income from MotoVantage, and increases in full maintenance lease (FML) rental income on the back of good new business growth. Advances-related NIR growth was in line with book growth.

Growth in operating expenses was 11%, mainly driven by the investments in new business initiatives and volume-related expenditure in MotoNovo, Direct Axis and FML. Core operational costs were well contained.

ROE has declined year-on-year, primarily a function of increased capital held as a result of certain additional investments, and a deterioration in credit risk weighted assets as a result of the credit cycle. The ROA has, however, remained resilient year-on-year, due to ongoing topline growth and containment of core operating costs.

OVERVIEW OF RESULTS continued

Segment analysis of normalised earnings

R million	2017	% composition	2016	% composition	% change
Retail	**11 674**	**47**	11 596	50	1
– FNB*	**7 952**		7 949		
– WesBank*	**3 722**		3 647		
Commercial	**5 269**	**22**	4 625	20	14
– FNB	**4 995**		4 345		
– WesBank	**274**		280		
Corporate and investment banking	**6 955**	**28**	6 287	28	11
– RMB*	**6 955**		6 287		
Other	**573**	**3**	347	2	65
– FCC (including Group Treasury) and consolidation adjustments	**929**		689		
– FirstRand and dividends paid on NCNR preference shares	**(356)**		(342)		
Normalised earnings	**24 471**	**100**	22 855	100	7

* *Includes rest of Africa.*

UPDATE ON INVESTMENT MANAGEMENT STRATEGY

The group has an organic strategy to grow its asset management, and wealth and investment management (WIM) activities. Following a review of this strategy during the year, the decision was taken to restructure the WIM business which from 1 July 2017, will move from Ashburton Investments (AI) into FNB and be fully integrated into FNB's customer ecosystem of products, channels and rewards. The group believes this step will significantly increase the penetration of investment products into the existing client base in order to grow the save and invest revenue streams.

AI retains the pure asset management activities of the group and will, going forward, include a wide range of funds including single manager, multi-manager, index tracking, multi-asset, listed equity, specialist equity, fixed income, specialist credit, private equity, renewable energy, infrastructure and hedge funds.

AI grew AUM 31% year-on-year to R81 billion and the structured or guaranteed product solutions delivered through RMB Global Market Fund Solutions increased to R22.5 billion. From 1 July 2017 this business will move from RMB to Ashburton. Of the growth of AUM, R9 billion was due to the purchase of the Pointbreak Namibia business and a further R2 billion from taking over the FNB Namibia funds in the current financial year. Flows into traditional funds were flat year-on-year. The institutional fixed income solutions business delivered strong flows of R7 billion in new mandates won. Despite a tough year for global financial markets, investment performance continues to show resilience with the majority of funds delivering solid performances relative to peer groups.

With regards progress on the WIM activities:

- asset management solutions/funds originated by AI were launched to the FNB customer base branded FNB Horizon in July 2016 and delivered R1 billion in new flows since the launch with assets under management in excess of R1 billion at year end; and
- total WIM AUM, AUA and AUE was R124 billion at year end.

Share trading, share investing and stockbroking assets under execution (AUE) were down 4% to R65.5 billion and brokerage revenues were also lower largely due to lower market volatility and flat to sideways markets.

Traction in the platform administration capabilities has been satisfactory in the year under review. Some highlights include:

- growth in assets under administration (AUA) on the LISP platform from R14 billion to R16 billion, an increase of 15%; and
- customers on the platform increased to 25 870.

MANAGEMENT OF FINANCIAL RESOURCES

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

Forecast growth in earnings and balance sheet risk weighted assets is based on the group's macroeconomic outlook and evaluated against available financial resources, considering the requirements of capital providers and regulators. The expected outcomes and constraints are then stress tested and the group sets financial and prudential targets through different business cycles and scenarios to enable FirstRand to deliver on its commitments to stakeholders at a defined confidence level. These stress scenarios include further sovereign downgrades below investment grade on a local currency basis.

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, to deliver shareholder value.

The group continues to monitor and proactively manage a fast-changing regulatory environment and ongoing macroeconomic challenges. Prior to the downgrade of the South African sovereign to sub-investment grade on a foreign currency basis, through the establishment of FirstRand Securities Limited, the group became a member of the interest rate derivatives clearing service, SwapClear, one of the clearing platforms provided by multi-national clearing house LCH.

This was an important step to protect and enhance FirstRand's counterparty status in international funding markets. Participation in clearing interest rate derivatives through SwapClear will mitigate risk and reduce trading costs for both the group and its clients and provides the group with enhanced international access to financial market infrastructure as well as to greater liquidity pools.

Balance sheet strength

Capital position

Current targeted ranges and actual ratios are summarised below.

%	CET1	Tier 1	Total	Leverage[#]
Regulatory minimum*	7.3	8.5	10.8	4.0
Targets	10.0 – 11.0	>12.0	>14.0	>5.0
Actual**	**14.3**	**14.9**	**17.1**	**8.6**

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

** *Includes unappropriated profits.*

Based on Basel III regulations.

The group has maintained its strong capital position. Capital planning is undertaken on a three-year forward-looking basis, and the level and composition of capital is determined taking into account business units' 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 outlook.

The group continues to actively manage its capital composition and, to this end, issued approximately R2.3 billion Basel III-compliant Tier 2 instruments in the domestic market during the year. This resulted in a more efficient capital structure which is closely aligned with the group's internal targets. It remains the group's intention to continue optimising its capital stack by frequently issuing Tier 2 instruments in domestic and/or international markets. This ensures sustainable support for ongoing growth initiatives and compensates for the haircut applied to Tier 2 instruments which are not compliant with Basel III.

Liquidity position

Given the liquidity risk introduced by its business activities across various currencies, the group's objective is to optimise its funding profile within structural and regulatory constraints to enable its franchises to operate in an efficient and sustainable manner. Liquidity buffers are actively managed via high quality liquid assets (HQLA) 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 these 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 activity.

OVERVIEW OF RESULTS continued

The group exceeds the 80% (2016: 70%) minimum liquidity coverage ratio (LCR) requirement as set out by the Basel Committee for Banking Supervision (BCBS) with the group LCR at 97% (2016: 96%). FirstRand Bank's LCR was 105% (2016: 102%). At 30 June 2017, the group's available HQLA sources of liquidity per the LCR was R167 billion, with an additional R18 billion of management liquidity available.

FirstRand expects to be fully compliant with the net stable funding ratio (NSFR) requirements once implemented on 1 January 2018.

Regulatory changes

During May 2017, the SARB's Financial Stability Department released a discussion document on designing a deposit insurance scheme (DIS) for South Africa. As a member of the G20, South Africa has agreed to adopt the FSB's *Key Attributes of Effective Resolution Regimes for Financial Institutions*, one of which requires jurisdictions to have a privately-funded depositor protection and/or a resolution fund in place.

The paper motivates the need for an explicit, privately-funded DIS for South Africa, the main objective being the protection of less financially sophisticated depositors in the event of a bank failure. It presents proposals on the key design features of such a DIS and aims to solicit views on these proposals. The paper also refers to the discussion paper titled *Strengthening South Africa's Resolution Framework for Financial Institutions*, published by National Treasury on 13 August 2015. Together, the proposed resolution framework and the DIS are expected to form the comprehensive regulatory architecture for reducing the social and economic cost of failing financial institutions and will be captured by the Resolution Bill.

No timelines around the Resolution Bill have been formally communicated. It will contain high level principles of the DIS, with the actual mechanics captured in supplemental regulations or directives once designed and agreed. Only once finalised will banks be in a better position to fully assess the potential impact of a DIS in South Africa.

DIVIDEND STRATEGY

Given the group's sustained high return profile and solid operational performance, combined with its strong capital position and the low growth in risk weighted assets over the past twelve months, the board is comfortable to grow the dividend above normalised earnings. The board decided not to adjust the group's stated long-run cover range which remains 1.8x to 2.2x, however, it believes that the current higher payout ratio is sustainable over the short to medium term.

PROSPECTS

South Africa's growth prospects remain weak and uncertain. Persistent political and policy uncertainty, ongoing governance issues at SOEs and further erosion of confidence in institutional strength and independence all continue to weigh on confidence, which in turn constrains private sector investment, places pressure on employment and ultimately undermines GDP growth. Such a macroeconomic environment will be characterised by low domestic demand growth (consumption, investment and government spending), downward pressure on personal incomes and further rating agency downgrades. Many of these pressures will create headwinds for topline growth in the group's domestic franchises. Sub-Saharan growth rates are, however, expected to show a recovery over the next twelve months, which should be supportive of the rest of Africa portfolio.

FirstRand remains committed to its current investment cycle despite pressures on growth, as it believes its strategies to diversify its financial services offering and build the rest of Africa and UK franchises will deliver outperformance over the medium to long term. In addition, the group remains focused on driving efficiencies and managing core costs.

The group aims to deliver real growth in earnings and an ROE near the upper end of its stated target range of 18% to 22%.

EVENTS AFTER REPORTING PERIOD (AUDITED)

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

BOARD CHANGES

Movements in the directorate during the year under review:

		Effective date
Appointments		
TS Mashego	Non-executive director	1 January 2017
HL Bosman	Non-executive director	3 April 2017
Resignations/retirements		
VW Bartlett	Independent non-executive director (retired)	29 November 2016
D Premnarayen	Independent non-executive director (retired)	29 November 2016
P Cooper	Alternate non-executive director (resigned)	30 April 2017
Change of designation		
AT Nzimande	Non-executive director	31 December 2016
AT Nzimande	Independent non-executive director	1 January 2017

CASH DIVIDEND DECLARATIONS

Dividends

Ordinary shares

The directors declared a gross cash dividend totalling 255.0 cents per ordinary share out of income reserves for the year ended 30 June 2017.

	Year ended 30 June	
Cents per share	**2017**	2016
Interim (declared 8 March 2017)	**119.0**	108.0
Final (declared 6 September 2017)	**136.0**	118.0
	255.0	226.0

The salient dates for the final dividend are as follows:

Last day to trade cum-dividend	Tuesday 3 October 2017
Shares commence trading ex-dividend	Wednesday 4 October 2017
Record date	Friday 6 October 2017
Payment date	Monday 9 October 2017

Share certificates may not be dematerialised or rematerialised between Wednesday 4 October 2017 and Friday 6 October 2017, both days inclusive.

For shareholders who are subject to dividend withholding tax (DWT), tax will be calculated at 20% (or such lower rate if a double taxation agreement applies for foreign shareholders).

For South African shareholders who are subject to DWT, the net final dividend after deducting 20% tax will be 108.80000 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	**2017**	2016
Period:		
1 September 2015 – 29 February 2016		366.5
1 March 2016 – 29 August 2016		394.7
30 August 2016 – 27 February 2017	**395.6**	
28 February 2017 – 28 August 2017	**393.6**	

LL DIPPENAAR
Chairman

JP BURGER
CEO

C LOW
Company secretary

6 September 2017

SEGMENT REPORT
for the year ended 30 June 2017

	FNB							
	Retail							
R million	Residential mortgages	Card	Personal loans	Retail other	Retail	Commercial	FNB Africa**	Total FNB
Net interest income before impairment of advances	3 825	2 486	2 699	6 486	**15 496**	8 604	3 178	**27 278**
Impairment charge	(285)	(699)	(1 071)	(1 063)	**(3 118)**	(530)	(788)	**(4 436)**
Net interest income after impairment of advances	3 540	1 787	1 628	5 423	**12 378**	8 074	2 390	**22 842**
Non-interest revenue	618	1 835	826	11 155	**14 434**	7 056	3 237	**24 727**
Income from operations	4 158	3 622	2 454	16 578	**26 812**	15 130	5 627	**47 569**
Operating expenses	(1 725)	(2 027)	(977)	(10 579)	**(15 308)**	(8 163)	(4 603)	**(28 074)**
Net income from operations	2 433	1 595	1 477	5 999	**11 504**	6 967	1 024	**19 495**
Share of profit of associates and joint ventures after tax	–	–	–	(4)	**(4)**	6	3	**5**
Income before tax	2 433	1 595	1 477	5 995	**11 500**	6 973	1 027	**19 500**
Indirect tax	(12)	(60)	(16)	(402)	**(490)**	(35)	(147)	**(672)**
Profit before tax	2 421	1 535	1 461	5 593	**11 010**	6 938	880	**18 828**
Income tax expense	(678)	(430)	(409)	(1 566)	**(3 083)**	(1 943)	(415)	**(5 441)**
Profit for the year	1 743	1 105	1 052	4 027	**7 927**	4 995	465	**13 387**
Attributable to								
Ordinary equityholders	1 743	1 105	1 052	4 027	**7 927**	4 995	25	**12 947**
NCNR preference shareholders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	440	**440**
Profit for the year	1 743	1 105	1 052	4 027	**7 927**	4 995	465	**13 387**
Attributable earnings to ordinary equityholders	1 743	1 105	1 052	4 027	**7 927**	4 995	25	**12 947**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 743	1 105	1 052	4 027	**7 927**	4 995	25	**12 947**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity subsidiary related	–	–	–	–	**–**	–	–	**–**
Normalised earnings*	1 743	1 105	1 052	4 027	**7 927**	4 995	25	**12 947**

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

* *Normalised earnings for FNB, RMB and WesBank exclude the return of capital in the rest of Africa, cost of preference shares and other capital and, therefore, differ from franchise normalised earnings reported on page 91.*

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

Refer to additional activity disclosure on page 32.

† *Refer to additional segmental information on page 33.*

RMB							
Investment banking	Corporate banking	**Total RMB#**	**WesBank†**	FCC (including Group Treasury) and other	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
4 430	2 023	**6 453**	**10 510**	2 385	**46 626**	(1 709)	**44 917**
(400)	(137)	**(537)**	**(3 431)**	350	**(8 054)**	–	**(8 054)**
4 030	1 886	**5 916**	**7 079**	2 735	**38 572**	(1 709)	**36 863**
8 752	2 325	**11 077**	**4 552**	(2 129)	**38 227**	2 695	**40 922**
12 782	4 211	**16 993**	**11 631**	606	**76 799**	986	**77 785**
(5 586)	(2 468)	**(8 054)**	**(6 225)**	(1 420)	**(43 773)**	(812)	**(44 585)**
7 196	1 743	**8 939**	**5 406**	(814)	**33 026**	174	**33 200**
1 020	–	**1 020**	**439**	(423)	**1 041**	(3)	**1 038**
8 216	1 743	**9 959**	**5 845**	(1 237)	**34 067**	171	**34 238**
(115)	(12)	**(127)**	**(233)**	(49)	**(1 081)**	–	**(1 081)**
8 101	1 731	**9 832**	**5 612**	(1 286)	**32 986**	171	**33 157**
(2 272)	(485)	**(2 757)**	**(1 543)**	2 790	**(6 951)**	(67)	**(7 018)**
5 829	1 246	**7 075**	**4 069**	1 504	**26 035**	104	**26 139**
5 806	1 149	**6 955**	**3 996**	573	**24 471**	101	**24 572**
–	–	**–**	**–**	356	**356**	–	**356**
23	97	**120**	**73**	575	**1 208**	3	**1 211**
5 829	1 246	**7 075**	**4 069**	1 504	**26 035**	104	**26 139**
5 806	1 149	**6 955**	**3 996**	573	**24 471**	101	**24 572**
–	–	**–**	**–**	–	**–**	(810)	**(810)**
5 806	1 149	**6 955**	**3 996**	573	**24 471**	(709)	**23 762**
–	–	**–**	**–**	–	**–**	(63)	**(63)**
–	–	**–**	**–**	–	**–**	(12)	**(12)**
–	–	**–**	**–**	–	**–**	(117)	**(117)**
–	–	**–**	**–**	–	**–**	901	**901**
5 806	1 149	**6 955**	**3 996**	573	**24 471**	–	**24 471**

SEGMENT REPORT continued

for the year ended 30 June 2017

	FNB							
	Retail							
R million	Residential mortgages	Card	Personal loans	Retail other	**Retail**	Commercial	FNB Africa**	**Total FNB**
Cost-to-income ratio (%)	38.8	46.9	27.7	60.0	**51.2**	52.1	71.7	**54.0**
Diversity ratio (%)	13.9	42.5	23.4	63.2	**48.2**	45.1	50.5	**47.6**
Credit loss ratio (%)	0.15	3.05	7.43	7.14	**1.27**	0.66	1.78	**1.20**
NPLs as a percentage of advances (%)	2.33	3.89	8.54	5.56	**3.04**	2.73	5.30	**3.24**
Consolidated income statement includes								
Depreciation	(4)	(3)	(2)	(1 552)	**(1 561)**	(43)	(264)	**(1 868)**
Amortisation	–	(5)	–	(115)	**(120)**	–	(16)	**(136)**
Net impairment charges	–	–	–	(11)	**(11)**	2	–	**(9)**
Consolidated statement of financial position includes								
Advances (after ISP – before impairments)	195 498	23 800	14 372	15 429	**249 099**	83 580	44 890	**377 569**
– Normal advances	195 498	23 800	14 372	15 429	**249 099**	83 580	44 890	**377 569**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
NPLs net of ISP	4 560	926	1 227	858	**7 571**	2 280	2 377	**12 228**
Investment in associated companies	–	–	–	233	**233**	–	8	**241**
Investment in joint ventures	–	–	–	–	**–**	12	–	**12**
Total deposits (including non-recourse deposits)	665	1 554	1	202 473	**204 693**	188 301	37 194	**430 188**
Total assets	194 153	22 866	12 997	34 160	**264 176**	84 386	49 959	**398 521**
Total liabilities*	193 463	22 099	12 261	22 100	**249 923**	80 378	49 982	**380 283**
Capital expenditure	4	19	1	2 076	**2 100**	189	285	**2 574**

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

* *Total liabilities are net of interdivisional balances.*

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

Refer to additional activity disclosure on page 32.

† *Refer to additional segmental information on page 33.*

RMB							
Investment banking	Corporate banking	**Total RMB#**	**WesBank†**	FCC (including Group Treasury) and other	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
39.3	56.8	**43.4**	**40.2**	(>100)	**51.0**	–	**51.3**
68.8	53.5	**65.2**	**32.2**	>100	**45.7**	–	**48.3**
0.17	0.35	**0.20**	**1.68**	(0.04)	**0.91**	–	**0.91**
0.71	0.09	**0.62**	**3.80**	–	**2.41**	–	**2.41**
(127)	(5)	**(132)**	**(671)**	(19)	**(2 690)**	(38)	**(2 728)**
(47)	–	**(47)**	**(60)**	(4)	**(247)**	(2)	**(249)**
(1)	(9)	**(10)**	**(1)**	(17)	**(37)**	(586)	**(623)**
241 128	42 236	**283 364**	**208 470**	40 663	**910 066**	(420)	**909 646**
241 128	42 236	**283 364**	**178 204**	40 663	**879 800**	(420)	**879 380**
–	–	**–**	**30 266**	–	**30 266**	–	**30 266**
1 706	40	**1 746**	**7 931**	–	**21 905**	–	**21 905**
2 851	–	**2 851**	**2 238**	594	**5 924**	–	**5 924**
1 384	–	**1 384**	**–**	(17)	**1 379**	51	**1 430**
92 092	122 348	**214 440**	**41**	338 860	**983 529**	–	**983 529**
401 157	45 872	**447 029**	**214 222**	157 973	**1 217 745**	(38)	**1 217 707**
392 412	43 634	**436 046**	**207 809**	76 385	**1 100 523**	–	**1 100 523**
893	15	**908**	**1 440**	7	**4 929**	–	**4 929**

SEGMENT REPORT continued
for the year ended 30 June 2016

	FNB							
	Retail							
R million	Residential mortgages	Card	Personal loans	Retail other	Retail	Commercial	FNB Africa**	Total FNB
Net interest income before impairment of advances	3 755	2 308	2 567	5 939	**14 569**	7 647	2 730	**24 946**
Impairment charge	(414)	(565)	(1 051)	(755)	**(2 785)**	(390)	(553)	**(3 728)**
Net interest income after impairment of advances	3 341	1 743	1 516	5 184	**11 784**	7 257	2 177	**21 218**
Non-interest revenue	577	1 651	796	10 567	**13 591**	6 481	3 297	**23 369**
Income from operations	3 918	3 394	2 312	15 751	**25 375**	13 738	5 474	**44 587**
Operating expenses	(1 766)	(1 969)	(998)	(9 697)	**(14 430)**	(7 675)	(4 056)	**(26 161)**
Net income from operations	2 152	1 425	1 314	6 054	**10 945**	6 063	1 418	**18 426**
Share of profit of associates and joint ventures after tax	–	–	–	(9)	**(9)**	6	1	**(2)**
Income before tax	2 152	1 425	1 314	6 045	**10 936**	6 069	1 419	**18 424**
Indirect tax	(13)	(51)	(16)	(305)	**(385)**	(34)	(122)	**(541)**
Profit before tax	2 139	1 374	1 298	5 740	**10 551**	6 035	1 297	**17 883**
Income tax expense	(599)	(385)	(363)	(1 608)	**(2 955)**	(1 690)	(491)	**(5 136)**
Profit for the year	1 540	989	935	4 132	**7 596**	4 345	806	**12 747**
Attributable to								
Ordinary equityholders	1 540	989	935	4 132	**7 596**	4 345	353	**12 294**
NCNR preference shareholders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	453	**453**
Profit for the year	1 540	989	935	4 132	**7 596**	4 345	806	**12 747**
Attributable earnings to ordinary equityholders	1 540	989	935	4 132	**7 596**	4 345	353	**12 294**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 540	989	935	4 132	**7 596**	4 345	353	**12 294**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity subsidiary related	–	–	–	–	**–**	–	–	**–**
Normalised earnings*	1 540	989	935	4 132	**7 596**	4 345	353	**12 294**

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

* *Normalised earnings for FNB, RMB and WesBank exclude the return of capital in the rest of Africa, cost of preference shares and other capital and, therefore, differ from franchise normalised earnings reported on page 91.*

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

Refer to additional activity disclosure on page 32.

† *Refer to additional segmental information on page 33.*

‡ *Restated. Refer to pages 113 to 115 for more detailed information.*

	RMB							
	Investment banking	Corporate banking	**Total RMB#**	**WesBank†**	FCC (including Group Treasury) and other	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS‡**
	4 321	1 882	**6 203**	**10 142**	2 439	**43 730**	(1 689)	**42 041**
	(551)	(162)	**(713)**	**(3 013)**	295	**(7 159)**	–	**(7 159)**
	3 770	1 720	**5 490**	**7 129**	2 734	**36 571**	(1 689)	**34 882**
	7 669	2 234	**9 903**	**3 946**	(2 229)	**34 989**	1 945	**36 934**
	11 439	3 954	**15 393**	**11 075**	505	**71 560**	256	**71 816**
	(5 526)	(2 479)	**(8 005)**	**(5 623)**	(1 153)	**(40 942)**	(715)	**(41 657)**
	5 913	1 475	**7 388**	**5 452**	(648)	**30 618**	(459)	**30 159**
	1 632	–	**1 632**	**303**	(480)	**1 453**	3	**1 456**
	7 545	1 475	**9 020**	**5 755**	(1 128)	**32 071**	(456)	**31 615**
	(93)	(9)	**(102)**	**(237)**	(48)	**(928)**	–	**(928)**
	7 452	1 466	**8 918**	**5 518**	(1 176)	**31 143**	(456)	**30 687**
	(2 101)	(410)	**(2 511)**	**(1 540)**	2 403	**(6 784)**	172	**(6 612)**
	5 351	1 056	**6 407**	**3 978**	1 227	**24 359**	(284)	**24 075**
	5 319	968	**6 287**	**3 927**	347	**22 855**	(292)	**22 563**
	–	–	**–**	**–**	342	**342**	–	**342**
	32	88	**120**	**51**	538	**1 162**	8	**1 170**
	5 351	1 056	**6 407**	**3 978**	1 227	**24 359**	(284)	**24 075**
	5 319	968	**6 287**	**3 927**	347	**22 855**	(292)	**22 563**
	–	–	**–**	**–**	–	**–**	(176)	**(176)**
	5 319	968	**6 287**	**3 927**	347	**22 855**	(468)	**22 387**
	–	–	**–**	**–**	–	**–**	494	**494**
	–	–	**–**	**–**	–	**–**	(6)	**(6)**
	–	–	**–**	**–**	–	**–**	(102)	**(102)**
	–	–	**–**	**–**	–	**–**	82	**82**
	5 319	968	**6 287**	**3 927**	347	**22 855**	–	**22 855**

SEGMENT REPORT continued

for the year ended 30 June 2016

	FNB							
	Retail							
R million	Residential mortgages	Card	Personal loans	Retail other	**Retail**	Commercial	FNB Africa**	**Total FNB**
Cost-to-income ratio (%)	40.8	49.7	29.7	58.8	**51.3**	54.3	67.3	**54.1**
Diversity ratio (%)	13.3	41.7	23.7	64.0	**48.2**	45.9	54.7	**48.4**
Credit loss ratio (%)	0.22	2.73	7.84	5.66	**1.20**	0.53	1.38	**1.08**
NPLs as a percentage of advances (%)	2.46	3.46	7.33	5.49	**3.03**	2.49	4.04	**3.03**
Consolidated income statement includes								
Depreciation	(6)	(3)	(5)	(1 340)	**(1 354)**	(41)	(221)	**(1 616)**
Amortisation	–	–	–	(19)	**(19)**	–	(8)	**(27)**
Net impairment charges	–	–	–	3	**3**	–	(53)	**(50)**
Consolidated statement of financial position includes								
Advances (after ISP – before impairments)	189 453	21 968	14 443	14 344	**240 208**	77 957	43 609	**361 774**
– Normal advances	189 453	21 968	14 443	14 344	**240 208**	77 957	43 609	**361 774**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
NPLs net of ISP	4 664	759	1 059	787	**7 269**	1 941	1 763	**10 973**
Investment in associated companies	–	–	–	237	**237**	–	5	**242**
Investment in joint ventures	–	–	–	–	**–**	6	–	**6**
Total deposits (including non-recourse deposits)	706	1 557	1	177 886	**180 150**	167 401	37 180	**384 731**
Total assets	188 110	21 229	13 157	32 691	**255 187**	79 012	49 217	**383 416**
Total liabilities*	187 489	20 526	12 605	21 476	**242 096**	75 537	49 309	**366 942**
Capital expenditure	3	5	2	1 962	**1 972**	191	2 093	**4 256**

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

* *Total liabilities are net of interdivisional balances.*

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

Refer to additional activity disclosure on page 32.

† *Refer to additional segmental information on page 33.*

‡ *Restated. Refer to pages 113 to 115 for more detailed information.*

RMB							
Investment banking	Corporate banking	**Total RMB#**	**WesBank†**	FCC (including Group Treasury) and other	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS‡**
40.6	60.2	**45.1**	**39.1**	(>100)	**51.1**	–	**51.8**
68.3	54.3	**65.0**	**29.5**	>100	**45.5**	–	**47.7**
0.25	0.45	**0.27**	**1.59**	(0.04)	**0.86**	–	**0.86**
1.50	0.36	**1.35**	**3.38**	–	**2.45**	–	**2.45**
(218)	(5)	**(223)**	**(535)**	67	**(2 307)**	(99)	**(2 406)**
(14)	–	**(14)**	**(62)**	(1)	**(104)**	(4)	**(108)**
22	(3)	**19**	**(107)**	18	**(120)**	(5)	**(125)**
229 233	36 170	**265 403**	**199 297**	41 508	**867 982**	(420)	**867 562**
229 233	36 170	**265 403**	**176 616**	41 508	**845 301**	(420)	**844 881**
–	–	**–**	**22 681**	–	**22 681**	–	**22 681**
3 440	130	**3 570**	**6 739**	–	**21 282**	–	**21 282**
2 744	–	**2 744**	**1 983**	(5)	**4 964**	–	**4 964**
1 305	–	**1 305**	**–**	(17)	**1 294**	50	**1 344**
111 317	123 679	**234 996**	**60**	300 287	**920 074**	–	**920 074**
395 822	39 311	**435 133**	**205 016**	125 761	**1 149 326**	(49)	**1 149 277**
385 887	37 435	**423 322**	**199 686**	51 262	**1 041 212**	–	**1 041 212**
176	5	**181**	**1 454**	12	**5 903**	–	**5 903**

ADDITIONAL ACTIVITY DISCLOSURE – RMB

R million	Year ended 30 June 2017						
	IB&A	**C&TB**	**M&S**	**INV**	**IM**	**Other**	**Total**
Normalised PBT							
Global Markets	**–**	**–**	**1 601**	**12**	**63**	**(197)***	**1 479**
IBD	**3 676**	**–**	**53**	**149**	**25**	**–**	**3 903**
Private Equity	**–**	**–**	**–**	**2 680**	**–**	**–**	**2 680**
Other RMB	**(50)**	**–**	**(42)**	**–**	**–**	**131**	**39**
Investment banking	**3 626**	**–**	**1 612**	**2 841**	**88**	**(66)**	**8 101**
Corporate banking	**–**	**1 731**	**–**	**–**	**–**	**–**	**1 731**
Total RMB – 2017	**3 626**	**1 731**	**1 612**	**2 841**	**88**	**(66)**	**9 832**

R million	Year ended 30 June 2016						
	IB&A	C&TB	M&S	INV	IM	Other	Total
Normalised PBT							
Global Markets	–	–	1 336	(25)	126	(43)	1 394
IBD	3 558	–	53	129	51	–	3 791
Private Equity	–	–	–	2 539	–	–	2 539
Other RMB	(300)	–	–	–	–	28	(272)
Investment banking	3 258	–	1 389	2 643	177	(15)	7 452
Corporate banking	–	1 466	–	–	–	–	1 466
Total RMB – 2016	3 258	1 466	1 389	2 643	177	(15)	8 918

Note:

IB&A – investment banking and advisory

C&TB – corporate and transactional banking

M&S – markets and structuring

INV – investing

IM – investment management

* *Includes investment in markets' infrastructure programme.*

ADDITIONAL SEGMENTAL DISCLOSURE – WESBANK

	Year ended 30 June 2017					
	VAF					
	Retail					
R million	South Africa	MotoNovo (UK)	Corporate and commercial	Personal loans	Rest of Africa	Total WesBank
NII before impairment of advances	**4 554**	**2 611**	**566**	**2 417**	**362**	**10 510**
Impairment charge	**(1 559)**	**(712)**	**(67)**	**(1 006)**	**(87)**	**(3 431)**
Normalised profit before tax	**2 658**	**1 190**	**344**	**1 352**	**68**	**5 612**
Normalised earnings	**1 869**	**858**	**274**	**974**	**21**	**3 996**
Advances	**102 322**	**53 257**	**31 365**	**13 574**	**7 952**	**208 470**
– Normal advances	**95 284**	**30 029**	**31 365**	**13 574**	**7 952**	**178 204**
– Securitised advances	**7 038**	**23 228**	**–**	**–**	**–**	**30 266**
NPLs	**5 797**	**294**	**258**	**1 345**	**237**	**7 931**
Advances margin (%)	**3.75**	**5.61**	**2.10**	**18.65**	**4.55**	**4.93**
NPLs (%)	**5.67**	**0.55**	**0.82**	**9.91**	**2.98**	**3.80**
Credit loss ratio (%)	**1.54**	**1.38**	**0.22**	**7.91**	**1.08**	**1.68**

	Year ended 30 June 2016					
	VAF					
	Retail					
R million	South Africa	MotoNovo (UK)	Corporate and commercial	Personal loans	Rest of Africa	Total WesBank
NII before impairment of advances	4 457	2 472	658	2 247	308	10 142
Impairment charge	(1 377)	(571)	(31)	(975)	(59)	(3 013)
Normalised profit before tax	2 358	1 360	382	1 327	91	5 518
Normalised earnings	1 675	979	280	955	38	3 927
Advances	99 702	50 223	29 210	11 870	8 292	199 297
– Normal advances	98 378	28 866	29 210	11 870	8 292	176 616
– Securitised advances	1 324	21 357	–	–	–	22 681
NPLs	4 882	247	303	1 128	179	6 739
Advances margin (%)	3.78	5.53	2.45	19.52	4.11	4.90
NPLs (%)	4.90	0.49	1.04	9.50	2.16	3.38
Credit loss ratio (%)	1.39	1.35	0.10	8.73	0.75	1.59

income statement analysis

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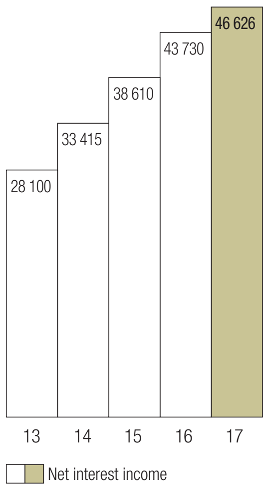
NET INTEREST INCOME (BEFORE IMPAIRMENT OF ADVANCES)

NET INTEREST INCOME (BEFORE IMPAIRMENT OF ADVANCES) – UP 7%

Net interest income

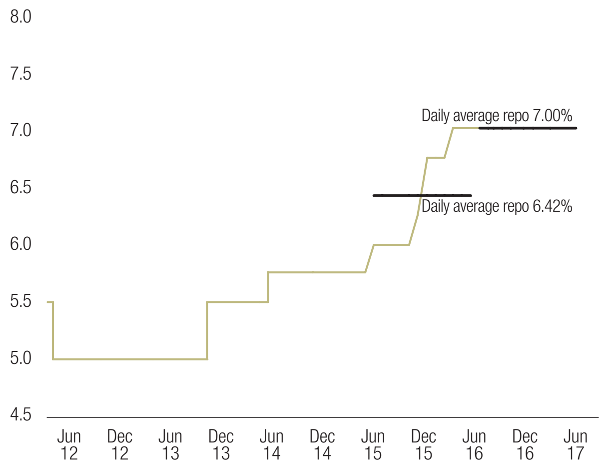
R million

CAGR 13%



Repo rate

%



Note: R192 billion = average endowment book for the year. Rates were higher by 58 bps on average in the current year, which translates into a positive endowment impact of approximately R1 110 million for the year.

Margin cascade table

Percentage of average interest-earning banking assets	%
2016 normalised margin	**5.28**
Capital and deposit endowment	**0.13**
Interest earning assets	**(0.05)**
– Change in balance sheet mix	**(0.01)**
– Asset pricing	**(0.04)**
Liabilities	**0.03**
– Change in funding mix	**0.05**
– Deposit pricing	**(0.02)**
Group Treasury and other movements	**(0.13)**
– Accounting mismatches (MTM vs accrual on term issuance)	**(0.04)**
– Liquidity management	**(0.08)**
– Increase in HQLA and liquidity mismatches	**(0.05)**
– Term funding costs	**(0.03)**
– Interest rate and FX management	**–**
– Other NII in operating franchises	**(0.01)**
2017 normalised margin	**5.26**

Activity analysis of net interest income before impairment of advances

	Year ended 30 June		
R million	**2017**	2016#	% change
Net interest income			
Lending	**20 221**	19 674	3
Transactional*	**14 552**	12 812	14
Deposits	**2 811**	2 782	1
Capital endowment	**5 664**	5 104	11
FNB Africa**	**3 178**	2 730	16
Group Treasury	**583**	730	(20)
Other (negative endowment, e.g. fixed assets)	**(383)**	(102)	>100
Total net interest income	**46 626**	43 730	7

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

** *Includes FNB operations in Africa and India.*

\# *2016 numbers were restated in order to provide better attribution of NII by nature of activity. Includes investment income which is lending in nature e.g. HQLA corporate advances.*

KEY DRIVERS

- Positive capital and deposit endowment from the cumulative 125 bps increase in the repo rate during the year ended June 2016, which resulted in an average increase of 58 bps in the repo rate for the year.
- NII growth supported by:
  - higher capital levels; and
  - advances and deposit growth of 5% and 7%, respectively.
- FNB's deposit margins increased 6 bps. The positive endowment given the higher average rate environment in the SA book was partially offset by a change in mix with strong growth in lower yielding deposit products as well as increased competitive pressures. Deposit margins in the rest of Africa benefited from higher endowment from easing in liquidity constraints in certain jurisdictions. Advances margins remained under pressure, impacted by the negative impact from the implementation of the NCAA rate caps in 2016 as well as higher levels of suspended interest on NPLs.
- WesBank's VAF margins increased 2 bps, positively impacted by the mix change in new business in the retail SA VAF book and growth in MotoNovo, offset by continued elevated funding and liquidity costs, increased competitive pricing pressures.
- Investment banking advances margins remained under pressure, impacted by continued high levels of funding and liquidity costs as well as competitive pricing pressure, especially in the investment-grade space.
- The dollar funding carry costs relating to pre-funding dollar liquidity in previous financial years was flat year-on-year after a decrease of R74 million in 2016.
- Negative mark-to-market movement of c.R300 million (2016: R65 million positive movement) on fair value term funding instruments due to movements in the domestic yield curve. This will reverse over the duration of the underlying instruments, which are long dated.
- The ongoing build-up of HQLA in compliance with LCR prudential regulatory requirements negatively impacted the group's interest margin.

NET INTEREST INCOME (BEFORE IMPAIRMENT OF ADVANCES) continued

Average balance sheet and margins

		June 2017			June 2016		
R million	Notes	Average balance#	Interest income/ (expense)	Average rate %	Average balance	Interest income/ (expense)	Average rate %
INTEREST-EARNING ASSETS							
Average prime rate (RSA)				**10.50**			9.92
Balances with central banks		**23 624**	**–**	**–**	21 030	–	–
Cash and cash equivalents		**17 615**	**701**	**3.98**	14 378	542	3.77
Liquid assets portfolio		**97 832**	**7 690**	**7.86**	95 302	6 948	7.29
Loans and advances to customers	1	**746 604**	**81 901**	**10.97**	697 798	73 148	10.48
Interest-earning assets		**885 675**	**90 292**	**10.19**	828 508	80 638	9.75
INTEREST-BEARING LIABILITIES							
Average JIBAR				**7.34**			6.59
Deposits due to customers	2	**(538 188)**	**(26 012)**	**4.83**	(500 997)	(21 318)	4.26
Group Treasury funding		**(314 295)**	**(21 283)**	**6.77**	(288 204)	(18 128)	6.29
Interest-bearing liabilities		**(852 483)**	**(47 295)**	**5.55**	(789 201)	(39 446)	5.00
ENDOWMENT AND TRADING BOOK							
Other assets*		**217 611**	**–**	**–**	213 596	–	–
Other liabilities**		**(141 915)**	**–**	**–**	(148 833)	–	–
NCNR preference shareholders		**(4 519)**	**–**	**–**	(4 519)	–	–
Equity		**(104 369)**	**–**	**–**	(99 551)	–	–
Endowment and trading book		**(33 192)**	**3 629**	**(10.93)**	(39 307)	2 538	(6.00)
Total interest-bearing liabilities, endowment and trading book		**(885 675)**	**(43 666)**	**4.93**	(828 508)	(36 908)	4.45
Net interest margin on average interest-earning assets		**885 675**	**46 626**	**5.26**	828 508	43 730	5.28

Interest income represents the gross interest received on assets and interest expense represents the gross interest paid on liabilities.

* *Includes preference share advances, trading assets and securitisation notes.*

** *Includes trading liabilities.*

Includes level 1 HQLA and level 2 HQLA, and corporate bonds not qualifying as HQLA.

Note 1 – Margin analysis on loans and advances to customers

R million	June 2017		June 2016	
	Average balance	Average margin %	Average balance	Average margin %
Average prime rate (RSA)		**10.50**		9.92
ADVANCES				
Retail – secured	**345 207**	**2.86**	333 509	2.88
Residential mortgages	**191 454**	**1.67**	185 354	1.73
VAF	**153 753**	**4.34**	148 155	4.32
Retail – unsecured	**67 426**	**12.31**	61 315	12.60
Card	**23 089**	**9.35**	21 193	9.63
Personal loans	**29 336**	**16.29**	26 324	17.02
– FNB	**16 528**	**14.46**	15 291	15.21
– WesBank	**12 808**	**18.65**	11 033	19.52
Retail other	**15 001**	**9.09**	13 798	8.76
Corporate and commercial	**290 801**	**2.23**	262 971	2.29
FNB commercial	**79 569**	**3.43**	71 564	3.53
– Mortgages	**18 711**	**2.40**	16 776	2.49
– Overdrafts	**30 044**	**4.37**	26 568	4.51
– Term loans	**30 814**	**3.14**	28 220	3.23
WesBank corporate	**32 898**	**2.39**	33 493	2.60
RMB investment banking*	**143 791**	**1.63**	124 388	1.63
RMB corporate banking	**34 543**	**1.78**	33 526	1.80
FNB Africa**	**43 170**	**3.16**	40 003	3.39
Total advances	**746 604**	**3.48**	697 798	3.54

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

* *Assets under agreement to resell and preference share advances are excluded from loans and advances to customers.*

** *Includes FNB operations in Africa and India.*

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

The group operates a transfer pricing framework that incorporates liquidity costs and benefits into product pricing, including regulatory costs for all significant business activities (on- and off-balance sheet), thereby aligning business units' liquidity risk-taking incentives with the liquidity risk exposure these activities create for the group as a whole.

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

NET INTEREST INCOME (BEFORE IMPAIRMENT OF ADVANCES) continued

Note 2 – Margin analysis on deposits due to customers

	June 2017		June 2016**	
	Average balance	Average margin %	Average balance	Average margin %
Average JIBAR (RSA)		**7.34**		6.59
DEPOSITS				
Retail	**174 797**	**2.86**	154 001	3.00
Current and savings	**54 504**	**6.75**	52 149	6.37
Call	**47 421**	**1.31**	38 090	1.62
Term	**72 872**	**0.96**	63 762	1.07
Commercial	**174 484**	**2.91**	159 716	2.80
Current and savings	**64 599**	**6.05**	59 996	5.53
Call	**66 569**	**1.47**	60 105	1.62
Term	**43 316**	**0.46**	39 615	0.44
Corporate and investment banking	**152 497**	**1.04**	152 401	0.91
Current and savings	**63 284**	**1.34**	60 630	1.26
Call	**63 646**	**0.89**	63 662	0.64
Term	**25 567**	**0.68**	28 109	0.75
FNB Africa*	**36 410**	**4.89**	34 879	4.12
Total deposits	**538 188**	**2.50**	500 997	2.38

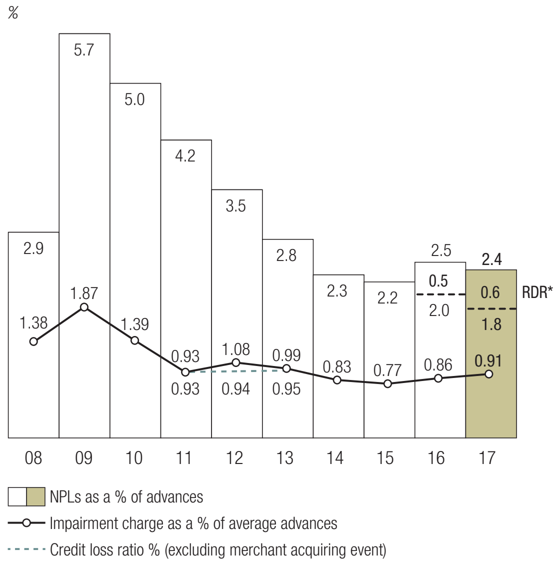
Average balances are daily averages for FNB and WesBank, and monthly averages for RMB.

* *Includes FNB operations in Africa and India.*

** *Comparatives have been restated due to refinements in the calculations.*

CREDIT HIGHLIGHTS

NPLs and impairment history



* *Restructured debt-review.*

Credit portfolio management

R million	Year ended 30 June 2017	2016	% change
Total gross advances	**910 066**	867 982	5
NPLs	**21 905**	21 282	3
NPLs as a % of advances	**2.41**	2.45	
Impairment charge	**8 054**	7 159	13
Credit loss ratio (%)	**0.91**	0.86	
Total impairments	**16 960**	16 577	2
– Portfolio impairments	**8 471**	8 359	1
– Specific impairments	**8 489**	8 218	3
Specific coverage ratio (%)*	**38.8**	38.6	
Total impairment coverage ratio (%)**	**77.4**	77.9	
Performing book coverage ratio (%)#	**0.95**	0.99	

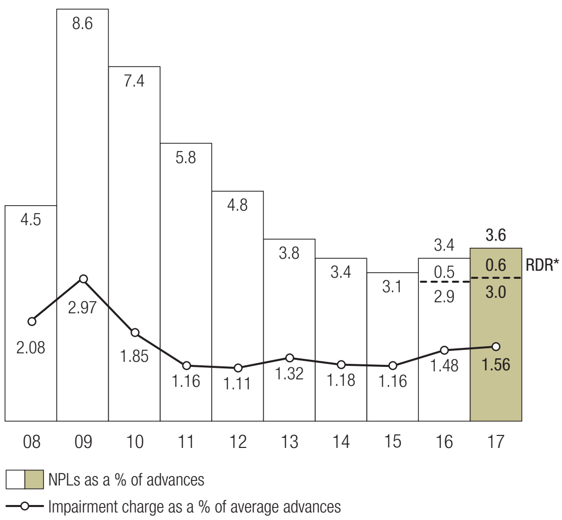
* *Specific impairments as a percentage of NPLs.*

** *Total impairments as a percentage of NPLs.*

\# *Portfolio impairments as a percentage of the performing book.*

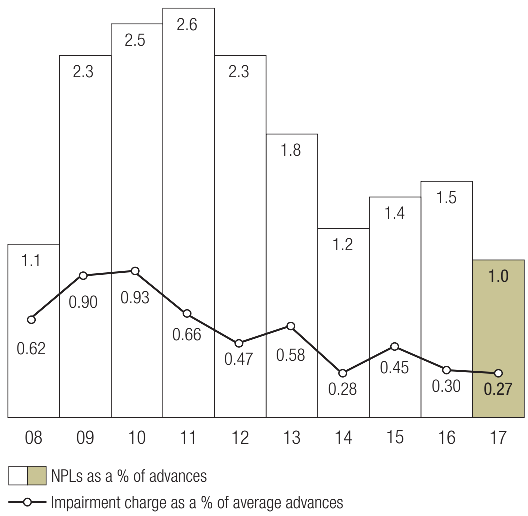
CREDIT HIGHLIGHTS continued

Retail NPLs and impairments



* *Restructured debt-review.*

Corporate and commercial NPLs and impairments



Credit impairments increased 13%, with the credit loss ratio increasing from 86 bps in June 2016 to 91 bps, reflecting the deteriorating macroeconomic environment in South Africa, significant macro headwinds in various markets in the rest of Africa and continued conservative provisioning policies applied across the portfolio.

NPLs increased 3%. This resulted in an increase in specific impairments in certain portfolios. The 1% increase in portfolio impairments reflects the more muted book growth as well as the deteriorating macroeconomic environment in South Africa. The improvement in commodity prices over the last 12 months did, however, result in a significant reduction of impairments raised in the current year in RMB against its mining, and oil and gas portfolios.

The total impairment coverage ratio reduced marginally from 77.9% at June 2016 to 77.4%, reflecting the impact of paying debt-review customers, the work-out and write-off of certain large corporate exposures and a partial central overlay release.

KEY DRIVERS

- Retail NPLs as a % of advances increased to 3.59% (2016: 3.36%):
  - Residential mortgage NPLs reduced 2% year-on-year. NPLs have trended up marginally since December 2016, reflecting the turn of the cycle, resulting in lower cure rates and an increase in new NPL formation across the portfolio, which is expected to continue.
  - An increase of 16% in FNB loans and a 22% increase in card NPLs, reflecting the worsening macroeconomic environment, new business strain and the increasing number of debt-review NPLs. Debt-review NPLs comprise 35% and 26%, respectively, of the FNB loans and card NPL portfolios.
- Retail SA VAF and WesBank personal loans NPLs increased 19%. An increase in the proportion of restructured debt-review accounts as well as the worsening credit cycle adversely impacted NPL formation. The total retail SA VAF charge of 1.54% has been impacted by the growth in NPLs together with adjustments in LGD models.
- NPLs in MotoNovo increased 19% (GBP +38%), moderating from the first half performance, reflecting the positive impact of certain risk mitigation strategies implemented towards the end of 2016. The growth in NPLs was expected given the strong book growth experienced over the last three financial years and the maturing of the advances book.
- Corporate NPLs decreased 52% since June 2016. The decrease was specifically due to the work-out and write-off of certain large resource-related NPLs in the RMB investment banking advances book as well as certain WesBank corporate exposures, which originated in previous reporting periods.
- FNB commercial NPLs increased 17% reflecting strong book growth, an increase in agric NPLs as a result of book growth and the impact of the recent drought conditions, and an increase in specialised finance NPLs.
- The rest of Africa portfolio encountered significant headwinds, such as high inflation, rising interest rates, currency devaluation, scarce liquidity, drought conditions, regulatory intervention and a general slowdown in economic growth. This resulted in a 34% increase in NPLs, with the most significant increases emanating from Botswana, Mozambique and Zambia.
- Post write-off recoveries remained robust at R2 119 million (June 2016: R1 883 million) driven by card, the unsecured retail lending portfolios and retail SA VAF.

CREDIT HIGHLIGHTS continued

The table below provides an overview of the coverage ratios between debt-review and non-debt review/operational NPLs.

	June 2017					
R million	Operational NPLs	Debt-review NPLs	Total NPLs	Total NPLs % change	Operational NPLs % change	Debt-review NPLs as a % of total NPLs
Residential mortgages	4 090	470	4 560	(2)	(5)	10
Card	689	237	926	22	23	26
FNB personal loans	798	429	1 227	16	(1)	35
Retail other	677	181	858	9	2	21
FNB retail NPLs	6 254	1 317	7 571	4	(1)	17
WesBank personal loans	220	1 125	1 345	19	(18)	84
SA VAF	2 802	2 995	5 797	19	17	52
WesBank retail NPLs	3 022	4 120	7 142	19	13	58
Total NPLs	16 468	5 437	21 905	3	(3)	25

	Debt-review coverage		Non-debt review coverage		Total NPL coverage			
Coverage ratio (%)	June 2017	June 2016	June 2017	June 2016	June 2017	June 2016	Change	
FNB credit card	**45.1**	43.0	**74.2**	76.0	**67.0**	67.3	(0.3)	↓
FNB retail other	**37.9**	43.0	**75.5**	75.6	**67.1**	70.4	(3.3)	↓
FNB loans	**48.2**	66.7	**69.2**	70.1	**61.9**	71.3	(9.4)	↓
WesBank loans	**31.6**	32.6	**71.3**	70.2	**38.1**	41.2	(3.1)	↓
SA VAF	**15.5**	18.3	**44.1**	40.5	**29.3**	29.5	(0.2)	↓

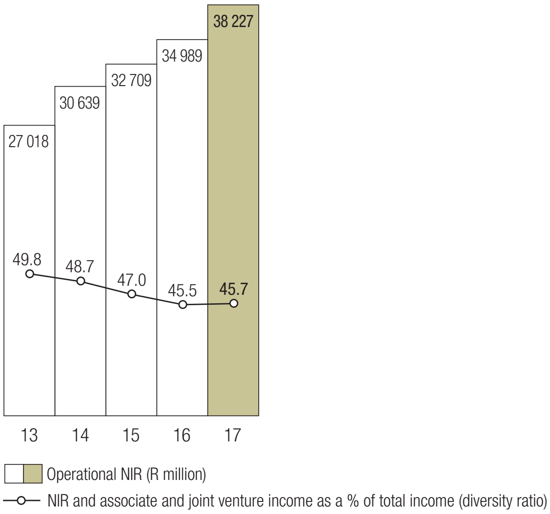
NON-INTEREST REVENUE

NON-INTEREST REVENUE – UP 8%

Operational non-interest revenue up 9%

Operational non-interest revenue and diversity ratio

Operational NIR CAGR 9%



Analysis of operational non-interest revenue

		Year ended 30 June		
R million	Notes	2017	2016	% change
Fee and commission income	1	**29 681**	27 681	7
Markets, client and other fair value income	2	**4 255**	3 361	27
Investment income	3	**2 178**	1 364	60
Other non-interest revenue	4	**2 113**	2 583	(18)
– Consolidated private equity income		**6**	518	(99)
– Other		**2 107**	2 065	2
Operational non-interest revenue		**38 227**	34 989	9

NIR growth was resilient given the difficult macroeconomic environment, with fee and commission income growth benefiting from robust volume growth, specifically in electronic channels, combined with solid growth in customer numbers. Fee and commission income represents 78% (June 2016: 79%) of operational NIR.

Overall NIR growth also benefited from material realisations in the private equity portfolio.

The downward long-term trend in the diversity ratio, despite NIR growth over the past five years, results from strong deposit growth, positive endowment impact, specific credit strategies, including change in mix in retail advances and repricing strategies. NIR growth has been negatively impacted by the ongoing success of the e-migration strategy (resulting in lower fees) and regulatory pressures.

NON-INTEREST REVENUE continued

Note 1 – Fee and commission income – up 7%

R million	Year ended 30 June 2017	2016	% change
Bank commissions and fee income	**25 857**	24 515	5
– Card commissions	**3 886**	3 480	12
– Cash deposit fees	**1 860**	2 070	(10)
– Commissions on bills, drafts and cheques*	**2 328**	2 216	5
– Bank charges*,**	**17 783**	16 749	6
Knowledge-based fees	**1 482**	1 429	4
Management and fiduciary fees	**1 945**	1 901	2
Insurance income	**4 083**	3 241	26
Other non-bank commissions	**912**	824	11
Gross fee and commission income	**34 279**	31 910	7
Fee and commission expenditure	**(4 598)**	(4 229)	9
Total fee and commission income	**29 681**	27 681	7

* *Bank charges which relate more to commissions on bills, drafts and cheques have been reallocated in the prior year.*

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

KEY DRIVERS

- FNB grew NIR 6%, with growth in South Africa of 7% driven by increased cross-sell into the client base, as well as growth in the main-banked client base, specifically in premium (+7%) and commercial (+11%).
- The e-migration and cross-sell strategy remains successful, but impacted absolute NIR growth negatively through lower fee levels, specifically lower cash deposit fees, and higher reward costs. In addition, through the simplification of the product offering and pricing strategies in the consumer segment, fee income growth was curtailed by c.R540 million.
- Transaction volume growth remained robust at 10%. Electronic volumes increased 11%, whilst manual volumes grew 1%.

	Increase in transaction volumes %
Mobile (excluding prepaid)	**20**
Internet banking	**7**
Cheque card	**10**
Banking app	**68**
ADT/ATM deposits	**13**

- Insurance revenue growth of 26% was driven by strong volume growth of 21% in funeral policies in FNB. WesBank's insurance income grew 11%, positively impacted by the MotoVantage acquisition in November 2015 (base impact) together with the positive impact of active policies growing year-on-year.
- Knowledge-based fees remained robust, underpinned by key lending transactions, underwriting mandates and structuring fees.
- The group's management and fiduciary fee income growth of 2% reflects declining brokerage fees due to subdued activity and volatility in the market, despite growth of 12% in AUM year-on-year.

Note 2 – Markets, client and other fair value income – up 27%

R million	Year ended 30 June 2017	2016	% change
Client	**2 427**	1 522	59
Markets	**1 539**	1 746	(12)
Other	**289**	93	>100
Total markets, client and other fair value income	**4 255**	3 361	27

KEY DRIVERS

- Client revenues remained resilient, benefiting from positive fair value adjustments on high-yield investments, offset by regulatory changes within certain jurisdictions which adversely impacted revenue growth.
- The structuring business posted a strong performance across all asset classes, benefiting from notable client-driven structuring solutions, as well as the non-repeat of a prior year specific credit event.
- Flow trading and residual risk activities delivered a balanced performance across all asset classes relative to the prior year which benefited from heightened levels of volatility in the foreign exchange and fixed income markets. This was coupled with a solid commodities and equities performance, benefiting from increased prices and sustained volumes.
- The increase in other fair value income was impacted by higher realised and mark-to-market profits on seed capital investments in certain Ashburton Investments funds. This was partially offset by lower net TRS fair value income (impacted by the move in the group's share price year-on-year, the number of shares hedged through the TRS, and the grant values and vesting of the various schemes).

NON-INTEREST REVENUE continued

Note 3 – Investment income – up 60%

R million	Year ended 30 June 2017	2016	% change
Private equity realisations and dividends received	**1 986**	1 212	64
– Profit on realisation of private equity investments	**1 973**	1 159	70
– Dividends received	**1**	36	(97)
– Other private equity income	**12**	17	(29)
Other investment income	**192**	152	26
– Profit on assets held against employee liabilities	**20**	133	(85)
– Other investment income*	**172**	19	>100
Total investment income	**2 178**	1 364	60

* *RMB Resources was disclosed separately in the prior year and is included in other investment income in the current year.*

KEY DRIVERS

- Robust realisation profits of c.R1.97 billion, pre tax and minorities. The prior year reflected in excess of c.R1.62 billion of realisation profits, R460 million of which was recorded as equity-accounted earnings. Post these realisations, the unrealised profit in the portfolio was approximately R3.7 billion at 30 June 2017 (2016: R4.2 billion).
- RMB Resources curtailed losses due to the derisking of the portfolio.
- The group's ELI asset portfolio's performance trended down, impacted by a change in mix in the underlying asset allocation, a modest increase of 2% in the ALSI, declining inflation-linked bond yields and increased number of beneficiaries of the post-retirement medical scheme as more employees covered by the scheme reach retirement age.

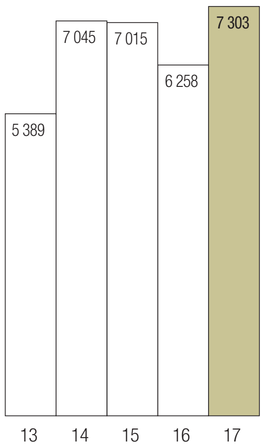
Note 4 – Other non-interest revenue – down 18%

KEY DRIVERS

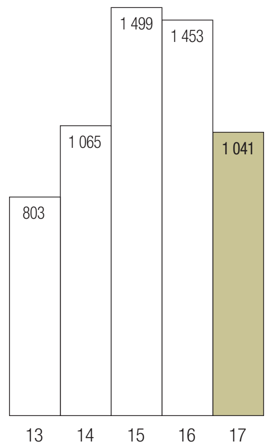
- Consolidated private equity income is down year-on-year, reflecting the impact of significant disposals in the current and previous financial years, together with pressure on the performance of some underlying investments due to the macroeconomic environment. In addition, other NIR was negatively impacted by the impairment of goodwill and other assets in certain investments.
- The most significant other non-interest revenue items relate to various rental income streams. Rental income in WesBank and FNB showed strong growth, with WesBank in particular showing strong growth in its full maintenance leasing book.

Share of profits from associates and joint ventures – down 28%

Investment in associate and joint ventures
R million



Share of profits from associates and joint ventures
R million



Share of profits from associates and joint ventures

R million	Year ended 30 June 2017	Year ended 30 June 2016	% change
Private equity associates and joint ventures	**742**	1 380	(46)
– Equity-accounted income	**741**	1 488*	(50)
– Reversal of impairments/(impairments)	**1**	(108)	(>100)
WesBank associates	**439**	303	45
– Toyota Financial Services (Pty) Ltd	**233**	194	20
– Volkswagen Financial Services	**98**	14	>100
– Other	**108**	95	14
Other operational associates and joint ventures	**293**	261	12
– RMB Morgan Stanley (Pty) Ltd	**201**	191	5
– Other	**92**	70	31
Share of profits from associates and joint ventures before tax	**1 474**	1 944	(24)
Tax on profits from associates and joint ventures	**(433)**	(491)	(12)
Share of profits from associates and joint ventures after tax	**1 041**	1 453	(28)

* *Includes profit on realisations of c.R460 million.*

NON-INTEREST REVENUE continued

KEY DRIVERS

- The reduction in annuity income from the RMB private equity portfolio reflects the impact of the significant disposals over the last three financial years, as well as the negative impact of the challenging macro environment.
- WesBank's associates produced a strong performance benefiting from higher average book size, improved margins and the non-repeat of negative impacts in the prior year due to model recalibrations.
- RMB Morgan Stanley benefited from a sustained equity performance, buoyed by higher market volumes. This was offset by the non-repeat of significant equity capital markets (ECM) fees earned in the prior year.

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

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

	Year ended 30 June		
R million	**2017**	2016	% change
RMB Private Equity division	**2 734**	3 110	(12)
Income from associates and joint ventures	**742**	1 380	(46)
– Equity-accounted income*	**741**	1 488†	(50)
– Reversals of impairments/(impairments)*	**1**	(108)	(>100)
Realisations and dividends**	**1 974**	1 195	65
Other private equity income**	**12**	17	(29)
Consolidated private equity income#	**6**	518	(99)
Other business units	**45**	(125)	(>100)
Income from associates and joint ventures and other investments	**124**	99	25
– Equity-accounted income*	**80**	162	(51)
– Impairments	**(2)**	(79)	(97)
– Other investment income**	**46**	16	>100
Consolidated other income‡	**(79)**	(224)	(65)
Private equity activities before tax	**2 779**	2 985	(7)
Tax on equity-accounted private equity investments	**(239)**	(338)	(29)
Private equity activities after tax	**2 540**	2 647	(4)

* *Refer to analysis of income from associates and joint ventures on page 49.*

** *Refer to investment income analysis on page 48.*

Refer to non-interest revenue analysis on page 45.

† *Includes profit on realisation of c.R460 million.*

‡ *Included in NII, credit impairment charge and other NIR depending on the underlying nature of the item.*

KEY DRIVERS

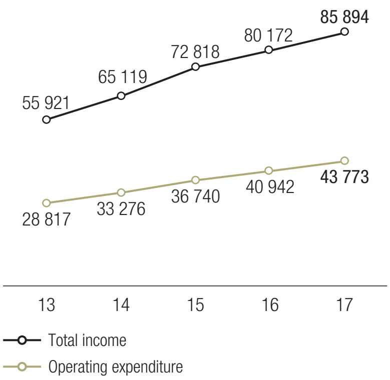
- The worsening macro environment and harvesting cycle of the last three financial years negatively impacted annuity income from private equity activities.
- In the current year, the underlying assets in a subsidiary were impaired whereas in the prior year credit portfolio provisions were recognised. The net position remained unchanged.
- Consolidated private equity income is down year-on-year, reflecting the negative impact on current year earnings resulting from significant disposals in the current and previous financial years, together with pressure on the performance of some underlying investments due to the macroeconomic environment. In addition, other NIR was negatively impacted by the impairment of goodwill and other assets in certain investments.

OPERATING EXPENSES

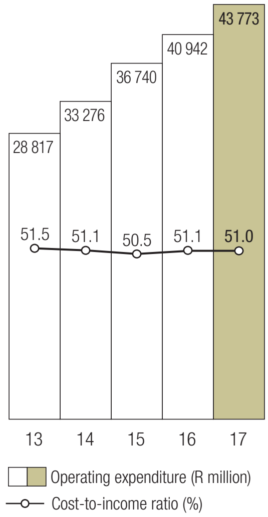
OPERATING EXPENSES – UP 7%

Operating jaws

R million



Operating efficiency



Operating expenses

R million	Year ended 30 June 2017	2016	% change
Staff expenditure	**25 847**	24 314	6
– Direct staff expenditure*	**17 227**	16 103	7
– Other staff-related expenditure*	**8 620**	8 211	5
Depreciation of property and equipment	**2 690**	2 307	17
Amortisation of intangible assets	**247**	104	>100
Advertising and marketing	**1 660**	1 545	7
Insurance	**127**	107	19
Lease charges	**1 645**	1 524	8
Professional fees	**1 889**	1 799	5
Audit fees	**309**	356	(13)
Computer expenses	**2 181**	1 830	19
Repairs and maintenance	**1 290**	1 186	9
Telecommunications	**422**	388	9
Cooperation agreements and joint ventures	**655**	606	8
Property	**988**	915	8
Business travel	**396**	444	(11)
Other expenditure	**3 427**	3 517	(3)
Total operating expenses	**43 773**	40 942	7

* *Prior year numbers are restated by R432 million to reflect the change in the treatment of retirement benefit contributions due to amended legislation, moving it from Other staff-related expenditure to Direct staff expenditure.*

IT spend

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

Functional presentation of IT spend

R million	Year ended 30 June 2017	2016*	% change
IT-related staff cost	**2 890**	2 732	6
Non-staff IT-related costs	**4 572**	4 013	14
– Computer expenses	**2 181**	1 830	19
– Professional fees	**785**	747	5
– Repairs and maintenance	**316**	278	14
– Depreciation	**844**	744	13
– Amortisation and software	**193**	102	89
– Other	**253**	312	(19)
Total spend	**7 462**	6 745	11

* *Numbers within the functional categories have been restated due to a refinement of the process.*

OPERATING EXPENSES continued

KEY DRIVERS

- Cost growth slowed to 7% from the 11% recorded in 2016, a pleasing result given the group's ongoing investment spend on new initiatives and platforms, highlighting the focus on operational efficiencies given the pressure on topline growth due to the constrained macroeconomic environment.
- This outcome was primarily driven by a modest increase of 6% in staff costs,.

	% change	REASONS
Direct staff costs	7	Impacted by unionised increases at an average of 7.8% in August 2016 and a slight decrease in staff complement across the group. Local operations decreased headcount by 1%. This decrease was partially offset by a 4% increase in the rest of Africa and MotoNovo.
Other staff-related expenditure	5	The increase was driven by a modest increase of 3% in variable staff costs related to lower levels of normalised earnings and NIACC growth in the current year. Normalised share-based payment expenses increased marginally given the increase in the group's share price.

- The 17% increase in depreciation was driven by strong growth in WesBank's FML book, continuing investment in infrastructure (e.g. ATMs/ADTs), ongoing investment in electronic platforms and commissioning of new premises over the previous three financial years.
- The increase in amortisation of intangibles is due to software capitalisation in FNB and RMB, the recognition of other intangible assets related to the acquired MMI book and other acquisitions.
- The 5% growth in professional fees and 19% growth in computer expenses reflect continued spend on licensing fees, projects related to various electronic platforms and infrastructure upgrades, both domestically and in the rest of Africa, as well as additional compliance-related projects.
- Advertising and marketing costs increased substantially due to market segment-focused advertising campaigns on TV, radio and the internet across the operating franchises.
- The increase in maintenance costs relates mainly to the growth in WesBank's FML business and ongoing spend on footprint expansion in the rest of Africa.
- Growth in lease charges was driven by increased property and equipment rental.
- An increase of 11% in IT spend resulted from the ongoing migration and build-out of electronic transaction channels and infrastructure as well as platform investments.

balance sheet analysis and financial resource management

56 – 92

ECONOMIC VIEW OF THE BALANCE SHEET

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

When assessing the underlying risk in the balance sheet, the group's asset profile is dominated by a balanced advances portfolio, which constitutes 78% of total assets. The composition of the net advances portfolio consists of retail secured (39%), retail unsecured (7%), corporate and commercial (45%) and rest of Africa and other (9%). At 30 June 2017, total NPLs amounted to R21 905 million (2.41% as a percentage of advances) with a credit loss ratio of 0.91%.

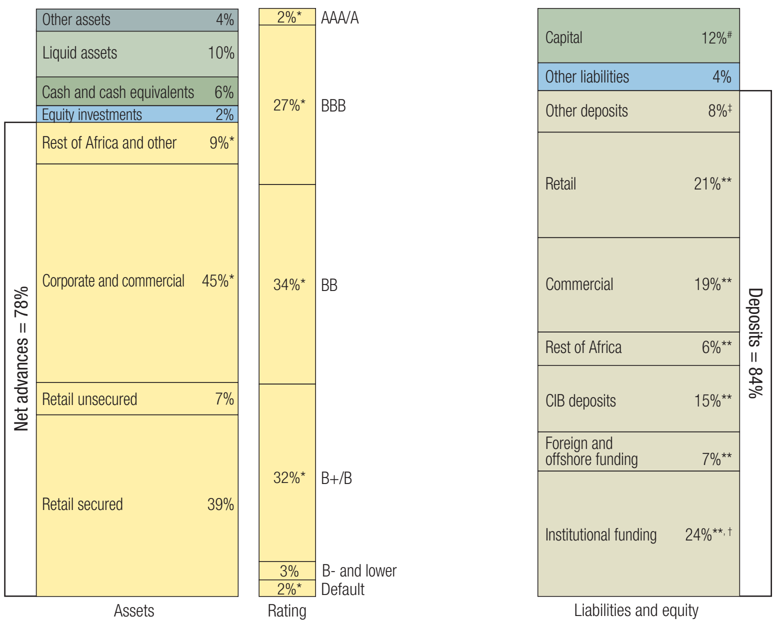
Cash and cash equivalents, and liquid assets represent 6% and 10%, respectively, of total assets. Only a small portion of assets relate to the investment and markets businesses. Market risk arising from trading activities has remained low and the group's equity investments relate primarily to RMB's private equity activities.

FirstRand's funding profile continues to reflect the structural funding issues associated with the South African banking sector, however, the group has continued to improve its risk-adjusted funding profile whilst targeting a lower proportion of institutional funding relative to peers. The weighted average remaining term of the group's institutional funding was 33 months at 30 June 2017 (2016: 31 months).

The group's capital ratios remained strong with the CET1 ratio 14.3%, Tier 1 ratio 14.9% and total capital adequacy ratio 17.1%. Gearing decreased slightly to 11.3 times (2016: 11.6 times).

Economic view of the balance sheet

%



* *As a proportion of loans and advances.*

** *As a proportion of deposits.*

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

† *Includes CIB institutional funding and foreign branch platform.*

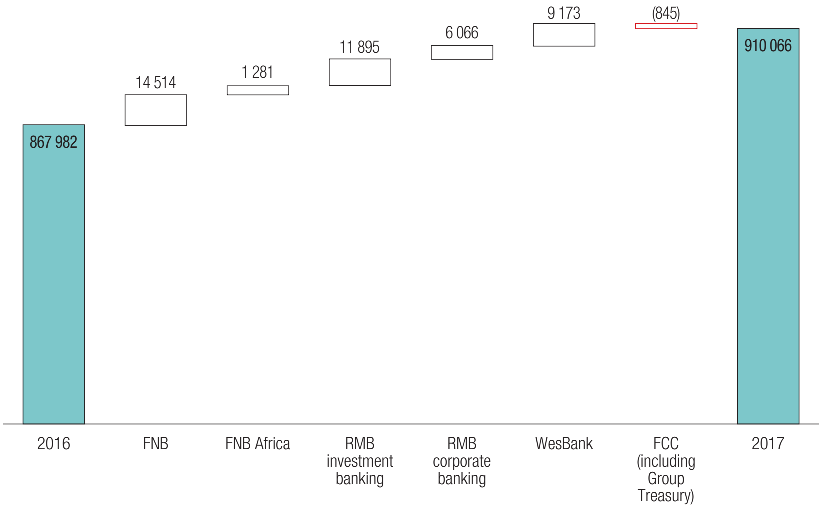
‡ *Liabilities relating to conduits and securitisation.*

Note: Non-recourse assets have been netted off against deposits. Derivative-, securities lending- and short trading position assets and liabilities have been netted off.

Disclosures relating to the deposit split were previously based on a risk counterparty view. This has been refined to align to a finance product and segment view. The "other" category previously included FRIHL deposits and other group adjustments, which are now shown in the relevant segments. "Other" now comprises collateral received and repurchase agreements.

ADVANCES – UP 5%

Gross advances growth by franchise
R million



Advances

	As at 30 June		
R million	**2017**	2016	% change
Gross advances	**910 066**	867 982	5
Impairment of advances	**(16 960)**	(16 577)	2
Net advances	**893 106**	851 405	5

Advances growth slowed to 5% from 9% in the prior year. This was driven by the difficult macroeconomic environment resulting in disciplined resource allocation and the strengthening of the rand against the US dollar and British pound year-on-year. On a constant-currency basis, the group achieved 6% advances growth.

Growth rates moderated across all retail portfolios compared to the prior year, reflecting the impact of the continued deterioration in the South African macroeconomic environment, higher average interest rates and the group's resultant conservative risk appetite.

The constrained macroeconomic environment, higher funding costs and disciplined pricing of financial resources continue to place pressure on the corporate portfolio, specifically in South Africa. Despite this, the portfolio produced solid balance sheet growth.

Advances growth of 3% in the FNB Africa portfolio moderated significantly from the 20% recorded in the prior year, reflecting the impact of the rand appreciation and adverse macros, especially in Zambia and Mozambique.

ADVANCES

PORTFOLIO/PRODUCT	% CHANGE	KEY DRIVERS
FNB retail	**4**	
Residential mortgages	3	• 2% growth in FNB HomeLoans, reflecting a slowdown in nominal house price inflation and lower demand. • Satisfactory growth of 11% in secured affordable housing on the back of client demand.
Card	8	• Underpinned by targeted client acquisition, increased client migration as well as increased limits and utilisation in the premium segment. Growth in card in the consumer segment has been marginally negative given reduced risk appetite.
Personal loans	–	• Growth slowed markedly from the 17% recorded in the 2016 financial year reflecting a more conservative origination appetite, with further cuts made in November 2016. The growth has been differentiated between the consumer and premium segments.
Retail other	8	• Growth driven by increases in transactional banking accounts (primarily overdrafts), although moderating from the prior year, reflecting lower risk appetite.
FNB Africa	**3**	
Namibia	11	• Primarily driven by growth of 7% in residential mortgages, and >15% in card, overdrafts and term loans.
Botswana	8	• Reflecting modest growth of 2% from residential mortgages, but strong growth of >15% from most unsecured lending products. Overall growth in pula terms was 7%.
FNB commercial	**7**	• Reflecting targeted new client acquisition in the business segment, resulting in growth of 13% in agric and 6% in commercial property finance.
RMB*	**13**	• Growth from the SA core advances book was solid in spite of the constrained macroeconomic environment and competitive pressures. Cross-border growth was up 13% in constant currency terms, reflecting drawdowns of pre-existing facilities and targeted new credit extension. In rand terms, the cross-border book increased 1% year-on-year.
WesBank	**5**	• WesBank's advances grew 5% impacted by the devaluation of the pound against the rand, in constant-currency terms advances grew 9%. • Overall growth in advances was negatively impacted by a decrease of 9% in new passenger vehicle sales and customers opting to "buy down" or move into secondhand vehicles given historic high new vehicle price inflation. • New business volumes in MotoNovo remained resilient with the book growing 23% in GBP (6% in rand), driven by increased volumes, new products and increased footprint. Growth rates have moderated from the 41% in GBP recorded in the prior financial year, reflecting tightening of credit criteria in higher risk origination buckets. • Loans reflected good advances growth of 14%, benefiting from increased growth in lower risk segments of the market, offset by cuts in higher risk buckets and impacted by the introduction of NCAA rates. • Corporate new business volumes contracted 19%, reflecting the difficult macroeconomic environment.

* *Core advances.*

CREDIT

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

CREDIT HIGHLIGHTS AT A GLANCE

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

		Year ended 30 June		
R million	Notes	2017	2016	% change
Total gross advances	1	**910 066**	867 982	5
NPLs	2	**21 905**	21 282	3
NPLs as a % of advances	2	**2.41**	2.45	
Impairment charge	3	**8 054**	7 159	13
Credit loss ratio (%)	3	**0.91**	0.86	
Total impairments	4	**16 960**	16 577	2
– Portfolio impairments	4	**8 471**	8 359	1
– Specific impairments	4	**8 489**	8 218	3
Specific coverage ratio (%)*	4	**38.8**	38.6	
Total impairment coverage ratio (%)**	4	**77.4**	77.9	
Performing book coverage ratio (%)#		**0.95**	0.99	

* *Specific impairments as a percentage of NPLs.*

** *Total impairments as a percentage of NPLs.*

Portfolio impairments as a percentage of the performing book.

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

CREDIT continued

NOTE 1: ANALYSIS OF ADVANCES

Segmental analysis of advances

	Advances			
	As at 30 June			% composition
R million	2017	2016	% change	2017
Retail	**418 252**	402 003	4	**46**
Retail – secured	**351 077**	339 378	3	**39**
Residential mortgages	**195 498**	189 453	3	**22**
VAF	**155 579**	149 925	4	**17**
– SA	**102 322**	99 702	3	**11**
– MotoNovo*	**53 257**	50 223	6	**6**
Retail – unsecured	**67 175**	62 625	7	**7**
Card	**23 800**	21 968	8	**2**
Personal loans	**27 946**	26 313	6	**3**
– FNB	**14 372**	14 443	–	**2**
– WesBank	**13 574**	11 870	14	**1**
Retail other	**15 429**	14 344	8	**2**
Corporate and commercial	**410 401**	387 125	6	**45**
FNB commercial	**83 580**	77 957	7	**9**
WesBank corporate	**31 365**	29 210	7	**3**
RMB investment banking	**237 367**	225 219	5	**27**
RMB corporate banking	**39 545**	34 442	15	**4**
HQLA corporate advances**	**18 544**	20 297	(9)	**2**
Rest of Africa#	**59 294**	57 643	3	**7**
FNB	**44 890**	43 609	3	**5**
WesBank	**7 952**	8 292	(4)	**1**
RMB (corporate and investment banking)	**6 452**	5 742	12	**1**
FCC (including Group Treasury)	**22 119**	21 211	4	**2**
Securitisation notes	**19 223**	14 641	31	**2**
Other	**2 896**	6 570	(56)	**–**
Total advances	**910 066**	867 982	5	**100**
Of which:				
Accrual book	**676 976**	615 893	10	**74**
Fair value book†	**233 090**	252 089	(8)	**26**

* *MotoNovo book GBP3.1 billion (+23%) (2016: GBP2.6 billion).*

** *Managed by the Group Treasurer.*

\# *Includes activities in India and represents the in-country balance sheets.*

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

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

	Advances			
	As at 30 June			% composition
R million	2017	2016	% change	2017
Corporate and investment banking advances*	**283 364**	265 403	7	**100**
Less: assets under agreements to resell	**(29 047)**	(40 818)	(29)	**10**
RMB advances net of assets under agreements to resell	**254 317**	224 585	13	**90**

* *Includes rest of Africa advances.*

Sector and geographical analysis of advances

	Advances			
	As at 30 June			% composition
R million	2017	2016	% change	2017
Gross advances	**912 140**	869 668	5	**100**
Less: interest in suspense	**(2 074)**	(1 686)	23	**–**
Advances net of interest in suspense	**910 066**	867 982	5	**100**
Sector analysis				
Agriculture	**33 147**	31 351	6	**4**
Banks	**4 960**	11 294	(56)	**1**
Financial institutions*	**134 249**	118 225	14	**15**
Building and property development*	**48 460**	49 992	(3)	**5**
Government, Land Bank and public authorities	**25 096**	21 799	15	**3**
Individuals	**433 989**	417 637	4	**47**
Manufacturing and commerce	**105 415**	100 085	5	**12**
Mining	**18 827**	19 756	(5)	**2**
Transport and communication	**20 541**	21 435	(4)	**2**
Other services*	**85 382**	76 408	12	**9**
Total advances	**910 066**	867 982	5	**100**
Geographic analysis				
South Africa	**752 016**	716 078	5	**84**
Other Africa	**86 003**	83 579	3	**9**
UK	**59 041**	53 616	10	**6**
Other Europe	**5 521**	6 206	(11)	**1**
North America	**1 456**	549	>100	**–**
South America	**434**	952	(54)	**–**
Australasia	**1 474**	2 407	(39)	**–**
Asia	**4 121**	4 595	(10)	**–**
Total advances	**910 066**	867 982	5	**100**

* *An analysis of other services was undertaken and resulted in R19 310 million being restated to financial institutions (R14 641 million) and to building and property development (R4 669 million) in the prior year.*

CREDIT continued

NOTE 2: ANALYSIS OF NPLs

Segmental analysis of NPLs

	NPLs				NPLs as a % of advances	
	As at 30 June			% composition	As at 30 June	
R million	2017	2016	% change	2017	2017	2016
Retail	**15 007**	13 526	11	**68**	**3.59**	3.36
Retail – secured	**10 651**	9 793	9	**48**	**3.03**	2.89
Residential mortgages	**4 560**	4 664	(2)	**20**	**2.33**	2.46
VAF	**6 091**	5 129	19	**28**	**3.92**	3.42
– SA	**5 797**	4 882	19	**27**	**5.67**	4.90
– MotoNovo*	**294**	247	19	**1**	**0.55**	0.49
Retail – unsecured	**4 356**	3 733	17	**20**	**6.48**	5.96
Card	**926**	759	22	**4**	**3.89**	3.46
Personal loans	**2 572**	2 187	18	**12**	**9.20**	8.31
– FNB	**1 227**	1 059	16	**6**	**8.54**	7.33
– WesBank	**1 345**	1 128	19	**6**	**9.91**	9.50
Retail other	**858**	787	9	**4**	**5.56**	5.49
Corporate and commercial	**4 279**	5 800	(26)	**20**	**1.04**	1.50
FNB commercial	**2 280**	1 941	17	**11**	**2.73**	2.49
WesBank corporate	**258**	303	(15)	**1**	**0.82**	1.04
RMB investment banking	**1 706**	3 440	(50)	**8**	**0.72**	1.53
RMB corporate banking	**35**	116	(70)	**–**	**0.09**	0.34
HQLA corporate advances**	**–**	–	–	**–**	**–**	–
Rest of Africa#	**2 619**	1 956	34	**12**	**4.42**	3.39
FNB	**2 377**	1 763	35	**11**	**5.30**	4.04
WesBank	**237**	179	32	**1**	**2.98**	2.16
RMB (corporate and investment banking)	**5**	14	(64)	**–**	**0.08**	0.24
FCC (including Group Treasury)	**–**	–	–	**–**	**–**	–
Securitisation notes	**–**	–	–	**–**	**–**	–
Other	**–**	–	–	**–**	**–**	–
Total NPLs	**21 905**	21 282	3	**100**	**2.41**	2.45
Of which:						
Accrual book	**21 102**	18 650	13	**96**	**3.12**	3.03
Fair value book	**803**	2 632	(69)	**4**	**0.34**	1.04

* *MotoNovo NPLs of GBP17 million (+38%) (2016: GBP13 million).*

** *Managed by the Group Treasurer.*

\# *Includes activities in India and represents the in-country balance sheets.*

Sector and geographic analysis of NPLs

	NPLs				NPLs as a % of advances	
	As at 30 June			% composition	As at 30 June	
R million	**2017**	2016	% change	**2017**	**2017**	2016
Sector analysis						
Agriculture	**788**	574	37	**4**	**2.38**	1.83
Banks	**3**	45	(93)	**–**	**0.06**	0.40
Financial institutions	**113**	92	23	**1**	**0.08**	0.08
Building and property development	**1 396**	1 454	(4)	**6**	**2.88**	2.91
Government, Land Bank and public authorities	**28**	12	>100	**–**	**0.11**	0.06
Individuals	**15 171**	13 671	11	**69**	**3.50**	3.27
Manufacturing and commerce	**2 416**	1 554	55	**11**	**2.29**	1.55
Mining	**277**	2 024	(86)	**1**	**1.47**	10.24
Transport and communication	**310**	288	8	**2**	**1.51**	1.34
Other services	**1 403**	1 568	(11)	**6**	**1.64**	2.05
Total NPLs	**21 905**	21 282	3	**100**	**2.41**	2.45
Geographic analysis						
South Africa	**18 690**	17 111	9	**85**	**2.49**	2.39
Other Africa	**2 681**	3 569	(25)	**12**	**3.12**	4.27
UK	**294**	247	19	**1**	**0.50**	0.46
Other Europe	**103**	113	(9)	**1**	**1.87**	1.82
North America	**88**	99	(11)	**1**	**6.04**	18.03
South America	**–**	–	–	**–**	**–**	–
Australasia	**–**	1	–	**–**	**–**	0.04
Asia	**49**	142	(65)	**–**	**1.19**	3.09
Total NPLs	**21 905**	21 282	3	**100**	**2.41**	2.45

CREDIT continued

Security and recoverable amounts by portfolio

	As at 30 June 2017			As at 30 June 2016		
R million	NPLs	Security held and expected recoveries	Specific impairment	NPLs	Security held and expected recoveries	Specific impairment
Retail	15 007	9 677	5 330	13 526	8 632	4 894
Retail – secured	10 651	7 788	2 863	9 793	7 184	2 609
Residential mortgages	4 560	3 567	993	4 664	3 647	1 017
VAF	6 091	4 221	1 870	5 129	3 537	1 592
– SA	5 797	4 099	1 698	4 882	3 440	1 442
– MotoNovo	294	122	172	247	97	150
Retail – unsecured	4 356	1 889	2 467	3 733	1 448	2 285
Card	926	306	620	759	248	511
Personal loans	2 572	1 301	1 271	2 187	967	1 220
– FNB	1 227	468	759	1 059	304	755
– WesBank	1 345	833	512	1 128	663	465
Retail other	858	282	576	787	233	554
Corporate and commercial	4 279	2 225	2 054	5 800	3 183	2 617
FNB commercial	2 280	1 225	1 055	1 941	993	948
WesBank corporate	258	111	147	303	129	174
RMB investment banking	1 706	868	838	3 440	1 990	1 450
RMB corporate banking	35	21	14	116	71	45
HQLA corporate advances*	–	–	–	–	–	–
Rest of Africa**	2 619	1 514	1 105	1 956	1 249	707
FNB	2 377	1 405	972	1 763	1 157	606
WesBank	237	109	128	179	85	94
RMB (corporate and investment banking)	5	–	5	14	7	7
FCC (including Group Treasury)	–	–	–	–	–	–
Securitisation notes	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total	21 905	13 416	8 489	21 282	13 064	8 218

* *Managed by the Group Treasurer.*

** *Includes activities in India and represents the in-country balance sheets.*

NOTE 3: ANALYSIS OF INCOME STATEMENT CREDIT IMPAIRMENTS

Income statement impairments

The bad debt charge increased from 86 bps at 30 June 2016 to 91 bps at 30 June 2017.

	Total impairment charge			As a % of average advances†	
	Year ended 30 June			Year ended 30 June	
R million	2017	2016	% change	2017	2016
Retail	**6 395**	5 708	12	**1.56**	1.48
Retail – secured	**2 556**	2 362	8	**0.74**	0.72
Residential mortgages	**285**	414	(31)	**0.15**	0.22
VAF	**2 271**	1 948	17	**1.49**	1.38
– SA	**1 559**	1 377	13	**1.54**	1.39
– MotoNovo*	**712**	571	25	**1.38**	1.35
Retail – unsecured	**3 839**	3 346	15	**5.92**	5.71
Card	**699**	565	24	**3.05**	2.73
Personal loans	**2 077**	2 026	3	**7.66**	8.24
– FNB	**1 071**	1 051	2	**7.43**	7.84
– WesBank	**1 006**	975	3	**7.91**	8.73
Retail other	**1 063**	755	41	**7.14**	5.66
Corporate and commercial	**1 076**	1 123	(4)	**0.27**	0.30
FNB commercial	**530**	390	36	**0.66**	0.53
WesBank corporate	**67**	31	>100	**0.22**	0.10
RMB investment banking	**404**	540	(25)	**0.17**	0.24
RMB corporate banking	**75**	162	(54)	**0.20**	0.48
HQLA corporate advances**	**–**	–	–	**–**	–
Rest of Africa#	**933**	623	50	**1.60**	1.17
FNB	**788**	553	42	**1.78**	1.38
WesBank	**87**	59	48	**1.08**	0.75
RMB (corporate and investment banking)	**58**	11	>100	**0.95**	0.20
FCC (including Group Treasury)	**(350)**	(295)	19	**(0.04)**	(0.04)
Securitisation notes	**–**	–	–	**–**	–
Other	**(350)**	(295)	19	**(0.04)**	(0.04)
Total impairment charge	**8 054**	7 159	13	**0.91**	0.86
Of which:					
Portfolio impairment charge	**422**	772	(45)	**0.05**	0.09
Specific impairment charge	**7 632**	6 387	19	**0.86**	0.77

* *MotoNovo impairment charge of GBP 41 million (+53%) (2016: GBP 27 million).*

** *Managed by the Group Treasurer.*

Includes activities in India and represents the in-country balance sheets.

† *Percentages calculated on total average advances.*

CREDIT continued

NOTE 4: ANALYSIS OF BALANCE SHEET IMPAIRMENTS AND COVERAGE RATIOS

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

Implied loss given default and total impairment coverage ratios

	Balance sheet impairments			Coverage ratios (% of NPLs)	
	As at 30 June			As at 30 June	
R million	2017	2016	% change	2017	2016
Specific impairments					
Retail	**5 330**	4 894	9	**35.5**	36.2
Retail – secured	**2 863**	2 609	10	**26.9**	26.6
Residential mortgages	**993**	1 017	(2)	**21.8**	21.8
VAF	**1 870**	1 592	17	**30.7**	31.0
– SA*	**1 698**	1 442	18	**29.3**	29.5
– MotoNovo	**172**	150	15	**58.5**	60.7
Retail – unsecured	**2 467**	2 285	8	**56.6**	61.2
Card	**620**	511	21	**67.0**	67.3
Personal loans*	**1 271**	1 220	4	**49.4**	55.8
– FNB	**759**	755	1	**61.9**	71.3
– WesBank	**512**	465	10	**38.1**	41.2
Retail other	**576**	554	4	**67.1**	70.4
Corporate and commercial	**2 054**	2 617	(22)	**48.0**	45.1
FNB commercial	**1 055**	948	11	**46.3**	48.8
WesBank corporate	**147**	174	(16)	**57.0**	57.4
RMB investment banking	**838**	1 450	(42)	**49.1**	42.2
RMB corporate banking	**14**	45	(69)	**40.0**	38.8
HQLA corporate advances**	**–**	–	–	**–**	–
Rest of Africa#	**1 105**	707	56	**42.2**	36.1
FNB	**972**	606	60	**40.9**	34.4
WesBank	**128**	94	36	**54.0**	52.5
RMB (corporate and investment banking)	**5**	7	(29)	**100.0**	50.0
FCC (including Group Treasury)	**–**	–	–	**–**	–
Securitisation notes	**–**	–	–	**–**	–
Other	**–**	–	–	**–**	–
Total specific impairments/implied loss given default†	**8 489**	8 218	3	**38.8**	38.6
Portfolio impairments‡	**8 471**	8 359	1	**38.6**	39.3
Total impairments/total impairment coverage ratio^	**16 960**	16 577	2	**77.4**	77.9

* *The coverage ratio is negatively impacted by accounts that have been restructured in terms of the debt-review process. These accounts are reported in NPLs even though the clients may be fully performing in terms of the revised repayment terms. This is in line with the bank's policy not to reclassify accounts out of NPLs, i.e. accounts will only migrate out of NPLs when clients have repaid all arrears.*

** *Managed by the Group Treasurer.*

Includes activities in India.

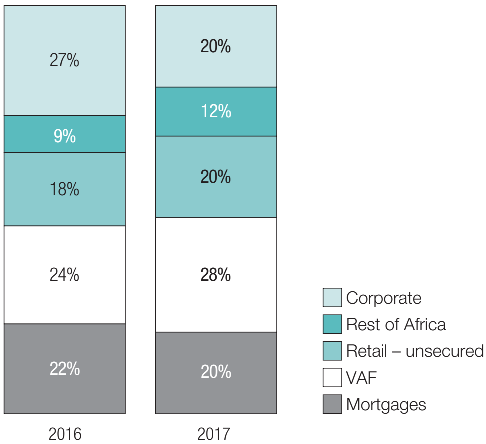
† *Specific impairments as a percentage of NPLs.*

‡ *Portfolio impairments as a percentage of NPLs.*

^ *Total impairments as a percentage of NPLs.*

The graph below provides the NPL distribution over the last two financial years across all portfolios, showing decreases in the proportion of corporate and residential mortgages and an increase in VAF, unsecured lending and rest of Africa NPLs.

NPL distribution



RECONCILIATION OF IMPAIRMENTS

The following table provides an analysis of the balance sheet impairments.

Balance sheet impairments and credit fair value adjustments

	Amortised cost book		Fair value book		Total book	
	As at 30 June		As at 30 June		As at 30 June	
R million	**2017**	2016	**2017**	2016	**2017**	2016
Non-performing book	**8 076**	7 152	**413**	1 066	**8 489**	8 218
Performing book	**6 209**	5 866	**2 262**	2 493	**8 471**	8 359
Total impairments	**14 285**	13 018	**2 675**	3 559	**16 960**	16 577

CREDIT continued

The following table provides a reconciliation of balance sheet impairments.

Balance sheet impairments

	As at 30 June		
R million	2017	2016	% change
Opening balance	**16 577**	14 793	12
Reclassifications and transfers	**(40)**	45	(>100)
Acquisitions/(disposals)	**–**	(2)	–
Exchange rate difference	**(149)**	151	(>100)
Unwinding and discounted present value on NPLs	**(97)**	(84)	15
Bad debts written off	**(9 504)**	(7 368)	29
Net new impairments created	**10 173**	9 042	13
Closing balance	**16 960**	16 577	2

The group's income statement charge continues to benefit from strong post write-off recoveries in the retail book.

The following table provides an analysis of the income statement impact of impairments.

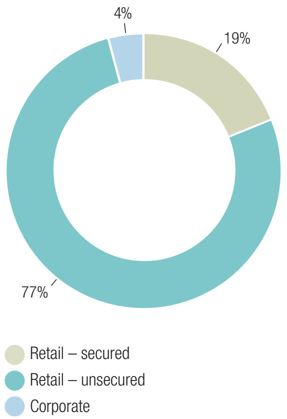
Income statement impairments

	Year ended 30 June		
R million	2017	2016	% change
Specific impairment charge	**9 751**	8 270	18
Specific impairment charge – amortised cost non-performing book	**9 621**	8 185	18
Credit fair value adjustments – non-performing book	**130**	85	53
Portfolio impairment charge	**422**	772	(45)
Portfolio impairment charge – amortised cost performing book	**408**	600	(32)
Credit fair value adjustments – performing book	**14**	172	(92)
Total impairments before recoveries	**10 173**	9 042	13
Recoveries of bad debts written off	**(2 119)**	(1 883)	13
Total impairments	**8 054**	7 159	13

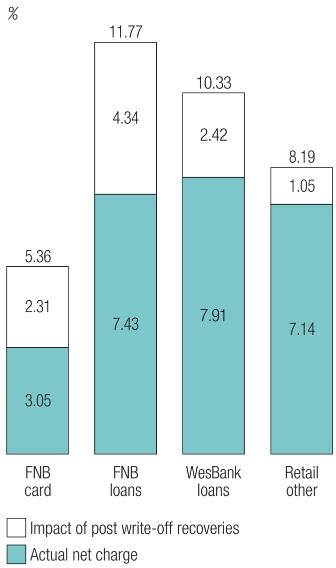
IMPACT OF POST WRITE-OFF RECOVERIES

Post write-off recoveries amounted to R2 119 million (2016: R1 883 million), primarily emanating from the unsecured retail lending portfolio, specifically FNB loans and FNB card.

Post write-off recoveries split



Retail unsecured credit loss ratios and recoveries



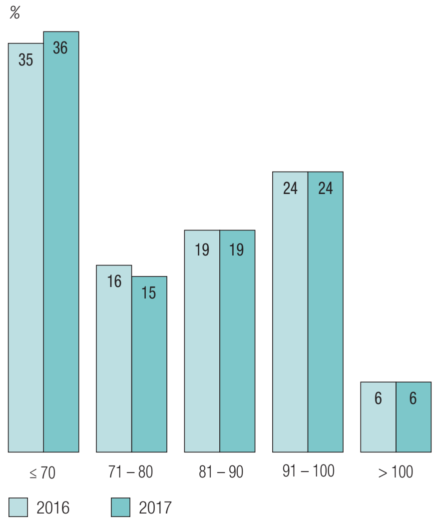
CREDIT continued

RISK ANALYSES

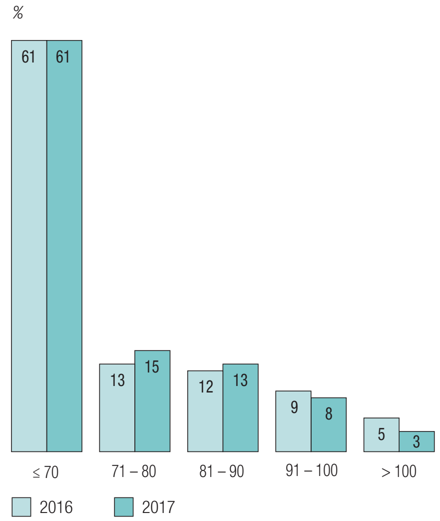
The graphs below provide loan balance-to-value ratios and age distributions of residential mortgages.

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

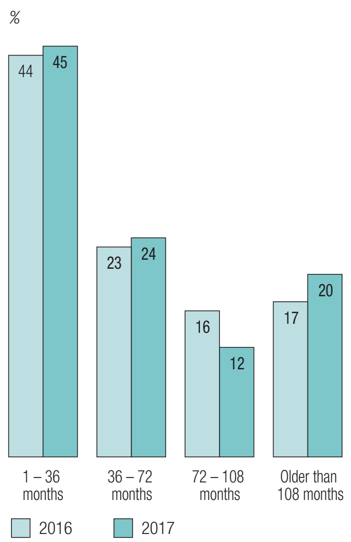
Residential mortgages balance-to-original value



Residential mortgages balance-to-market value



Residential mortgages age distribution



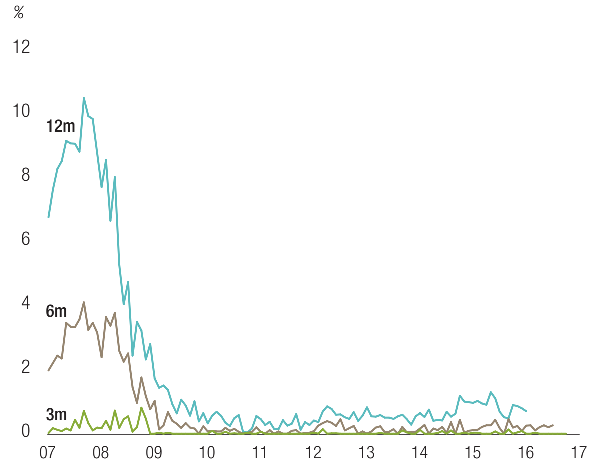
The following graph shows arrears in the FNB HomeLoans portfolio. It includes accounts where more than one full payment is in arrears expressed as a percentage of total advances. The increase over the previous 12 month period reflects the reclassification of restructured debt-review accounts to arrears status.

FNB HomeLoans arrears

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

Vintages in FNB HomeLoans have trended lower due to strong collections, despite a tough macroeconomic environment. Lower volumes of new HomeLoans business kept book growth muted as credit appetite remained conservative.

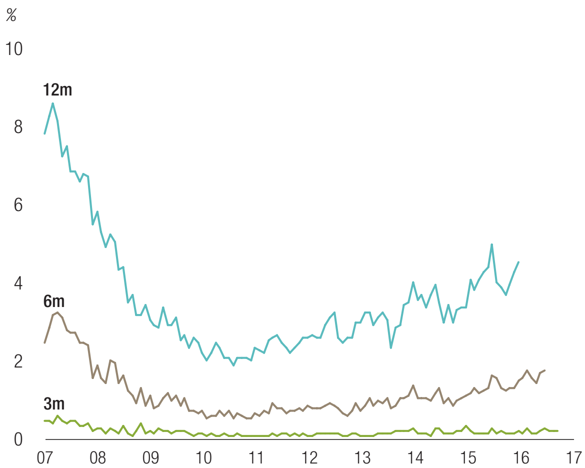
FNB HomeLoans vintage analysis



CREDIT continued

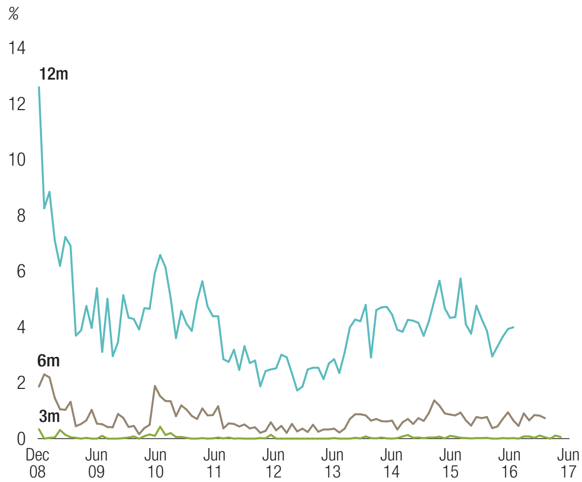
The retail SA VAF cumulative vintage analysis remained well below 2007 levels. More recently, vintages are reflecting continued increases, as expected given the challenging macroeconomic environment as well as the increasing proportion of debt-review NPLs. Risk appetite has been adjusted, with a continued focus on originating a portfolio weighted towards quality, low-risk business. Vintage deterioration is closely monitored and credit parameters adjusted to ensure that performance remains in line with expectations when considering the credit cycle.

WesBank retail SA VAF vintage analysis



FNB card has seen modest advances growth, however, this was concentrated towards higher income segment customers. The book contracted in the lower income bands given the conservative credit appetite in this segment. This, together with good collections, kept default rates within expectations.

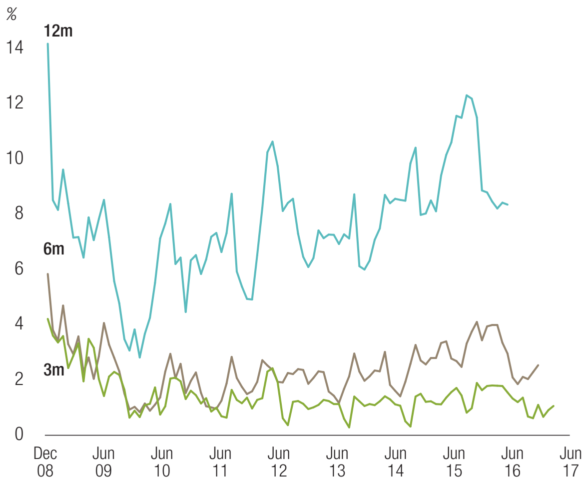
FNB card vintage analysis



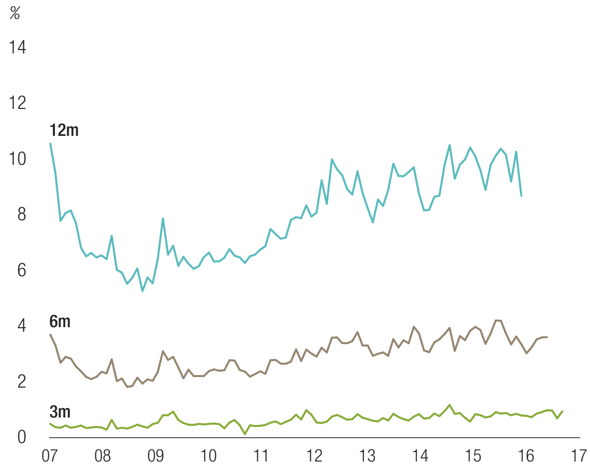
The FNB personal loans portfolio default experience has remained within risk appetite. Risk cuts, conservative origination, especially in the lower income segments, and focused collections ensured that book performance remained within expectations.

WesBank personal loans vintages show a marginal deterioration from 2010 levels. This is expected given the challenging macroeconomic conditions and increased debt-review applications. To counter this, credit parameters are continuously adjusted to ensure performance remains in line with expectations. Recent adjustments to credit appetite are proving effective and have assisted in countering macroeconomic conditions.

FNB personal loans vintage analysis

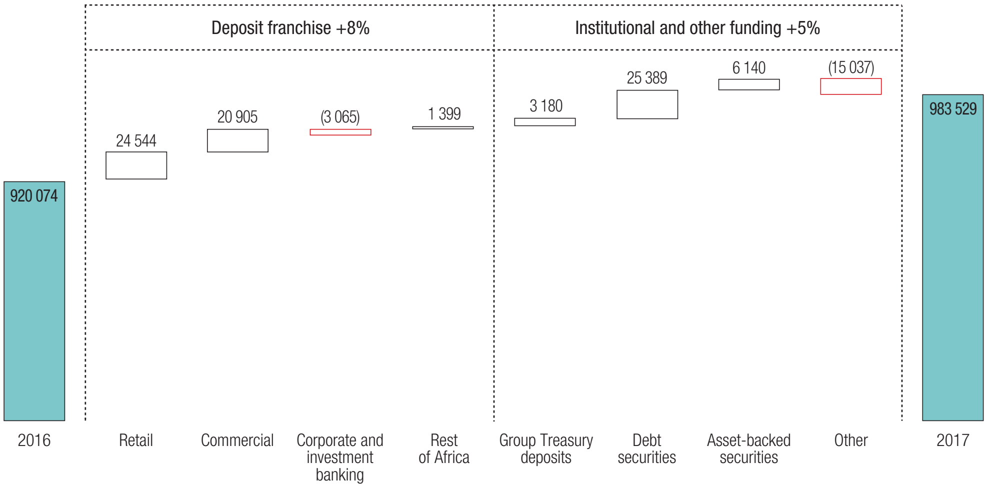


WesBank personal loans vintage analysis



DEPOSITS – UP 7%

Funding portfolio year-on-year growth
R million



KEY DRIVERS

- FNB's deposits increased 12%, with 13% growth recorded in FNB SA:
  - retail deposit growth of 14% was supported by ongoing product innovation, with excellent growth of 16% from the premium segment; and
  - commercial deposit growth of 12% was driven by new client acquisition and cross-sell.
- RMB corporate banking grew average daily operational deposits 3%, against a backdrop of a tough client operating environment. Average deposit growth from the African subsidiaries was strong at 19%, anchored to new client onboarding and ongoing product rollout. Total deposits were down marginally year-on-year due to large cyclical withdrawals.
- FirstRand, like the rest of the SA banking sector, is dependent on institutional funding in the form of Group Treasury deposits (which grew 10%) and debt securities, which reflected significant growth of 17%. This was impacted by:
  - foreign currency funding and structured issuances in the domestic market – absolute growth was affected by rand appreciation during the year; and
  - an increase in debt securities, which was driven by an increase in funding from the institutional funding market in the form of NCDs and floating rate notes.
- The increase in asset-backed securities was driven by securitisation of WesBank assets, including MotoNovo assets.
- Other deposits include repurchase agreements and cash collateral, both of which decreased during the year.

FUNDING AND LIQUIDITY RISK

INTRODUCTION AND OBJECTIVES

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

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

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

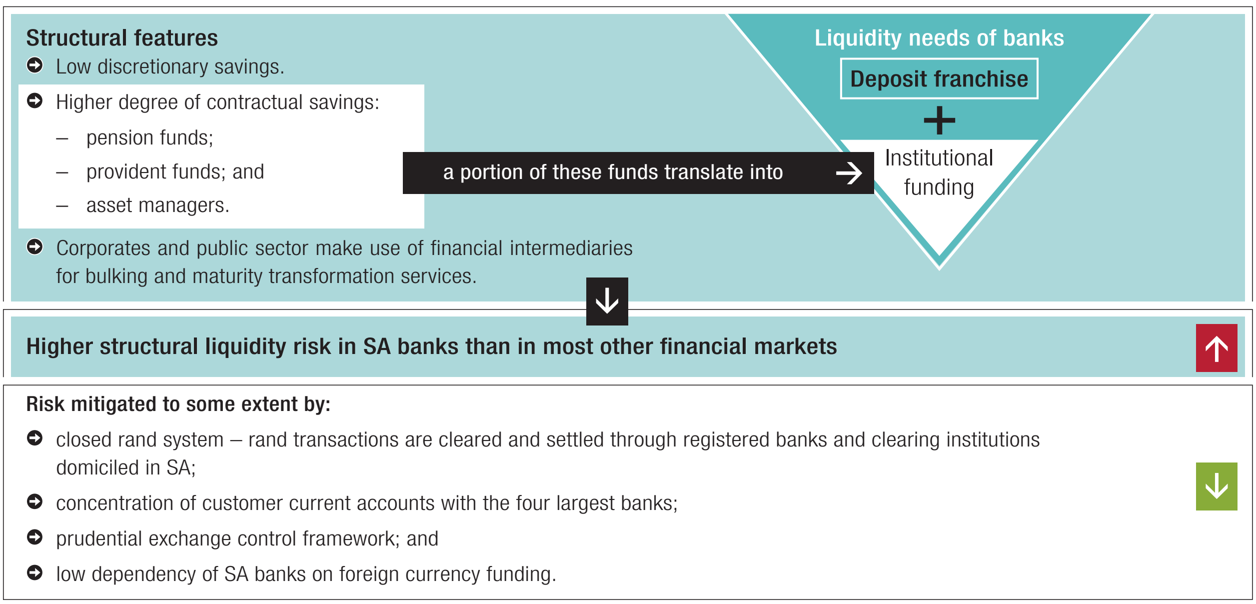
Given market conditions and the regulatory environment, the group increased its holdings of available liquidity over the year in line with risk appetite. The group utilised new market structures, platforms and the SARB committed liquidity facility to efficiently increase available liquidity holdings.

At 30 June 2017, the group exceeded the 80% minimum LCR requirement with an LCR of 97% (2016: 96%). The bank's LCR was 105% (2016: 102%).

At 30 June 2017, the group's available HQLA sources of liquidity per the LCR amounted to R167 billion, with an additional R18 billion of management liquidity available. This represents an increase from 2016 of R10 billion in HQLA and R1 billion in total management liquidity available.

FUNDING MANAGEMENT

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



FUNDING AND LIQUIDITY RISK continued

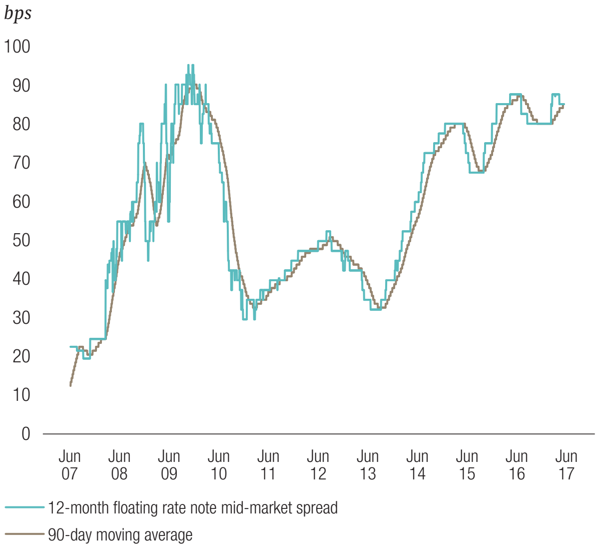
Liquidity demanded by banks as a consequence of money supply constraints introduced by the LCR, as well as the central bank's open market operations without a commensurate increase in savings flows, has resulted in higher liquidity costs. In light of the structural features discussed above, focus remains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

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

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

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

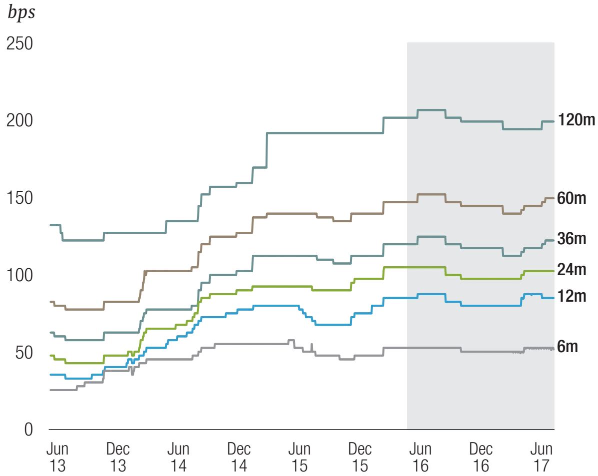
12-month floating rate note mid-market spread



Source: Bloomberg (RMBP screen) and Reuters.

The following graph shows that long-term funding spreads remain elevated from a historical perspective and still appear to be reflecting a high liquidity premium. The liquidity spreads for instruments with maturities less than 12 months in particular are still high.

Long-term funding spreads



Source: Bloomberg (RMBP screen) and Reuters.

Funding measurement and activity

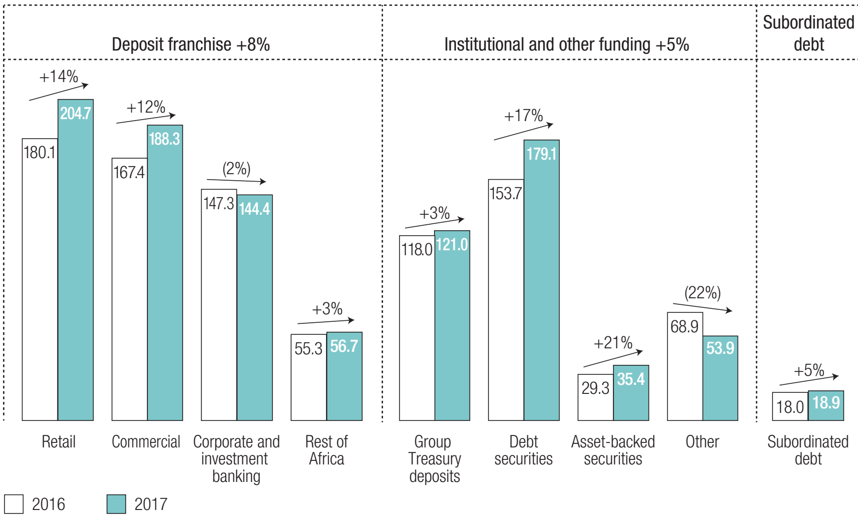
FirstRand Bank, FirstRand's wholly-owned subsidiary and debt issuer, generates a larger proportion of its funding from deposits compared to the South African aggregate, however, its funding profile also reflects the structural features described previously.

The group manages its funding structure by source, counterparty type, product, currency and market. The deposit franchise is the most stable efficient source of funding and represented 59% of total group funding liabilities as at 30 June 2017 (2016: 59%). The group continued to focus on growing its deposit franchise across all segments, with increasing emphasis on savings and investment products. Progress continues to be made in developing suitable products to attract a greater proportion of clients' available liquidity with improved risk-adjusted pricing for source and behaviour. To fund operations, the group accesses the domestic money markets daily and, from time to time, capital markets. The group issues various capital and funding instruments in the capital markets on an auction and reverse-enquiry basis with strong support from investors, both domestically and internationally.

The following graph provides a segmental analysis of the group's funding base and illustrates the success of its deposit franchise focus, as well as the diversification of the bank's funding from a counterparty perspective.

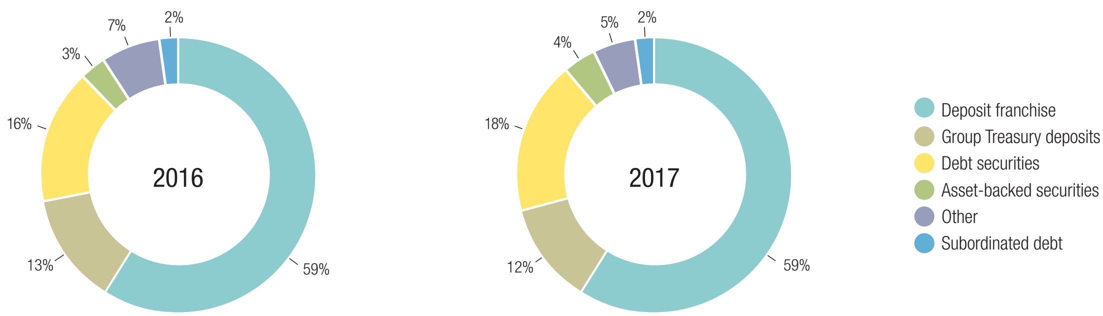
Funding portfolio growth

R billion



The graphs below show that the group's funding mix has remained stable over the last 12 months.

Group's funding mix

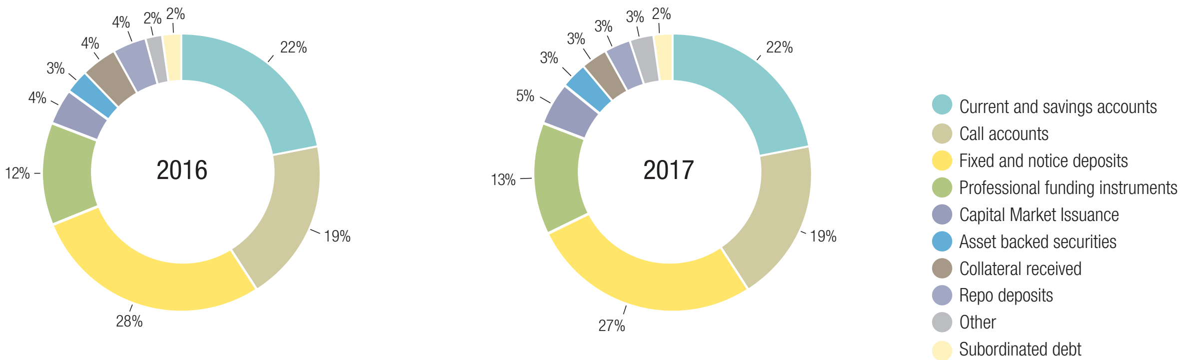


FUNDING AND LIQUIDITY RISK continued

Funding mix

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

Group's funding analysis by instrument type



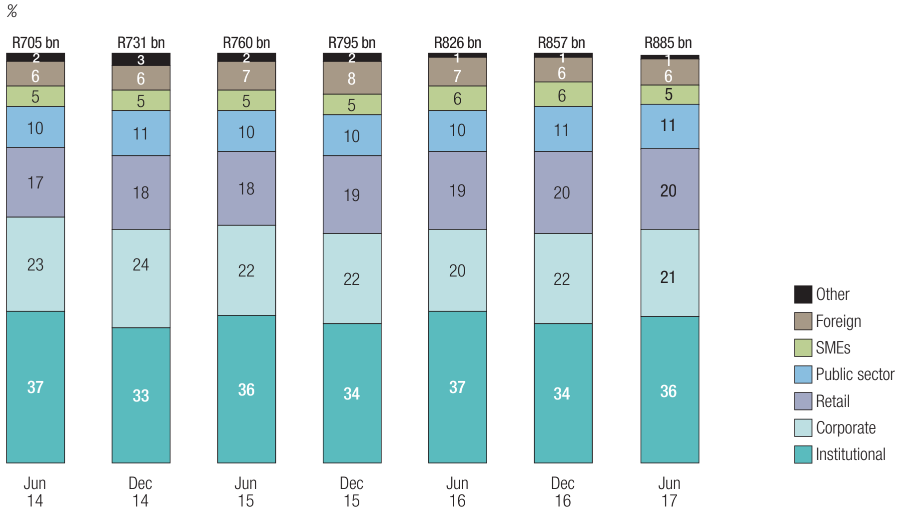
As a result of the group's focus on growing its deposit and transactional banking franchise, a significant proportion of funds are contractually short dated. As these deposits are anchored to clients' service requirements and given the balance granularity created by individual clients' independent activity,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

The table below provides an analysis of the bank's funding sources (excluding foreign branches) per counterparty type as opposed to the FirstRand segment view.

	June 2017				June 2016
% of funding liabilities	Total	Short term	Medium term	Long term	Total
Institutional funding	**35.9**	**11.5**	**4.1**	**20.3**	37.0
Deposit franchise	**64.1**	**49.2**	**8.7**	**6.2**	63.0
Corporate	**20.5**	**17.5**	**2.3**	**0.7**	20.1
Retail	**20.0**	**15.2**	**3.4**	**1.4**	19.2
SMEs	**5.4**	**4.5**	**0.6**	**0.3**	5.5
Governments and parastatals	**10.7**	**8.7**	**0.9**	**1.1**	10.2
Foreign	**6.2**	**3.2**	**1.5**	**1.5**	6.9
Other	**1.3**	**0.1**	**–**	**1.2**	1.1
Total	**100.0**	**60.7**	**12.8**	**26.5**	100.0

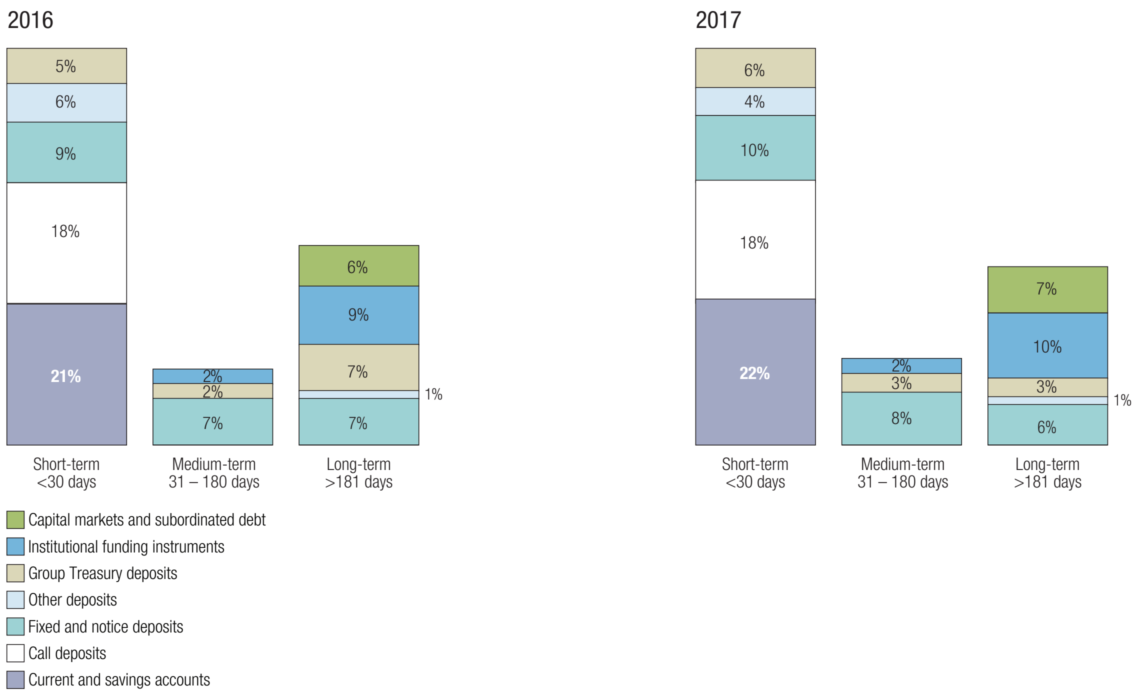
The following graph provides an analysis of the bank's funding by source.

Funding analysis by source of FirstRand Bank (excluding foreign branches)



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

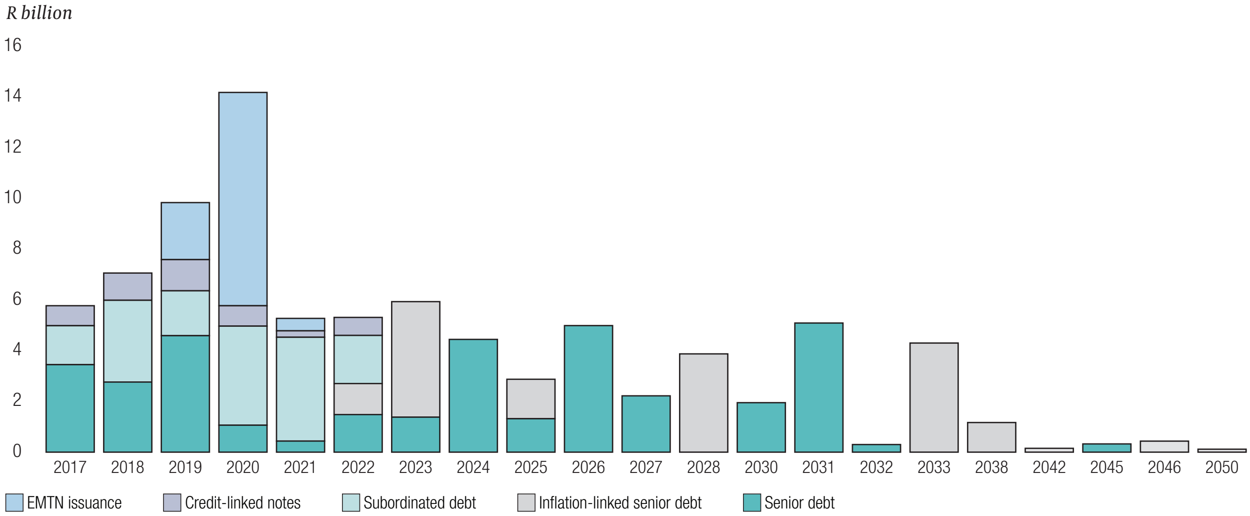
Group's funding liabilities by instrument type and term



FUNDING AND LIQUIDITY RISK continued

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

Maturity profile of capital market instruments of the bank (including foreign branches)



Funds transfer pricing

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

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

FOREIGN CURRENCY BALANCE SHEET

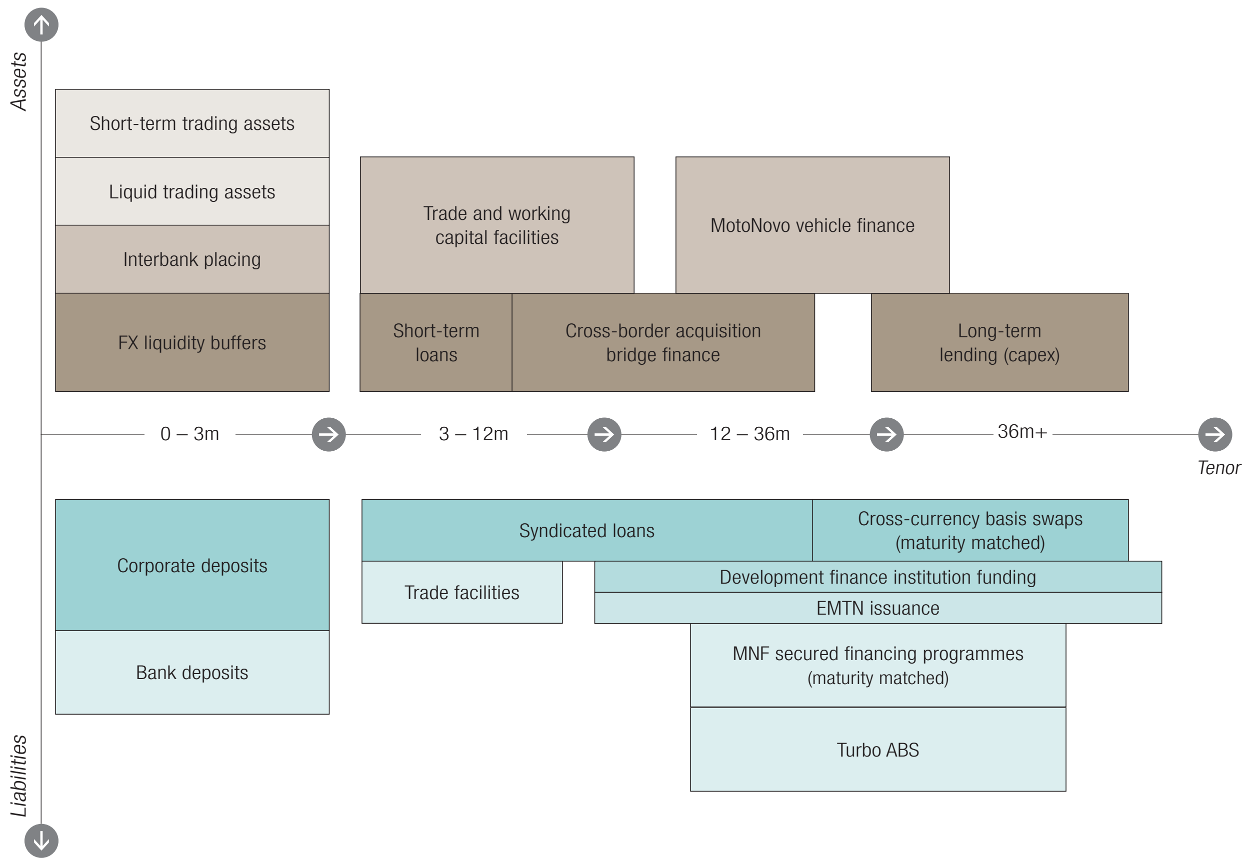
Given that the group continues to grow its businesses in the rest of Africa, and given the size of MotoNovo, the active management of foreign currency liquidity risk continues to be a strategic focus. The group seeks to avoid exposing itself to undue liquidity risk and to maintain liquidity risk within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

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

Philosophy on foreign currency external debt

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

Graphical representation of the foreign currency balance sheet



FUNDING AND LIQUIDITY RISK continued

REGULATORY UPDATE

BASEL III LIQUIDITY RATIOS

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

- LCR – addresses short-term liquidity risk; and
- net stable funding ratio (NSFR) – addresses the structural liquidity risk of the balance sheet.

LIQUIDITY COVERAGE RATIO

The LCR has been fully adopted by the SARB with the inclusion of a committed liquidity facility (CLF). Phasing in of the LCR commenced in 2015 and banks are required to be fully compliant by 2019. The minimum LCR requirement is currently 80%, with 10% incremental step-ups each calendar year to 100% on 1 January 2019.

The group remains focused on building a diversified pool of available HQLA, which is constrained by the limited availability of these assets in the South African market.

DISCLOSURE REQUIREMENTS

The BCBS published the liquidity coverage ratio disclosure standards in March 2014 with the objective to reduce market uncertainty around liquidity positions. The standardised templates are completed semi-annually and the group publishes quarterly disclosure templates on its website.

These disclosures reveal industry reporting inconsistencies which are being addressed via the Banking Association South Africa with SARB and the South African Institute of Chartered Accountants.

NET STABLE FUNDING RATIO

The NSFR is a structural balance sheet ratio focusing on promoting a more resilient banking sector. The ratio calculates the amount of available stable funding relative to the amount of required stable funding. The industry continues to await communication from the SARB in terms of prudential requirements in relation to NSFR prudential requirements at a consolidated group level.

In line with *Directive 4/2016*, banks have been submitting a monthly NSFR monitoring template since August 2016 to enable the SARB to assess the readiness of banks to comply with the 100% NSFR requirement from 1 January 2018 per the Bank of International Settlements (BIS) timelines. Banks have been engaging on a bilateral basis on interpretive matters relating to this form.

The SARB has applied its discretion on the treatment of deposits with maturities of up to six months placed by financial institutions. The NSFR framework assigns a 0% available stable funding (ASF) factor to these funds, whereas the SARB has elected to apply a 35% factor. Additionally, industry is awaiting clarity on treatment of assets eligible for the committed liquidity facility. It is expected that the SARB will follow the route of the Australian regulator by differentiating these assets for required stable funding (RSF) purposes. Both changes are anticipated to significantly assist the South African banking sector in meeting NSFR requirements.

RESOLUTION FRAMEWORK

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

The Resolution Authority (proposed new unit in SARB), will be responsible for bank resolution. The exact details of the legislative framework that will support the resolution regime and the Resolution Authority's respective powers are still being finalised and should be disclosed when the SRB is released. Resolution plans will allow the Resolution Authority to plan for an event from which a bank's recovery action has failed or is deemed likely to fail. Bank resolution plans will be owned and maintained by the Resolution Authority, but will require a significant amount of bilateral engagement and input from individual banks to enable it to develop a customised plan that is most appropriate to each bank. As part of the Resolution Framework and powers of the Resolution Authority, a DIS is proposed to protect depositors and enhance financial stability. A discussion paper on designing a DIS was issued in May 2017. Given the significant impact on the banks of funding the DIS, banks continue to actively engage with the SARB on the size of the fund and the funding mechanics.

LIQUIDITY RISK POSITION

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

Group's composition of liquid assets

	As at 30 June 2017						
	Marketable assets	HQLA Basel III view after haircut*				Management view after haircuts	
R billion	Total June 2017*	Level 1	Level 2	Total June 2017	Total June 2016	Total June 2017	Total June 2016
Cash and deposits with central banks	**37**	**35**	**–**	**35**	32	**35**	32
Government bonds and bills	**107**	**98**	**–**	**98**	83	**107**	89
Other liquid assets	**59**	**–**	**34**	**34**	42	**43**	53
Total	**203**	**133**	**34**	**167**	157	**185**	174

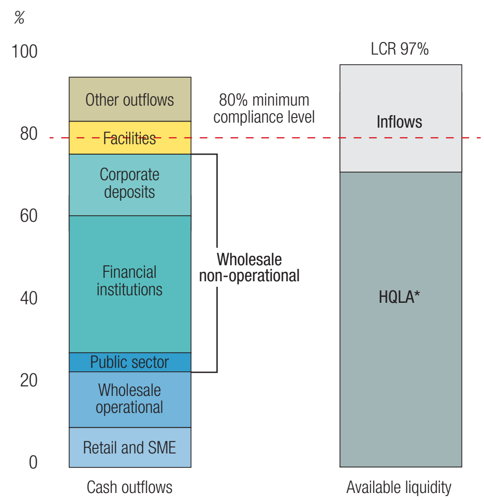
* *The surplus HQLA holdings by subsidiaries and foreign branches in excess of the minimum required LCR of 80% (2016: 70%) have been excluded in the calculation of the consolidated group LCR.*

The group's LCR increased from 96% to 97% in the current financial year due to an increase in HQLA holdings of R10 billion offsetting an increase in net cash outflows of R9 billion.

The following graph illustrates the group's LCR position and demonstrates compliance with the 80% (2016: 70%) minimum requirement. FirstRand Bank's LCR was 105% at 30 June 2017 (2016: 102%).

Funding from institutional clients is a significant contributor to the group's net cash outflows as measured under the LCR. Other significant contributors to cash outflows are corporate funding and off-balance sheet facilities granted to clients. The group has strategies in place to increase funding sourced through its deposit franchise and to reduce reliance on the less efficient institutional funding sources, as well as to offer facilities more efficiently.

Group LCR



* *HQLA held by subsidiaries and foreign branches in excess of the required LCR minimum of 80% have been excluded on consolidation as per Directive 11 of 2014.*

CAPITAL

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

- Prudential requirements
- Rating agencies' considerations
- Investor expectations
- The board's risk appetite
- Peer comparison
- Strategic and organic growth
- Economic and regulatory capital requirements
- Proposed regulatory, tax and accounting changes
- Macro environment and stress test impacts
- Issuance of additional capital instruments

The capital planning process ensures that the total capital adequacy and CET1 ratios remain within or above targets across economic and business cycles. Capital is managed on a forward-looking basis and the group remains appropriately capitalised under a range of normal and severe stress scenarios, which include expansion initiatives, corporate transactions, as well as ongoing regulatory, accounting and tax developments. The group aims to back all economic risk with loss-absorbing capital and remains well capitalised in the current environment. FirstRand's internal targets have been aligned to the SARB end-state minimum capital requirements and are subject to ongoing review and consideration of various stakeholder expectations.

The group is currently subject to the SARB transitional capital requirements, which include a 50% phased-in requirement for both the capital conservation and domestic systemically important banks (D-SIB) buffer add-ons. The SARB has not implemented any countercyclical buffer requirement for South African exposures. The BCBS issued various consultative documents that are at different stages of testing, finalisation and implementation, and the actual impact on banks remains unclear. The group continues to participate in the BCBS quantitative impact studies to assess and incorporate, where relevant, the effect of these consultative documents.

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

YEAR UNDER REVIEW

FirstRand comfortably operated above its capital and leverage targets during the year under review. No changes were made to current internal targets. The table below summarises the group's capital and leverage ratios at 30 June 2017.

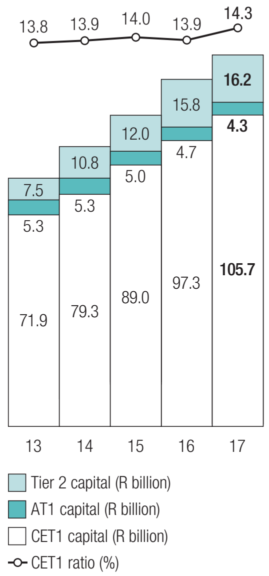
Capital adequacy and leverage position

	Capital			Leverage
%	CET1	Tier 1	Total	Total
Regulatory minimum*	7.3	8.5	10.8	4.0
Internal target	10.0 – 11.0	>12.0	>14.0	>5.0
Actual				
Including unappropriated profits	**14.3**	**14.9**	**17.1**	**8.6**
Excluding unappropriated profits	12.5	13.1	15.3	7.6

* *Excluding the bank-specific individual capital requirement and D-SIB add-on.*

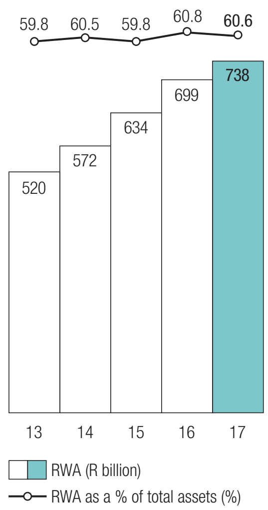
The graphs below show the historical overview of capital adequacy, RWA and leverage for FirstRand.

*Capital adequacy**

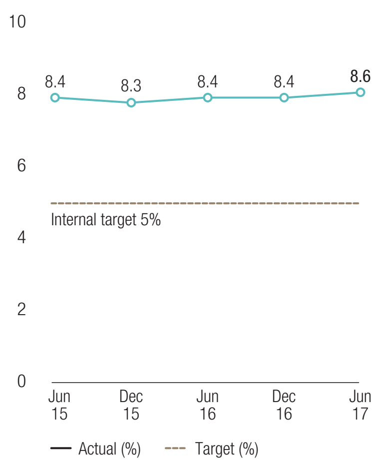


* *Includes unappropriated profits.*

RWA history



*Leverage**



* *Includes unappropriated profits.*

CAPITAL continued

Supply of capital

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

Composition of capital analysis

	Year ended 30 June	
R million	**2017**	2016
Including unappropriated profits		
CET1	**105 737**	97 283
Tier 1	**110 035**	101 970
Total qualifying capital	**126 191**	117 811
Excluding unappropriated profits		
CET1	**92 490**	86 954
Tier 1	**96 788**	91 641
Total qualifying capital	**112 944**	107 482

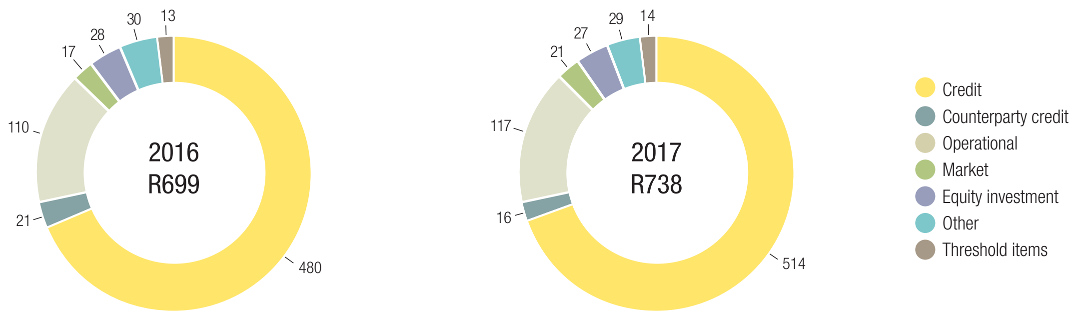
KEY DRIVERS		
CET1 capital	↑	• Ongoing internal capital generation through earnings coupled with sustainable dividend payout.
AT1 capital	↓	• Additional 10% haircut on NCNR preference shares not compliant with Basel III, partly offset by movement in third party capital.
Tier 2 capital	↑	• Issuance of Basel III compliant instruments totalling R2.3 billion during the current financial year. • Redemption of the FRB 10 (R1 billion) and FRB 09 (R100 million) in January 2017 and June 2017, respectively. • Tier 2 mix comprises instruments compliant with Basel III of R13.5 billion and Basel II old-style instruments of R4.7 billion.

Demand for capital

The graphs below unpack the RWA composition per risk type.

RWA analysis

R billion



KEY DRIVERS		
Credit	↑	Organic growth, model recalibrations and regulatory refinement.
Counterparty credit	↓	Volumes, mark-to-market and exchange rate movements.
Operational	↑	Recalibration of portfolios subject to the advanced measurement approach. Increase in gross income for entities on the standardised approach.
Market	↑	Volume and mark-to-market movements. Incorporates impact of sovereign downgrade.
Equity investment	↓	Disposal of investments.
Threshold items*	↑	Movement in deferred tax assets and investments in financial, banking and insurance entities.

* *Risk weighted at 250%.*

CAPITAL continued

Capital adequacy position for the group, its regulated subsidiaries and the bank's foreign branches

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

The RWA and capital adequacy positions of FirstRand, its regulated subsidiaries and the bank's foreign branches at 30 June are set out below.

RWA and capital adequacy positions of FirstRand, its regulated subsidiaries and the bank's foreign branches

	As at 30 June			
	2017			2016
	RWA R million	Tier 1 %	Total capital adequacy %	Total capital adequacy %
Basel III (SARB regulations)				
FirstRand*	**738 386**	**14.9**	**17.1**	16.9
FirstRand Bank*,**	**591 174**	**14.3**	**17.3**	17.1
FirstRand Bank South Africa*	**550 648**	**14.5**	**17.2**	16.9
FirstRand Bank London	**38 385**	**10.9**	**17.8**	17.4
FirstRand Bank India	**1 965**	**31.1**	**31.7**	24.3
FirstRand Bank Guernsey#	**114**	**37.9**	**37.9**	43.9
Basel II (local regulations)				
FNB Namibia	**27 423**	**14.7**	**17.2**	17.8
FNB Mozambique	**2 246**	**15.0**	**15.6**	14.6
RMB Nigeria	**2 400**	**43.4**	**43.4**	91.7
FNB Botswana	**20 629**	**14.2**	**17.7**	16.4
Basel I (local regulations)				
FNB Swaziland	**2 835**	**27.1**	**28.3**	25.0
FNB Lesotho	**918**	**14.1**	**17.6**	16.9
FNB Zambia	**4 813**	**16.5**	**21.2**	19.2
FNB Tanzania	**1 245**	**41.8**	**41.9**	66.1
First National Bank Ghana	**304**	**>100**	**>100**	>100

* *Includes unappropriated profits.*
** *Includes foreign branches.*
# *Trading as FNB Channel Islands.*

In terms of Regulation 43 of the *Regulations relating to Banks*, the following additional common disclosures are required:

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

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

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

PERFORMANCE MEASUREMENT

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

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

Growth in normalised earnings was offset by an increase in the level of equity as illustrated in the table below.

NIACC and ROE

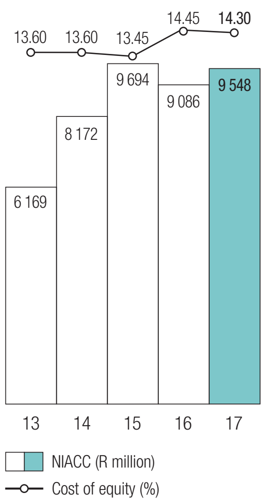
	Year ended 30 June		
R million	2017	2016	% change
Normalised earnings attributable to ordinary shareholders	**24 471**	22 855	7
Capital charge*	**(14 923)**	(13 769)	8
NIACC**	**9 548**	9 086	5
Average ordinary shareholders' equity and reserves	**104 358**	95 286	10
ROE (%)	**23.4**	24.0	
Cost of equity (%)#	**14.3**	14.45	
Return on average RWA (%)	**3.41**	3.43	

* *Capital charge based on cost of equity.*

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

\# *Cost of equity is based on the capital asset pricing model and is reflective of the latest market factors which have decreased since the estimate at 31 December 2016.*

NIACC and cost of equity



PERFORMANCE MEASUREMENT continued

SHAREHOLDER VALUE CREATION

The group continues to achieve returns above its cost of equity resulting in positive NIACC despite the higher levels of capital.

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

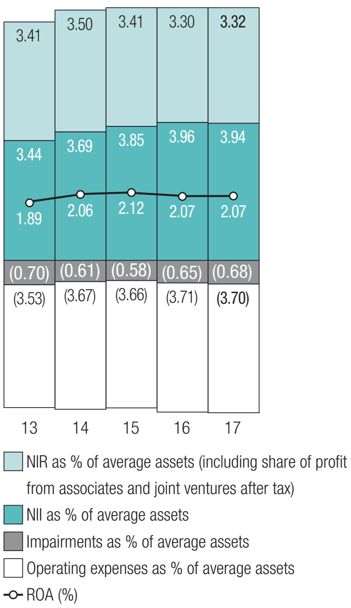
Historical analysis of ROA, gearing and ROE

	Year ended 30 June				
	2017	2016	2015	2014	2013
ROA (%)	**2.07**	2.07	2.12	2.06	1.89
Gearing (times)*	**11.3**	11.6	11.6	11.8	12.0
ROE (%)	**23.4**	24.0	24.7	24.2	22.7

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

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

ROA analysis



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

FRANCHISE PERFORMANCE

Targeted hurdle rates are set for the business units. Capital is allocated to each franchise using the following inputs:

- targeted capital levels informed by regulatory capital and economic capital requirements; and
- regulatory capital impairments where relevant.

The tables below provide a summary of performance of the group's operating franchises, which all produced returns above the cost of allocated equity.

Franchise ROEs and normalised earnings

	Normalised earnings#,†			ROE %†	
	Year ended 30 June			Year ended 30 June	
R million	**2017**	2016	% change	**2017**	2016
FNB	**13 046**	12 327	6	**37.4**	38.4
RMB	**6 867**	6 157	12	**26.2**	25.2
WesBank	**3 925**	3 880	1	**20.0**	21.9
FCC (including Group Treasury)*	**633**	491	29	**2.7**	2.1
FirstRand group	**24 471**	22 855	7	**23.4**	24.0
Total Africa legal entity view**	**1 153**	1 263	(9)	**12.0**	14.2

* *Includes Ashburton Investments as well as unallocated surplus capital.*

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

Includes the return on capital in rest of Africa operations and the cost of preference shares and other capital and, therefore, differs from franchise normalised earnings in the segment report on pages 24 to 31.

† *Comparatives were restated for segmentation changes.*

Franchise ROAs

	ROA	
	Year ended 30 June	
%	**2017**	2016**
FNB	**3.34**	3.36
RMB	**1.56**	1.45
WesBank	**1.87**	1.99
FCC (including Group Treasury)*	**0.45**	0.42
FirstRand group	**2.07**	2.07

* *Includes Ashburton Investments as well as unallocated surplus capital.*

** *Comparatives were restated for segmentation changes.*

CREDIT RATINGS

The ratings on the South Africa sovereign were lowered by S&P Global Ratings (S&P) and Moody's Investor Service (Moody's) on 3 April 2017 and 9 June 2017, respectively. This was primarily driven by reduced economic growth prospects, lower fiscal strength and the perceived weakening of South Africa's institutional framework. The table below summarises the South Africa sovereign ratings following these actions.

Sovereign ratings as at 6 September 2017

	South Africa sovereign – long-term ratings		
	Outlook	Foreign currency	Local currency
S&P	Negative	BB+	BBB-
Moody's	Negative	Baa3	Baa3

Sources: S&P Global Ratings and Moody's Investors Service.

Following the downgrade of the South African sovereign rating, South African banks were downgraded by S&P and Moody's on 5 April 2017 and 12 June 2017, respectively. These downgrades were not a reflection of any deterioration in the banks' financial position, but rather an alignment to the sovereign rating.

FirstRand Bank's standalone credit ratings remain unchanged and are reflective of its resilient market position as one of South Africa's leading banks, focused on strategy, good core profitability, financial flexibility, robust risk management and sound capitalisation.

FirstRand Limited's ratings reflect its status as a non-operating company. It is standard practice for a holding company to be rated at least one notch lower than its operating company.

The following tables summarise the credit ratings for both FirstRand Bank Limited and FirstRand Limited.

FirstRand Bank counterparty credit ratings as at 6 September 2017

	FirstRand Bank Limited					
		Counterparty		National scale		
	Outlook	Long term	Short term	Long term	Short term	Standalone credit rating*
S&P	Negative	BB+	B	zaAA	zaA-1+	bbb
Moody's	Negative	Baa3	P-3	Aaa.za	P-1.za	baa3

* *Refers to a rating agency's measure of a bank's intrinsic creditworthiness before considering external factors, e.g. affiliate or government support. S&P uses the standalone credit profile and Moody's the baseline credit assessment.*

Sources: S&P Global Ratings and Moody's Investors Service.

FirstRand Limited counterparty credit ratings as at 6 September 2017

	FirstRand Limited				
		Counterparty		National scale	
	Outlook	Long term	Short term	Long term	Short term
S&P	Negative	BB-	B	zaA-	zaA-2

Sources: S&P Global Ratings.

IFRS information

PRESENTATION

BASIS OF PRESENTATION

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

FirstRand prepares its summary consolidated financial results in accordance with:

- the framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS);
- Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council;
- SAICA Financial Reporting Guide as issued by the Accounting Practices Committee;
- as a minimum, the information required by *IAS 34 Interim Financial Reporting*; and
- requirements of the Companies Act, no 71 of 2008, applicable to summary financial statements.

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

ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

The group has voluntarily changed the way it presents certain items of NII and NIR, the classification of certain credit investments and the presentation of accrued interest on certain deposits. The change in presentation has had no impact on the profit or loss or net asset value of the group and only affects the classification of items on the income statement and statement of financial position. The impacts on previously reported results are set out on pages 113 to 115.

The accounting policies are consistent with those applied for the year ended 30 June 2016. No other new or amended IFRS standards became effective for the year ended 30 June 2017 that impacted the group's reported earnings, financial position or reserves, or the accounting policies.

NORMALISED RESULTS

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

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

AUDITORS' REPORT

The summary consolidated financial statements for the year ended 30 June 2017 contained in this *Analysis of financial results* booklet have been audited by Deloitte and PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon, in terms of ISA 810 (Revised). Refer to page 97.

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

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

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

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

DESCRIPTION OF DIFFERENCE BETWEEN NORMALISED AND IFRS RESULTS

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 or losses on FirstRand shares are reversed to profit or loss.

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

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

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

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

Margin-related items included in fair value income

In terms of IFRS, the group is required to or has elected to measure certain financial assets and liabilities at fair value through profit or loss. In terms of the group's IFRS accounting policies, the gains or losses on these assets and liabilities are included in fair value income within NIR. This results in NIR including gains or losses that are related to lending, borrowing and economic interest rate hedges. To reflect the economic substance of these amounts, the amount of fair value income relating to margin is presented in NII in the normalised results.

The amount reclassified from NIR to NII includes the following items:

- NII on the wholesale advances book in RMB;
- fair value gains on derivatives used as interest rate hedges but which do not qualify for hedge accounting; and
- currency translations and associated costs inherent to the USD funding and liquidity pool.

Previously, this adjustment was shown as three separate normalised adjustments, being economic interest rate hedges, fair value annuity income and USD liquidity funding.

Classification of impairment on restructured advance

Included in gross advances and impairment of advances is an amount for an advance that was restructured to an equity investment. The restructure resulted in the group having significant influence over the counterparty and an investment in an associate was recognised. The group believes that the circumstances that led to the impairment arose prior to the restructure. For normalised reporting, the group retained the gross advance and impairment. This amount is classified in advances and impairments rather than investments in associates as this more accurately reflects the economic nature of the transaction.

PRESENTATION continued

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. To the extent, therefore, that interest income on plan assets results in an increase in the fair value of the plan asset above the limit of indemnity, a downward fair value measurement is recognised in other comprehensive income. Economically, the value of the plan asset has simply reduced with claims paid. Normalised results are adjusted to reflect this by increasing staff costs for the value of the interest on the plan assets and increasing other comprehensive income.

Realisation on the sale of private equity subsidiaries

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

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

Cash-settled share-based payments and the economic hedge

The group entered into a total return swap (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 for the specific reporting period to the period in which the IFRS 2 impact will manifest in the group's results. This reflects the economic substance of the hedge and associated IFRS 2 impact for the group.

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

Headline earnings adjustments

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

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

INDEPENDENT AUDITORS' REPORT ON SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF FIRSTRAND LIMITED

Opinion

The summary consolidated financial statements of FirstRand Limited, set out on pages 98 to 103, indicated as such and contained in the accompanying analysis of financial results, which comprise the summary consolidated statement of financial position as at 30 June 2017, the summary consolidated statements of other 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 2017.

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

Summary consolidated financial statements

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

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 6 September 2017. That report also includes the communication of other key audit matters as reported in the auditor's report of the audited financial statements. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors' responsibility for the summary consolidated financial statements

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

Auditor's responsibility

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

Deloitte & Touche

DELOITTE & TOUCHE
Registered auditor
Per partner: Darren Shipp

Woodlands Office Park
Johannesburg

6 September 2017

PricewaterhouseCoopers Inc.

PRICEWATERHOUSECOOPERS INC.
Director: Francois Prinsloo
Registered auditor

2 Eglin Road
Johannesburg

6 September 2017

SUMMARY CONSOLIDATED INCOME STATEMENT – IFRS (AUDITED)

for the year ended 30 June

R million	2017	2016*	% change
Net interest income before impairment of advances	**44 917**	42 041	7
Impairment and fair value of credit of advances	**(8 054)**	(7 159)	13
Net interest income after impairment of advances	**36 863**	34 882	6
Non-interest revenue	**40 922**	36 934	11
Income from operations	**77 785**	71 816	8
Operating expenses	**(44 585)**	(41 657)	7
Net income from operations	**33 200**	30 159	10
Share of profit of associates after tax	**757**	930	(19)
Share of profit of joint ventures after tax	**281**	526	(47)
Income before tax	**34 238**	31 615	8
Indirect tax	**(1 081)**	(928)	16
Profit before tax	**33 157**	30 687	8
Income tax expense	**(7 018)**	(6 612)	6
Profit for the year	**26 139**	24 075	9
Attributable to			
Ordinary equityholders	**24 572**	22 563	9
NCNR preference shareholders	**356**	342	4
Equityholders of the group	**24 928**	22 905	9
Non-controlling interests	**1 211**	1 170	4
Profit for the year	**26 139**	24 075	9
Earnings per share (cents)			
– Basic	**438.2**	402.4	9
– Diluted	**438.2**	402.4	9
Headline earnings per share (cents)			
– Basic	**423.7**	399.2	6
– Diluted	**423.7**	399.2	6

* *Restated, refer to page 113 for more detailed information.*

SUMMARY CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME – IFRS (AUDITED)

for the year ended 30 June

R million	2017	2016	% change
Profit for the year	**26 139**	24 075	9
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	**(150)**	118	(>100)
(Losses)/gains arising during the year	**(141)**	144	(>100)
Reclassification adjustments for amounts included in profit or loss	**(67)**	20	(>100)
Deferred income tax	**58**	(46)	(>100)
Available-for-sale financial assets	**(282)**	(504)	(44)
Losses arising during the year	**(397)**	(671)	(41)
Reclassification adjustments for amounts included in profit or loss	**(52)**	(6)	>100
Deferred income tax	**167**	173	(3)
Exchange differences on translating foreign operations	**(1 633)**	567	(>100)
(Losses)/gains arising during the year	**(1 633)**	567	(>100)
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	**(157)**	87	(>100)
Items that may not subsequently be reclassified to profit or loss			
Remeasurements on defined benefit post-employment plans	**169**	(139)	(>100)
Gains/(losses) arising during the year	**241**	(194)	(>100)
Deferred income tax	**(72)**	55	(>100)
Other comprehensive (loss)/income for the year	**(2 053)**	129	(>100)
Total comprehensive income for the year	**24 086**	24 204	–
Attributable to			
Ordinary equityholders	**22 574**	22 665	–
NCNR preference shareholders	**356**	342	4
Equityholders of the group	**22 930**	23 007	–
Non-controlling interests	**1 156**	1 197	(3)
Total comprehensive income for the year	**24 086**	24 204	–

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION – IFRS (AUDITED)

as at 30 June

R million	2017	2016*	2015*
ASSETS			
Cash and cash equivalents	**68 483**	64 303	65 567
Derivative financial instruments	**35 459**	40 551	34 500
Commodities	**14 380**	12 514	7 354
Investment securities	**167 427**	142 648	137 366
Advances	**893 106**	851 405	779 171
– Advances to customers	**848 649**	808 699	751 366
– Marketable advances	**44 457**	42 706	27 805
Accounts receivable	**8 878**	10 152	8 009
Current tax asset	**147**	428	115
Non-current assets and disposal groups held for sale	**580**	193	373
Reinsurance assets	**89**	36	388
Investments in associates	**5 924**	4 964	5 781
Investments in joint ventures	**1 430**	1 344	1 282
Property and equipment	**17 512**	16 909	16 288
Intangible assets	**1 686**	1 569	1 068
Investment properties	**399**	386	460
Defined benefit post-employment asset	**5**	9	4
Deferred income tax asset	**2 202**	1 866	1 540
Total assets	**1 217 707**	1 149 277	1 059 266
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**15 276**	14 263	5 685
Derivative financial instruments	**44 403**	50 782	40 917
Creditors, accruals and provisions	**17 014**	17 141	17 529
Current tax liability	**277**	270	353
Liabilities directly associated with disposal groups held for sale	**195**	141	–
Deposits	**983 529**	920 074	865 616
– Deposits from customers	**715 101**	668 010	617 371
– Debt securities	**179 115**	153 727	158 171
– Asset-backed securities	**35 445**	29 305	28 574
– Other	**53 868**	69 032	61 500
Employee liabilities	**9 884**	9 771	9 734
Other liabilities	**6 385**	8 311	6 876
Policyholder liabilities	**3 795**	1 402	542
Tier 2 liabilities	**18 933**	18 004	12 497
Deferred income tax liability	**832**	1 053	913
Total liabilities	**1 100 523**	1 041 212	960 662
Equity			
Ordinary shares	**56**	56	56
Share premium	**7 960**	7 952	7 997
Reserves	**100 868**	91 737	82 725
Capital and reserves attributable to ordinary equityholders	**108 884**	99 745	90 778
NCNR preference shares	**4 519**	4 519	4 519
Capital and reserves attributable to equityholders of the group	**113 403**	104 264	95 297
Non-controlling interests	**3 781**	3 801	3 307
Total equity	**117 184**	108 065	98 604
Total equities and liabilities	**1 217 707**	1 149 277	1 059 266

* *Restated, refer to pages 113 to 115 for more detailed information.*

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS – IFRS (AUDITED)

for the year ended 30 June

R million	2017	2016**
Cash generated from operating activities		
Interest and fee commission receipts	**108 306**	95 004
Trading and other income	**2 857**	4 167
Interest payments	**(35 285)**	(28 933)
Other operating expenses	**(35 106)**	(33 417)
Dividends received	**5 971**	6 544
Dividends paid	**(13 650)**	(12 950)
Dividends paid to non-controlling interests	**(1 099)**	(761)
Cash generated from operating activities	**31 994**	29 654
Movement in operating assets and liabilities		
Liquid assets and trading securities	**(24 588)**	(4 009)
Advances	**(59 143)**	(69 673)
Deposits	**71 085**	44 788
Creditors (net of debtors)	**3 262**	(3 495)
Employee liabilities	**(5 337)**	(5 350)
Other liabilities	**(319)**	8 245
Taxation paid	**(8 237)**	(7 793)
Net cash generated from/(utilised by) operating activities	**8 717**	(7 633)
Cash flows from investing activities		
Acquisition of investments in associates	**(98)**	(187)
Proceeds on disposal of investments in associates	**38**	1 932
Acquisition of investments in joint ventures	**(44)**	–
Proceeds on disposal of investments in joint ventures	**17**	–
Acquisition of investments in subsidiaries	**(257)**	(181)
Proceeds on disposal of investments in subsidiaries	**1 815**	588
Acquisition of property and equipment	**(4 581)**	(4 135)
Proceeds on disposal of property and equipment	**514**	1 170
Acquisition of intangible assets and investment properties	**(434)**	(294)
Proceeds on disposal of intangible assets and investment properties	**–**	45
Proceeds on disposal of non-current assets held for sale	**170**	1 017
Net cash outflow from investing activities	**(2 860)**	(45)
Cash flows from financing activities		
(Redemption)/issue of other liabilities	**(1 675)**	1 587
Proceeds from the issue of Tier 2 liabilities	**941**	5 486
Acquisition of additional interest in subsidiaries from non-controlling interests	**(162)**	(1 357)
Issue of share of additional interest in subsidiaries from non-controlling interests	**–**	39
Net cash (outflow)/inflow from financing activities	**(896)**	5 755
Net increase/(decrease) in cash and cash equivalents	**4 961**	(1 923)
Cash and cash equivalents at the beginning of the year	**64 303**	65 567
Effect of exchange rate changes on cash and cash equivalents	**(763)**	663
Transfer to non-current assets held for sale	**(18)**	(4)
Cash and cash equivalents at the end of the year	**68 483**	64 303
Mandatory reserve balances included above*	**24 749**	22 959

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

** *Restated. Certain prior year numbers have been restated due to the reclassifications as explained on page 113. Cash in subsidiaries acquired has also been reclassified by set-off against the acquisition amount.*

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

for the year ended 30 June

R million	Ordinary share capital and ordinary equityholders' funds				
	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 1 July 2015	56	7 997	**8 053**	(791)	190
Net proceeds of issue of share capital and premium	–	–	**–**	–	–
Proceeds from the issue of share capital	–	–	**–**	–	–
Share issue expenses	–	–	**–**	–	–
Acquisition of subsidiaries	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Consolidation of treasury shares	–	(45)	**(45)**	–	–
Total comprehensive income for the year	–	–	**–**	(139)	118
Vesting of share-based payments	–	–	**–**	–	–
Balance as at 30 June 2016	56	7 952	**8 008**	(930)	308
Net proceeds of issue of share capital and premium	–	–	**–**	–	–
Proceeds from the issue of share capital	–	–	**–**	–	–
Share issue expenses	–	–	**–**	–	–
Acquisition of subsidiaries	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Consolidation of treasury shares	–	8	**8**	–	–
Total comprehensive income for the year	–	–	**–**	169	(150)
Vesting of share-based payments	–	–	**–**	–	–
Balance as at 30 June 2017	56	7 960	**8 016**	(761)	158

	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**
	21	64	2 757	261	80 223	**82 725**	**4 519**	**3 307**	**98 604**
	–	–	–	–	–	**–**	**–**	**39**	**39**
	–	–	–	–	–	**–**	**–**	**24**	**24**
	–	–	–	–	–	**–**	**–**	**15**	**15**
	–	–	–	–	–	**–**	**–**	**19**	**19**
	5	–	–	20	(16)	**9**	**–**	**10**	**19**
	–	–	–	–	(12 608)	**(12 608)**	**–**	**(761)**	**(13 369)**
	–	–	–	–	–	**–**	**(342)**	**–**	**(342)**
	–	–	–	18	(18)	**–**	**–**	**–**	**–**
	–	–	–	–	(1 077)	**(1 077)**	**–**	**(10)**	**(1 087)**
	–	–	–	–	10	**10**	**–**	**–**	**(35)**
	–	(505)	553	75	22 563	**22 665**	**342**	**1 197**	**24 204**
	(17)	–	–	–	30	**13**	**–**	**–**	**13**
	9	(441)	3 310	374	89 107	**91 737**	**4 519**	**3 801**	**108 065**
	–	–	–	–	–	**–**	**–**	**–**	**–**
	–	–	–	–	–	**–**	**–**	**–**	**–**
	–	–	–	–	–	**–**	**–**	**–**	**–**
	–	–	–	–	–	**–**	**–**	**8**	**8**
	3	–	–	195	(167)	**31**	**–**	**81**	**112**
	–	–	–	–	(13 294)	**(13 294)**	**–**	**(1 099)**	**(14 393)**
	–	–	–	–	–	**–**	**(356)**	**–**	**(356)**
	–	–	–	16	(16)	**–**	**–**	**–**	**–**
	–	–	–	–	(175)	**(175)**	**–**	**(166)**	**(341)**
	–	–	–	–	(8)	**(8)**	**–**	**–**	**–**
	–	(274)	(1 620)	(123)	24 572	**22 574**	**356**	**1 156**	**24 086**
	(3)	–	–	–	6	**3**	**–**	**–**	**3**
	9	(715)	1 690	462	100 025	**100 868**	**4 519**	**3 781**	**117 184**

STATEMENT OF HEADLINE EARNINGS – IFRS (AUDITED)

for the year ended 30 June

R million	2017	2016	% change
Profit for the year (refer page 98)	**26 139**	24 075	9
NCNR preference shareholders	**(356)**	(342)	4
Non-controlling interests	**(1 211)**	(1 170)	4
Earnings attributable to ordinary equityholders	**24 572**	22 563	9
Adjusted for	**(810)**	(176)	>100
Gain on disposal of investment securities of a capital nature	**(3)**	(5)	
Gain on disposal of available-for-sale assets	**(52)**	(6)	
Losses on disposal of non-private equity associates	**5**	–	
Impairment of non-private equity associates	**4**	–	
Gain on disposal of investments in subsidiaries	**(1 817)**	(82)	
Loss on reclassification of non-current assets and disposal groups held for sale which were not sold	**95**	–	
Loss/(gain) on disposal of property and equipment	**14**	(148)	
Fair value movement on investment properties	**–**	22	
Impairment of goodwill	**119**	8	
Impairment of assets in terms of IAS 36	**370**	47	
Tax effects of adjustments	**26**	(20)	
Non-controlling interests adjustments	**429**	8	
Headline earnings	**23 762**	22 387	6

RECONCILIATION FROM HEADLINE TO NORMALISED EARNINGS

for the year ended 30 June

R million	2017	2016	% change
Headline earnings	**23 762**	22 387	6
Adjusted for	**709**	468	51
TRS and IFRS 2 liability remeasurement*	**(63)**	494	(>100)
Treasury shares**	**(12)**	(6)	100
IAS 19 adjustment	**(117)**	(102)	15
Private equity-related#	**901**	82	>100
Normalised earnings	**24 471**	22 855	7

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

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

In the current year, FirstRand's share price increased by R2.31 and during the prior year decreased by R8.48.

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

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

\# *Realisation of private equity subsidiaries net of private equity-related goodwill and other asset impairments.*

RECONCILIATION OF NORMALISED TO IFRS SUMMARY CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2017

R million	**Normalised**	Private equity expenses	Treasury shares*	Margin related items included in fair value income
Net interest income before impairment of advances	**46 626**	–	–	(1 796)
Impairment charge	**(8 054)**	–	–	–
Net interest income after impairment of advances	**38 572**	–	–	(1 796)
Total non-interest revenue	**39 268**	745	12	1 796
Operational non-interest revenue	**38 227**	745	11	1 796
Share of profit of associates and joint ventures after tax	**1 041**	–	1	–
Income from operations	**77 840**	745	12	–
Operating expenses	**(43 773)**	(314)	–	–
Income before tax	**34 067**	431	12	–
Indirect tax	**(1 081)**	–	–	–
Profit before tax	**32 986**	431	12	–
Income tax expense	**(6 951)**	–	–	–
Profit for the year	**26 035**	431	12	–
Attributable to				
NCNR preference shareholders	**(356)**	–	–	–
Non-controlling interests	**(1 208)**	–	–	–
Ordinary equityholders of the group	**24 471**	431	12	–
Headline and normalised earnings adjustments	**–**	(431)**	(12)	–
Normalised earnings attributable to ordinary equityholders of the group	**24 471**	–	–	–

* *FirstRand shares held for client trading activities.*

** *Private equity-related goodwill and other asset impairments.*

	IAS 19 adjustment	Private equity subsidiary realisations	Other headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
	–	–	–	87	**44 917**
	–	–	–	–	**(8 054)**
	–	–	–	87	**36 863**
	–	(1 788)	1 849	78	**41 960**
	–	(1 788)	1 853	78	**40 922**
	–	–	(4)	–	**1 038**
	–	(1 788)	1 849	165	**78 823**
	163	–	(584)	(77)	**(44 585)**
	163	(1 788)	1 265	88	**34 238**
	–	–	–	–	**(1 081)**
	163	(1 788)	1 265	88	**33 157**
	(46)	30	(26)	(25)	**(7 018)**
	117	(1 758)	1 239	63	**26 139**
	–	–	–	–	**(356)**
	–	426	(429)	–	**(1 211)**
	117	(1 332)	810	63	**24 572**
	(117)	1 332	(810)	(63)	**(101)**
	–	–	–	–	**24 471**

RECONCILIATION OF NORMALISED TO IFRS SUMMARY CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2016

R million	Normalised	Private equity expenses	Treasury shares*	Margin related items included in fair value income
Net interest income before impairment of advances	43 730	–	–	(1 689)
Impairment charge	(7 159)	–	–	–
Net interest income after impairment of advances	36 571	–	–	(1 689)
Total non-interest revenue	36 442	1 032	6	1 689
Operational non-interest revenue	34 989	1 032	3	1 689
Share of profit of associates and joint ventures after tax	1 453	–	3	–
Income from operations	73 013	1 032	6	–
Operating expenses	(40 942)	(1 032)	–	–
Income before tax	32 071	–	6	–
Indirect tax	(928)	–	–	–
Profit before tax	31 143	–	6	–
Income tax expense	(6 784)	–	–	–
Profit for the year	24 359	–	6	–
Attributable to				
NCNR preference shareholders	(342)	–	–	–
Non-controlling interests	(1 162)	–	–	–
Ordinary equityholders of the group	22 855	–	6	–
Headline and normalised earnings adjustments	–	–	(6)	–
Normalised earnings attributable to ordinary equityholders of the group	22 855	–	–	–

* *FirstRand shares held for client trading activities.*

	IAS 19 adjustment	Private equity subsidiary realisations	Other headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
	–	–	–	–	42 041
	–	–	–	–	(7 159)
	–	–	–	–	34 882
	–	(82)	219	(916)	38 390
	–	(82)	219	(916)	36 934
	–	–	–	–	1 456
	–	(82)	219	(916)	73 272
	142	–	(55)	230	(41 657)
	142	(82)	164	(686)	31 615
	–	–	–	–	(928)
	142	(82)	164	(686)	30 687
	(40)	–	20	192	(6 612)
	102	(82)	184	(494)	24 075
	–	–	–	–	(342)
	–	–	(8)	–	(1 170)
	102	(82)	176	(494)	22 563
	(102)	82	(176)	494	292
	–	–	–	–	22 855

RECONCILIATION OF NORMALISED TO IFRS SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

R million	Normalised	Treasury shares*	IFRS
ASSETS			
Cash and cash equivalents	**68 483**	–	**68 483**
Derivative financial instruments	**35 459**	–	**35 459**
Commodities	**14 380**	–	**14 380**
Investment securities	**167 516**	(89)	**167 427**
Advances	**893 106**	–	**893 106**
– Advances to customers	**848 649**	–	**848 649**
– Marketable advances	**44 457**	–	**44 457**
Accounts receivable	**8 878**	–	**8 878**
Current tax asset	**147**	–	**147**
Non-current assets and disposal groups held for sale	**580**	–	**580**
Reinsurance assets	**89**	–	**89**
Investments in associates	**5 924**	–	**5 924**
Investments in joint ventures	**1 379**	51	**1 430**
Property and equipment	**17 512**	–	**17 512**
Intangible assets	**1 686**	–	**1 686**
Investment properties	**399**	–	**399**
Defined benefit post-employment asset	**5**	–	**5**
Deferred income tax asset	**2 202**	–	**2 202**
Total assets	**1 217 745**	(38)	**1 217 707**
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**15 276**	–	**15 276**
Derivative financial instruments	**44 403**	–	**44 403**
Creditors, accruals and provisions	**17 014**	–	**17 014**
Current tax liability	**277**	–	**277**
Liabilities directly associated with disposal groups held for sale	**195**	–	**195**
Deposits	**983 529**	–	**983 529**
– Deposits from customers	**715 101**	–	**715 101**
– Debt securities	**179 115**	–	**179 115**
– Asset-backed securities	**35 445**	–	**35 445**
– Other	**53 868**	–	**53 868**
Employee liabilities	**9 884**	–	**9 884**
Other liabilities	**6 385**	–	**6 385**
Policyholder liabilities	**3 795**	–	**3 795**
Tier 2 liabilities	**18 933**	–	**18 933**
Deferred income tax liability	**832**	–	**832**
Total liabilities	**1 100 523**	–	**1 100 523**
Equity			
Ordinary shares	**56**	–	**56**
Share premium	**8 056**	(96)	**7 960**
Reserves	**100 810**	58	**100 868**
Capital and reserves attributable to ordinary equityholders	**108 992**	(38)	**108 884**
NCNR preference shares	**4 519**	–	**4 519**
Capital and reserves attributable to equityholders of the group	**113 441**	(38)	**113 403**
Non-controlling interests	**3 781**	–	**3 781**
Total equity	**117 222**	(38)	**117 184**
Total equities and liabilities	**1 217 745**	(38)	**1 217 707**

* *FirstRand shares held for client trading activities.*

RECONCILIATION OF NORMALISED TO IFRS SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

R million	Normalised	Treasury shares*	IFRS**
ASSETS			
Cash and cash equivalents	64 303	–	64 303
Derivative financial instruments	40 551	–	40 551
Commodities	12 514	–	12 514
Investment securities	142 747	(99)	142 648
Advances	851 405	–	851 405
– Advances to customers	808 699	–	808 699
– Marketable advances	42 706		42 706
Accounts receivable	10 152	–	10 152
Current tax asset	428	–	428
Non-current assets and disposal groups held for sale	193	–	193
Reinsurance assets	36	–	36
Investments in associates	4 964	–	4 964
Investments in joint ventures	1 294	50	1 344
Property and equipment	16 909	–	16 909
Intangible assets	1 569	–	1 569
Investment properties	386	–	386
Defined benefit post-employment asset	9	–	9
Deferred income tax asset	1 866	–	1 866
Total assets	1 149 326	(49)	1 149 277
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	14 263	–	14 263
Derivative financial instruments	50 782	–	50 782
Creditors, accruals and provisions	17 141	–	17 141
Current tax liability	270	–	270
Liabilities directly associated with disposal groups held for sale	141	–	141
Deposits	920 074	–	920 074
– Deposits from customers	668 010	–	668 010
– Debt securities	153 727	–	153 727
– Asset-backed securities	29 305	–	29 305
– Other	69 032	–	69 032
Employee liabilities	9 771	–	9 771
Other liabilities	8 311	–	8 311
Policyholder liabilities	1 402	–	1 402
Tier 2 liabilities	18 004	–	18 004
Deferred income tax liability	1 053	–	1 053
Total liabilities	1 041 212	–	1 041 212
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(104)	7 952
Reserves	91 682	55	91 737
Capital and reserves attributable to ordinary equityholders	99 794	(49)	99 745
NCNR preference shares	4 519	–	4 519
Capital and reserves attributable to equityholders of the group	104 313	(49)	104 264
Non-controlling interests	3 801	–	3 801
Total equity	108 114	(49)	108 065
Total equities and liabilities	1 149 326	(49)	1 149 277

* *FirstRand shares held for client trading activities.*

** *Restated, refer to pages 113 to 115 for more detailed information.*

RECONCILIATION OF NORMALISED TO IFRS SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

R million	Normalised	Treasury shares*	IFRS**
ASSETS			
Cash and cash equivalents	65 567	–	65 567
Derivative financial instruments	34 500	–	34 500
Commodities	7 354	–	7 354
Investment securities	137 448	(82)	137 366
Advances	779 171	–	779 171
– Advances to customers	751 366	–	751 366
– Marketable advances	27 805	–	27 805
Accounts receivable	7 977	32	8 009
Current tax asset	109	6	115
Non-current assets and disposal groups held for sale	373	–	373
Reinsurance assets	388	–	388
Investments in associates	5 781	–	5 781
Investments in joint ventures	1 234	48	1 282
Property and equipment	16 288	–	16 288
Intangible assets	1 068	–	1 068
Investment properties	460	–	460
Defined benefit post-employment asset	4	–	4
Deferred income tax asset	1 540	–	1 540
Total assets	1 059 262	4	1 059 266
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	5 685	–	5 685
Derivative financial instruments	40 917	–	40 917
Creditors, accruals and provisions	17 527	2	17 529
Current tax liability	351	2	353
Liabilities directly associated with disposal groups held for sale	–	–	–
Deposits	865 616	–	865 616
– Deposits from customers	617 371	–	617 371
– Debt securities	158 171	–	158 171
– Asset-backed securities	28 574	–	28 574
– Other	61 500	–	61 500
Employee liabilities	9 734	–	9 734
Other liabilities	6 876	–	6 876
Policyholder liabilities	542	–	542
Tier 2 liabilities	12 497	–	12 497
Deferred income tax liability	913	–	913
Total liabilities	960 658	4	960 662
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(59)	7 997
Reserves	82 666	59	82 725
Capital and reserves attributable to ordinary equityholders	90 778	–	90 778
NCNR preference shares	4 519	–	4 519
Capital and reserves attributable to equityholders of the group	95 297	–	95 297
Non-controlling interests	3 307	–	3 307
Total equity	98 604	–	98 604
Total equities and liabilities	1 059 262	4	1 059 266

* *FirstRand shares held for client trading activities.*

** *Restated, refer to pages 113 to 115 for more detailed information.*

RESTATEMENT OF PRIOR YEAR NUMBERS

DESCRIPTION OF RESTATEMENTS

The group has made the following changes to the presentation of NII, NIR, advances and deposits.

Fair value credit adjustments

The group has historically included all fair value gains and losses on advances measured at fair value through profit or loss (including interest and fair value credit adjustments) in NIR. The group's presentation has been changed to include the credit valuation adjustment on fair value advances in the impairment line in the income statement rather than as part of NIR.

Credit-based investments included in advances

The group's presentation and classification of debt investment securities qualifying as HQLA that are under the control of the Group Treasurer and corporate bonds held by RMB investment bank was changed to advances rather than investment securities. These instruments, given their specific nature, are included as a separate category of advances, namely marketable advances, in a sub-total on the face of the statement of financial position.

Accrued interest on deposits

The group previously recognised accrued interest on certain deposits as part of creditors, accruals and provisions in the statement of financial position. During the current financial year, accrued interest was reclassified to deposits. This is more in line with the group's current practice for advances where the accrued interest is recognised as part of the carrying value of the underlying financial instrument.

These changes in presentation had no impact on the profit or loss or net asset value of the group and only affected the classification of items on the income statement and statement of financial position. The changes in presentation have reduced the number of adjustments between IFRS and normalised results and aligns presentation.

RESTATED SUMMARY CONSOLIDATED INCOME STATEMENT – IFRS (AUDITED)

for the year ended 30 June 2016

R million	As previously reported	Fair value credit adjustment	Restated
Net interest income before impairment of advances	42 041	–	42 041
Impairment and fair value of credit of advances	(6 902)	(257)	(7 159)
Net interest income after impairment of advances	35 139	(257)	34 882
Non-interest revenue	36 677	257	36 934
Income from operations	71 816	–	71 816
Operating expenses	(41 657)	–	(41 657)
Net income from operations	30 159	–	30 159
Share of profit of associates after tax	930	–	930
Share of profit of joint ventures after tax	526	–	526
Income before tax	31 615	–	31 615
Indirect tax	(928)	–	(928)
Profit before tax	30 687	–	30 687
Income tax expense	(6 612)	–	(6 612)
Profit for the year	24 075	–	24 075
Attributable to			
Ordinary equityholders	22 563	–	22 563
NCNR preference shareholders	342	–	342
Equityholders of the group	22 905	–	22 905
Non-controlling interests	1 170	–	1 170
Profit for the year	24 075	–	24 075

RESTATED SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION – IFRS (AUDITED)

as at 30 June 2016

R million	As previously reported	Reclassification of credit investments	Accrued interest on deposits	Restated
ASSETS				
Cash and cash equivalents	64 303	–	–	64 303
Derivative financial instruments	40 551	–	–	40 551
Commodities	12 514	–	–	12 514
Investment securities	185 354	(42 706)	–	142 648
Advances	808 699	42 706	–	851 405
– Advances to customers	808 699	–	–	808 699
– Marketable advances	–	42 706	–	42 706
Accounts receivable	10 152	–	–	10 152
Current tax asset	428	–	–	428
Non-current assets and disposal groups held for sale	193	–	–	193
Reinsurance assets	36	–	–	36
Investments in associates	4 964	–	–	4 964
Investments in joint ventures	1 344	–	–	1 344
Property and equipment	16 909	–	–	16 909
Intangible assets	1 569	–	–	1 569
Investment properties	386	–	–	386
Defined benefit post-employment asset	9	–	–	9
Deferred income tax asset	1 866	–	–	1 866
Total assets	1 149 277	–	–	1 149 277
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	14 263	–	–	14 263
Derivative financial instruments	50 782	–	–	50 782
Creditors, accruals and provisions	17 285	–	(144)	17 141
Current tax liability	270	–	–	270
Liabilities directly associated with disposal groups held for sale	141	–	–	141
Deposits	919 930	–	144	920 074
– Deposits from customers	667 995	–	15	668 010
– Debt securities	153 727	–	–	153 727
– Asset-backed securities	29 305	–	–	29 305
– Other	68 903	–	129	69 032
Employee liabilities	9 771	–	–	9 771
Other liabilities	8 311	–	–	8 311
Policyholder liabilities	1 402	–	–	1 402
Tier 2 liabilities	18 004	–	–	18 004
Deferred income tax liability	1 053	–	–	1 053
Total liabilities	1 041 212	–	–	1 041 212
Equity				
Ordinary shares	56	–	–	56
Share premium	7 952	–	–	7 952
Reserves	91 737	–	–	91 737
Capital and reserves attributable to ordinary equityholders	99 745	–	–	99 745
NCNR preference shares	4 519	–	–	4 519
Capital and reserves attributable to equityholders of the group	104 264	–	–	104 264
Non-controlling interests	3 801	–	–	3 801
Total equity	108 065	–	–	108 065
Total equities and liabilities	1 149 277	–	–	1 149 277

RESTATED SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION – IFRS (AUDITED)

as at 30 June 2015

R million	As previously reported	Reclassification of credit investments	Accrued interest on deposits	Restated
ASSETS				
Cash and cash equivalents	65 567	–	–	65 567
Derivative financial instruments	34 500	–	–	34 500
Commodities	7 354	–	–	7 354
Investment securities	165 171	(27 805)	–	137 366
Advances	751 366	27 805	–	779 171
– Advances to customers	751 366	–	–	751 366
– Marketable advances	–	27 805	–	27 805
Accounts receivable	8 009	–	–	8 009
Current tax asset	115	–	–	115
Non-current assets and disposal groups held for sale	373	–	–	373
Reinsurance assets	388	–	–	388
Investments in associates	5 781	–	–	5 781
Investments in joint ventures	1 282	–	–	1 282
Property and equipment	16 288	–	–	16 288
Intangible assets	1 068	–	–	1 068
Investment properties	460	–	–	460
Defined benefit post-employment asset	4	–	–	4
Deferred income tax asset	1 540	–	–	1 540
Total assets	1 059 266	–	–	1 059 266
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	5 685	–	–	5 685
Derivative financial instruments	40 917	–	–	40 917
Creditors, accruals and provisions	17 624	–	(95)	17 529
Current tax liability	353	–	–	353
Liabilities directly associated with disposal groups held for sale	–	–	–	–
Deposits	865 521	–	95	865 616
– Deposits from customers	617 371	–	–	617 371
– Debt securities	158 171	–	–	158 171
– Asset-backed securities	28 574	–	–	28 574
– Other	61 405	–	95	61 500
Employee liabilities	9 734	–	–	9 734
Other liabilities	6 876	–	–	6 876
Policyholder liabilities	542	–	–	542
Tier 2 liabilities	12 497	–	–	12 497
Deferred income tax liability	913	–	–	913
Total liabilities	960 662	–	–	960 662
Equity				
Ordinary shares	56	–	–	56
Share premium	7 997	–	–	7 997
Reserves	82 725	–	–	82 725
Capital and reserves attributable to ordinary equityholders	90 778	–	–	90 778
NCNR preference shares	4 519	–	–	4 519
Capital and reserves attributable to equityholders of the group	95 297	–	–	95 297
Non-controlling interests	3 307	–	–	3 307
Total equity	98 604	–	–	98 604
Total equities and liabilities	1 059 266	–	–	1 059 266

FAIR VALUE MEASUREMENTS (AUDITED)

VALUATION METHODOLOGY

In terms of IFRS, the group is required to or elects to measure and/or disclose 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, valuation specialists 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 valuation specialists, valuation committees and relevant risk committees annually or more frequently if considered appropriate.

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

Non-recurring fair value measurements

Non-recurring fair value measurements are those triggered by particular circumstances and include:

- classification of assets and liabilities as non-current assets or disposal groups held for sale under IFRS 5 where the recoverable amount is based on the fair value less costs to sell;
- IFRS 3 where assets and liabilities are measured at fair value at acquisition date; and
- IAS 36 where the recoverable amount is based on the fair value less costs to sell.

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

Financial instruments

When determining the fair value of a financial instrument, where the financial instrument has a bid or ask price (e.g. in a dealer market), the group uses the price within the bid-ask spread that is most representative of fair value in the circumstances.

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.

Financial instruments not measured at fair value

This category includes assets and liabilities not measured at fair value but for which fair value disclosures are required under another IFRS, e.g. financial instruments at amortised cost. Except for the amounts included on page 130, for all other financial instruments at amortised cost the carrying value is equal to or a reasonable approximation of the fair value.

FAIR VALUE HIERARCHY AND MEASUREMENTS

The group classifies assets and liabilities measured at fair value using a fair value hierarchy that reflects whether observable or unobservable inputs are used in determining the fair value of the item. Fair value may be 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. 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.

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

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

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

Measurement of assets and liabilities at level 2

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

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

FAIR VALUE MEASUREMENTS (AUDITED) continued

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

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

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

FAIR VALUE MEASUREMENTS (AUDITED) continued

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

Measurement of assets and liabilities at level 3

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

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

INSTRUMENT	VALUATION TECHNIQUE	DESCRIPTION OF VALUATION TECHNIQUE AND MAIN ASSUMPTIONS	SIGNIFICANT UNOBSERVABLE INPUTS OF LEVEL 3 ITEMS
Investment securities			
Equities listed in an inactive market	Discounted cash flows	For listed equities, the listed price is used where the market is active (i.e. level 1). However, if the market is not active and the listed price is not representative of fair value, a valuation technique is used to determine the fair value. The valuation technique will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. Future cash flows are discounted using market-related interest rates. Where the valuation technique incorporates unobservable inputs for equities, e.g. PE ratios, level 3 of the fair value hierarchy is deemed appropriate.	Unobservable PE ratios
Unlisted bonds or bonds listed in an inactive market	Discounted cash flows	Unlisted bonds or bonds in an inactive market are valued similarly to advances measured at fair value. Future cash flows are discounted using market-related interest rates adjusted for credit inputs, over the contractual period. Where the valuation technique incorporates unobservable inputs for credit risk, level 3 of the fair value hierarchy is deemed appropriate.	Credit inputs
Unlisted equities	P/E model and discounted cash flows	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount rate for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place.	Growth rates and P/E ratios
Investments in funds and unit trusts	Third party valuations	For certain investments in funds (such as hedge funds) or unit trusts, where an internal valuation technique is not applied, the group places reliance on valuations from third parties such as broker quotes or valuations from asset managers. Where considered necessary, the group applies minority and marketability or liquidity discount adjustments to these third party valuations. Third party valuations are reviewed by the relevant franchise's investment committee on a regular basis. Where these underlying investments are unlisted, the group has classified these at level 3 of the fair value hierarchy, as there is no observable market data to which to compare the third party valuations.	None (unlisted) – third party valuations used, minority and marketability adjustments
Investment properties	Adjusted market prices	The fair value of investment properties is determined by obtaining a valuation from an independent professional valuer not related to the group. This fair value is based on observable market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Variables are obtained through surveys and comparable recent market transactions not publicly quoted. These valuations are reviewed annually by a combination of independent and internal valuation experts. The fair value is based on unobservable income capitalisation rate inputs. These rates are impacted predominantly by expected market rental growth, contract tenure, occupancy rates and vacant periods that arise on expiry of existing contracts. The fair value of these properties will change favourably with increases in the expected market rental growth, contract tenure and occupancy rates and decreases in the average vacant period. The fair value changes unfavourably if the inverse occurs.	Income capitalisation rates

FAIR VALUE MEASUREMENTS (AUDITED) continued

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

INSTRUMENT	VALUATION TECHNIQUE	DESCRIPTION OF VALUATION TECHNIQUE AND MAIN ASSUMPTIONS	SIGNIFICANT UNOBSERVABLE INPUTS OF LEVEL 3 ITEMS
Deposits			
Deposits that represent collateral on credit-linked notes	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.	Credit inputs on related advance
Other deposits	Discounted cash flows	The forward curve adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Credit inputs
Other liabilities	Discounted cash flows	For preference shares which require the group to share a portion of profits of underlying contracts with a third party, the value of the liability is linked to the performance of the underlying. Where the underlying is not observable, these liabilities are classified as level 3. Future cash flows are discounted using market-related interest rates, adjusted for the performance of the underlying contracts.	Performance of underlying contracts
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Discounted cash flows	Future cash flows are discounted using market-related interest rates and curves adjusted for credit inputs.	Credit inputs

Non-recurring fair value measurements

For non-recurring fair value measurements, the fair value hierarchy classification and valuation technique applied in determining fair value will depend on the underlying asset or liability being measured. Where the underlying assets or liabilities are those for which recurring fair value measurements are required as listed in the table above, the technique applied and the inputs into the models would be in line with those as set out in the table. Where the underlying assets or liabilities are not items for which recurring fair value measurements are required, for example, property and equipment or intangible assets, the carrying value is considered to be equal to or a reasonable approximation of the fair value. This will be assessed per transaction and details will be provided in the relevant notes of the annual financial statements when applicable.

There were two business combination transactions resulting in investments in subsidiaries at 30 June 2017. The assets and liabilities of these subsidiaries were measured at fair value on acquisition date and classified as level 2 and 3 on the fair value hierarchy, depending on the nature of the assets and liabilities. Further details have been provided in note 29 of the annual financial statements.

An investment in a subsidiary was classified as a disposal group held for sale at 30 June 2017. The assets and liabilities in the disposal group were measured at fair value less costs to sell and classified as level 2 and level 3 on the fair value hierarchy, depending on the nature of the specific underlying asset and liability. Further details have been provided in note 14 of the annual financial statements.

During the current year impairments were recognised for assets that are measured at fair value on a non-recurring basis. For further detail please refer to note 3 of the annual financial statements.

During the prior year an investment in a joint venture was impaired. The impairment was as a result of the carrying amount exceeding the recoverable amount. The recoverable amount was determined as the fair value less costs to sell. Further detail has been provided in note 17 of the annual financial statements.

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

Fair value hierarchy

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

	2017			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	268	35 183	8	35 459
Advances	–	31 236	199 179	230 415
Investment securities	86 118	38 931	2 230	127 279
Non-recourse investments	–	10 369	–	10 369
Commodities	14 380	–	–	14 380
Investment properties	–	–	399	399
Total fair value assets – recurring	**100 766**	**115 719**	**201 816**	**418 301**
Non-recurring fair value measurements				
Assets acquired in business combinations	–	49	166	215
Non-current assets and disposal groups held for sale	–	188	79	267
Total fair value assets – non-recurring	**–**	**237**	**245**	**482**
Liabilities				
Recurring fair value measurements				
Short trading positions	15 276	–	–	15 276
Derivative financial instruments	307	43 863	233	44 403
Deposits	1 962	75 482	536	77 980
Non-recourse deposits	–	10 369	–	10 369
Other liabilities	–	2 226	1 543	3 769
Policyholder liabilities under investment contracts	–	3 150	–	3 150
Total fair value liabilities – recurring	**17 545**	**135 090**	**2 312**	**154 947**
Non-recurring fair value measurements				
Liabilities acquired in business combinations	–	–	215	215
Liabilities associated with disposal groups held for sale	–	123	–	123
Total fair value liabilities – non-recurring	**–**	**123**	**215**	**338**

FAIR VALUE MEASUREMENTS (AUDITED) continued

FAIR VALUE HIERARCHY AND MEASUREMENTS *continued*

	2016			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	241	40 248	62	40 551
Advances	148	43 646	204 736	248 530
Investment securities	83 464	32 154	2 380	117 998
Non-recourse investments	–	11 716	–	11 716
Commodities	12 514	–	–	12 514
Investment properties	–	–	386	386
Total fair value assets – recurring	96 367	127 764	207 564	431 695
Non-recurring fair value measurements				
Assets acquired in business combinations	427	890	164	1 481
Non-current assets and disposal groups held for sale	–	–	–	–
Total fair value assets – non-recurring	427	890	164	1 481
Liabilities				
Recurring fair value measurements				
Short trading positions	14 263	–	–	14 263
Derivative financial instruments	121	50 533	128	50 782
Deposits	2 406	99 446	679	102 531
Non-recourse deposits	–	11 716	–	11 716
Other liabilities	–	3 371	1 479	4 850
Policyholder liabilities under investment contracts	–	1 090	–	1 090
Total fair value liabilities – recurring	16 790	166 156	2 286	185 232
Non-recurring fair value measurements				
Liabilities acquired in business combinations	–	–	562	562
Liabilities associated with disposal groups held for sale	–	–	–	–
Total fair value liabilities – non-recurring	–	–	562	562

ADDITIONAL DISCLOSURES FOR LEVEL 3 FINANCIAL INSTRUMENTS

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.

	2017		
R million	**Transfers in**	**Transfers out**	**Reasons for significant transfers in**
Level 1	**–**	**–**	There were no transfers into level 1.
Level 2	**–**	**(38)**	There were no transfers into level 2.
Level 3	**38**	**–**	The JSE publishes volatilities of strike prices of options between 70% and 130%. Any volatility above or below this range results in inputs becoming unobservable. During the current year the observability of volatilities used in determining the fair value of certain over the counter options became unobservable and resulted in the transfer of R38 million out of level 2 into level 3 of the fair value hierarchy.
Total transfers	**38**	**(38)**	

	2016		
R million	Transfers in	Transfers out	Reasons for significant transfers in
Level 1	–	(2 821)	There were no transfers into level 1.
Level 2	–	(522)	There were no transfers into level 2.
Level 3	3 343	–	The market for certain bonds listed in South Africa became inactive because of stresses in the macro environment. The market price is, therefore, not representative of fair value and a valuation technique was applied. Because of credit valuation being unobservable the bonds were classified from level 1 into level 3 of the hierarchy. An evaluation of the observability of volatilities used in determining the fair value of certain over-the-counter options resulted in a transfer of R107 million out of level 2 of the fair value hierarchy and into level 3. An evaluation of the significant inputs utilised in determining the fair value of investment property, considering current market factors, resulted in a transfer of R415 million out of level 2 of the fair value hierarchy and into level 3.
Total transfers	3 343	(3 343)	

FAIR VALUE MEASUREMENTS (AUDITED) continued

ADDITIONAL DISCLOSURES FOR LEVEL 3 FINANCIAL INSTRUMENTS *continued*

Changes in level 3 instruments with recurring fair value measurements

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

R million	Derivative financial assets	Advances	Investment securities	Investment properties	Derivative financial liabilities	Other liabilities	Deposits
Balance as at 30 June 2015	70	185 513	2 042	–	5	–	1 273
Gains/losses recognised in profit or loss	9	13 009	682	(22)	13	36	67
Gains/losses recognised in other comprehensive income	–	–	16	–	–	–	–
Purchases, sales, issue and settlements	(19)	1 351	(369)	–	3	1 422	(669)
Acquisitions/disposals of subsidiaries	–	–	–	(7)	–	21	–
Transfer into level 3	–	2 821	–	415	107	–	–
Exchange rate differences	2	2 042	9	–	–	–	8
Balance as at 30 June 2016	**62**	**204 736**	**2 380**	**386**	**128**	**1 479**	**679**
Gains/losses recognised in profit or loss	**(54)**	**15 295**	**80**	**–**	**71**	**175**	**(33)**
Gains/losses recognised in other comprehensive income	**–**	**(1)**	**(21)**	**–**	**–**	**–**	**–**
Purchases, sales, issue and settlements	**–**	**(18 910)**	**(192)**	**13**	**(5)**	**(110)**	**(103)**
Acquisitions/disposals of subsidiaries	**–**	**(947)**	**–**	**–**	**–**	**–**	**–**
Transfer into level 3	**–**	**–**	**–**	**–**	**38**	**–**	**–**
Exchange rate differences	**–**	**(994)**	**(17)**	**–**	**1**	**(1)**	**(7)**
Balance as at 30 June 2017	**8**	**199 179**	**2 230**	**399**	**233**	**1 543**	**536**

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.

Gains/losses on advances classified in level 3 of the hierarchy comprise gross interest income on advances and fair value of credit adjustments. These instruments are funded by liabilities and the risk inherent is hedged by interest rate swaps. The corresponding gross interest expense is not disclosed in the fair value note as these items are typically measured at amortised cost.

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

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

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

	2017		2016	
R million	Gains/losses recognised in the income statement	Gains/losses recognised in other comprehensive income	Gains/losses recognised in the income statement	Gains/losses recognised in other comprehensive income
Assets				
Derivative financial instruments	**8**	**–**	9	–
Advances*	**12 148**	**(1)**	12 301	–
Investment securities	**257**	**(21)**	586	16
Investment properties	**–**	**–**	(22)	–
Total	**12 413**	**(22)**	12 874	16
Liabilities				
Derivative financial instruments	**(72)**	**–**	19	–
Deposits	**(27)**	**–**	(58)	–
Other liabilities	**97**	**–**	19	–
Total	**(2)**	**–**	(20)	–

* *Amount is mainly accrued interest on fair value loans and advances and movements in interest rates that have been economically hedged. This is the portion of RMB's advances that are classified as fair value to effectively manage the interest rate and foreign exchange risk on these portfolios. These are classified as level 3 primarily as credit spreads could be a significant input, and are not observable for loans and advances in most of RMB's key markets. Inputs relating to interest rates and foreign currencies are regarded as observable.*

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 acquisition of subsidiaries.

FAIR VALUE MEASUREMENTS (AUDITED) continued

ADDITIONAL DISCLOSURES FOR LEVEL 3 FINANCIAL INSTRUMENTS *continued*

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

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

ASSET/LIABILITY	SIGNIFICANT UNOBSERVABLE INPUTS	UNOBSERVABLE INPUT TO WHICH REASONABLY POSSIBLE CHANGES ARE APPLIED	REASONABLY POSSIBLE CHANGES APPLIED
Derivative financial instruments	Volatilities	Volatilities	Increased and decreased by 10%.
Advances	Credit	Scenario analysis	A range of scenarios are run as part of the group's credit risk management process for advances measured at fair value through profit or loss to determine credit losses and change in credit spreads in various economic conditions. The probability of default is adjusted either upwards or downwards versus the base case.
Investment securities	Credit, growth rates and P/E ratios of unlisted investments	Credit, growth rates or P/E ratios of unlisted investments	Increased and decreased by 10%.
Deposits	Credit risk of the cash collateral leg of credit linked notes	Credit migration matrix	The deposits included in level 3 of the hierarchy represent the collateral leg of credit-linked notes. The most significant unobservable input in determining the fair value of the credit-linked notes is the credit risk component. The sensitivity to credit risk has been assessed in the same way as for advances using the credit migration matrix with the deposit representing the cash collateral component thereof.
Other liabilities	Performance of underlying contracts	Profits on the underlying contracts	Increased and decreased by 1%.

R million	2017			2016		
	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
Assets						
Derivative financial instruments	**8**	**11**	**4**	62	71	55
Advances	**199 179**	**199 854**	**198 783**	204 736	205 560	202 747
Investment securities	**2 230**	**2 394**	**2 100**	2 380	3 111	2 430
Total financial assets measured at fair value in level 3	**201 417**	**202 259**	**200 887**	207 178	208 742	205 232
Liabilities						
Derivative financial instruments	**233**	**227**	**246**	128	124	129
Deposits	**536**	**526**	**547**	679	614	784
Other liabilities	**1 543**	**1 526**	**1 561**	1 479	1 462	1 626
Total financial liabilities measured at fair value in level 3	**2 312**	**2 279**	**2 354**	2 286	2 200	2 539

FAIR VALUE MEASUREMENTS (AUDITED) continued

FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

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

	2017				
R million	Carrying value	Total fair value	Level 1	Level 2	Level 3
Assets					
Advances	**662 691**	**667 600**	**–**	**105 381**	**562 219**
Investment securities	**29 779**	**29 843**	**22 121**	**6 995**	**727**
Total financial assets at amortised cost	**692 470**	**697 443**	**22 121**	**112 376**	**562 946**
Liabilities					
Deposits	**895 180**	**897 677**	**41**	**888 725**	**8 911**
Other liabilities	**2 602**	**2 601**	**–**	**967**	**1 634**
Tier 2 liabilities	**18 933**	**19 242**	**–**	**19 242**	**–**
Total financial liabilities at amortised cost	**916 715**	**919 520**	**41**	**908 934**	**10 545**

	2016				
R million	Carrying value	Total fair value	Level 1	Level 2	Level 3
Assets					
Advances	602 875	606 713	–	96 693	510 020
Investment securities	12 934	12 931	444	12 083	404
Total financial assets at amortised cost	615 809	619 644	444	108 776	510 424
Liabilities					
Deposits	805 827	805 469	7 897	794 523	3 049
Other liabilities	3 434	3 437	–	1 851	1 586
Tier 2 liabilities	18 004	18 216	–	18 216	–
Total financial liabilities at amortised cost	827 265	827 122	7 897	814 590	4 635

DAY 1 PROFIT OR LOSS

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

R million	2017	2016
Opening balance	**39**	11
Day 1 profits or losses not recognised on financial instruments initially recognised in the current year	**17**	37
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(5)**	(9)
Closing balance	**51**	39

SUMMARY SEGMENT REPORT – IFRS (AUDITED)

for the year ended 30 June

	2017								
	FNB		RMB						
R million	FNB	FNB Africa*	Investment banking	Corporate banking	WesBank	FCC (including Group Treasury) and other	FirstRand group normalised	Normalised adjustments	Total
Profit before tax	**17 948**	**880**	**8 101**	**1 731**	**5 612**	**(1 286)**	**32 986**	**171**	**33 157**
Total assets	**348 562**	**49 959**	**401 157**	**45 872**	**214 222**	**157 973**	**1 217 745**	**(38)**	**1 217 707**
Total liabilities	**330 301**	**49 982**	**392 412**	**43 634**	**207 809**	**76 385**	**1 100 523**	**–**	**1 100 523**

	2016								
	FNB		RMB						
R million	FNB	FNB Africa*	Investment banking	Corporate banking	WesBank	FCC (including Group Treasury) and other	FirstRand group normalised	Normalised adjustments	Total
Profit before tax	16 586	1 297	7 452	1 466	5 518	(1 176)	31 143	(456)	30 687
Total assets	334 199	49 217	395 822	39 311	205 016	125 761	1 149 326	(49)	1 149 277
Total liabilities	317 633	49 309	385 887	37 435	199 686	51 262	1 041 212	–	1 041 212

* *Includes FNB's activities in India.*

supplementary information

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HEADLINE EARNINGS ADDITIONAL DISCLOSURE

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

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

	Year ended 30 June		
R million	2017	2016	% change
Aggregate cost of portfolio	**1 701**	1 676	1
Aggregate carrying value	**3 762**	3 618	4
Aggregate fair value*	**8 048**	7 246	11
Equity-accounted income**	**580**	1 125	(48)
Profit on realisation#	**63**	953	(93)

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

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

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

ISSUE 2 – CAPITAL APPRECIATION ON INVESTMENT PRODUCTS

	Year ended 30 June		
R million	2017	2016	% change
Carrying value of investment properties	**399**	386	3
Fair value of investment properties	**399**	386	3

CONTINGENCIES AND COMMITMENTS (AUDITED)

as at 30 June

R million	2017	2016
Contingencies and commitments		
Guarantees (endorsements and performance guarantees)	**34 006**	34 733
Letters of credit	**6 731**	7 339
Total contingencies	**40 737**	42 072
Irrevocable commitments	**119 325**	101 418
Committed capital expenditure	**3 936**	4 264
Operating lease commitments	**3 779**	3 599
Other	**306**	379
Contingencies and commitments	**168 083**	151 732
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.		
Provision made for liabilities that are expected to materialise	**129**	93
Commitments		
Commitments in respect of capital expenditure and long-term investments approved by the directors	**3 936**	4 264

NUMBER OF ORDINARY SHARES IN ISSUE
for the year ended 30 June

	2017		2016	
	IFRS (audited)	Normalised	IFRS (audited)	Normalised
Shares in issue				
Opening balance as at 1 July	**5 609 488 001**	**5 609 488 001**	5 609 488 001	5 609 488 001
Less: treasury shares	**(311 919)**	**–**	(2 201 270)	–
– Shares for client trading*	**(311 919)**	**–**	(2 201 270)	–
Number of shares in issue (after treasury shares)	**5 609 176 082**	**5 609 488 001**	5 607 286 731	5 609 488 001
Weighted average number of shares				
Weighted average number of shares before treasury shares	**5 609 488 001**	**5 609 488 001**	5 609 488 001	5 609 488 001
Less: treasury shares	**(1 480 934)**	**–**	(1 800 471)	–
– Shares for client trading*	**(1 480 934)**	**–**	(1 800 471)	–
Basic and diluted weighted average number of shares in issue	**5 608 007 067**	**5 609 488 001**	5 607 687 530	5 609 488 001

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

KEY MARKET INDICATORS AND SHARE STATISTICS

for the year ended 30 June

	2017	2016	% change
Market indicators			
USD/ZAR exchange rate			
– Closing	**13.10**	14.66	(11)
– Average	**13.58**	14.51	(6)
GBP/ZAR exchange rate			
– Closing	**17.00**	19.67	(14)
– Average	**17.21**	21.47	(20)
SA prime overdraft (%)	**10.50**	10.50	
SA average prime overdraft (%)	**10.50**	9.92	
SA average CPI (%)	**6.04**	5.58	
JSE All Share Index	**51 611**	52 218	(1)
JSE Banks Index	**7 140**	6 513	10
Share statistics			
Share price			
– High for the year (cents)	**5 446**	5 780	(6)
– Low for the year (cents)	**4 198**	3 408	23
– Closing (cents)	**4 715**	4 484	5
Shares traded			
– Number of shares (millions)	**3 537**	3 491	1
– Value of shares (R million)	**171 871**	161 496	6
– Turnover in shares traded (%)	**63.07**	62.25	
Share price performance			
FirstRand average share price (cents)	**4 914**	4 731	4
JSE Bank Index (average)	**7 287**	6 775	8
JSE All Share Index (average)	**52 090**	51 228	2

COMPANY INFORMATION

DIRECTORS

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

COMPANY SECRETARY AND REGISTERED OFFICE

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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
1st Floor, Rosebank Towers
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Fax: +27 11 688 5248

TRANSFER SECRETARIES – NAMIBIA

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4 Robert Mugabe Avenue, Windhoek
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Sandton 2196

Deloitte & Touche
Building 8, Deloitte Place
The Woodlands, Woodlands Drive
Woodmead, Sandton

LISTED FINANCIAL INSTRUMENTS OF THE GROUP

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

Issuer: FirstRand Bank Limited

JSE

Domestic medium term note programme

BOND CODE	ISIN CODE
Subordinated debt	
FRB05	ZAG000031337
FRB11	ZAG000102054
FRB12	ZAG000116278
FRB13	ZAG000116286
FRB14	ZAG000116294
Senior unsecured	
FRBZ01	ZAG000049255
FRBZ02	ZAG000072711
FRBZ03	ZAG000080029
FRJ18	ZAG000084187
FRJ19	ZAG000104563
FRJ20	ZAG000109596
FRJ21	ZAG000115858
FRJ25	ZAG000124256
FRJ27	ZAG000141912
FRS36	ZAG000077397
FRS37	ZAG000077793
FRS43	ZAG000078643
FRS46	ZAG000079807
FRS49	ZAG000081787
FRS51	ZAG000086117
FRS62	ZAG000090614
FRS64	ZAG000092529

BOND CODE	ISIN CODE
Subordinated debt	
FRB15	ZAG000124199
FRB16	ZAG000127622
FRB17	ZAG000127630
FRB18	ZAG000135229
FRB19	ZAG000135310
Senior unsecured	
FRS103	ZAG000111840
FRS104	ZAG000111857
FRS108	ZAG000113515
FRS109	ZAG000113564
FRS110	ZAG000113663
FRS112	ZAG000115395
FRS113	ZAG000115478
FRS114	ZAG000116070
FRS115	ZAG000116740
FRS119	ZAG000118951
FRS120	ZAG000119298
FRS121	ZAG000120643
FRS122	ZAG000121062
FRS123	ZAG000121328
FRS124	ZAG000122953
FRS126	ZAG000125188
FRS127	ZAG000125394

BOND CODE	ISIN CODE
Subordinated debt	
FRB20	ZAG000135385
FRB21	ZAG000140856
FRB22	ZAG000141219
FRBC21	ZAG000052283
FRBC22	ZAG000052390
Senior unsecured	
FRS138	ZAG000127556
FRS142	ZAG000130782
FRS143	ZAG000130790
FRS145	ZAG000131483
FRS146	ZAG000134636
FRS147	ZAG000135724
FRS148	ZAG000136144
FRS149	ZAG000136573
FRS150	ZAG000136615
FRS151	ZAG000136987
FRS152	ZAG000136995
FRS153	ZAG000137670
FRS157	ZAG000144197
FRS158	ZAG000145012
FRS160	ZAG000145038
FRS161	ZAG000145046
FRX17	ZAG000094376

LISTED FINANCIAL INSTRUMENTS OF THE GROUP continued

LISTED DEBT INSTRUMENTS *continued*

BOND CODE	ISIN CODE
Senior unsecured	
FRS81	ZAG000100892
FRS85	ZAG000104985
FRS86	ZAG000105008
FRS87	ZAG000105420
FRS90	ZAG000106410
FRS94	ZAG000107871
FRS96	ZAG000108390
FRS100	ZAG000111634
FRS101	ZAG000111774
Inflation-linked bonds	
FRBI22	ZAG000079666
FRBI23	ZAG000076498
FRBI25	ZAG000109588
Credit-linked notes	
FRC46	ZAG000082959
FRC61	ZAG000087347
FRC66	ZAG000088485
FRC67	ZAG000088741
FRC69	ZAG000088766
FRC71	ZAG000088923
FRC76	ZAG000089574
FRC107	ZAG000094574
FRC109	ZAG000094889
FRC112	ZAG000095621
FRC113	ZAG000095761
FRC115	ZAG000095852
FRC116	ZAG000095860
FRC124	ZAG000096579
FRC125	ZAG000096678
FRC134	ZAG000097056
FRC144	ZAG000097569
FRC145	ZAG000097627
FRC150	ZAG000099821
FRC151	ZAG000099904
FRC152	ZAG000100330
FRC153	ZAG000100348
FRC154	ZAG000100694
FRC155	ZAG000101643
FRC161	ZAG000102260
FRC163	ZAG000102898
FRC166	ZAG000103573
FRC167	ZAG000104019
FRC168	ZAG000104753
Structured notes	
FRPT01	ZAE000205480

BOND CODE	ISIN CODE
Senior unsecured	
FRS129	ZAG000125865
FRS130	ZAG000125873
FRS131	ZAG000126186
FRS132	ZAG000126194
FRS133	ZAG000126541
FRS134	ZAG000126574
FRS135	ZAG000126608
FRS136	ZAG000126780
FRS137	ZAG000127549
Inflation-linked bonds	
FRBI28	ZAG000079237
FRBI33	ZAG000079245
FRI38	ZAG000141862
Credit-linked notes	
FRC169	ZAG000104852
FRC170	ZAG000105586
FRC171	ZAG000105719
FRC172	ZAG000105818
FRC173	ZAG000105826
FRC174	ZAG000105891
FRC176	ZAG000107178
FRC177	ZAG000107632
FRC178	ZAG000107897
FRC179	ZAG000108168
FRC181	ZAG000108549
FRC182	ZAG000108713
FRC183	ZAG000109356
FRC185	ZAG000111451
FRC188	ZAG000111873
FRC189	ZAG000112145
FRC192	ZAG000114521
FRC195	ZAG000114745
FRC206	ZAG000116088
FRC207	ZAG000117649
FRC208	ZAG000117656
FRC209	ZAG000118613
FRC210	ZAG000120296
FRC211	ZAG000121013
FRC212	ZAG000121054
FRC213	ZAG000121047
FRC214	ZAG000121039
FRC215	ZAG000121021
FRC216	ZAG000121070
Structured notes	
FKR01	ZAE000193454

BOND CODE	ISIN CODE
Senior unsecured	
FRX18	ZAG000076472
FRX19	ZAG000073685
FRX24	ZAG000073693
FRX26	ZAG000112160
FRX27	ZAG000142506
FRX30	ZAG000124264
FRX31	ZAG000084195
FRX32	ZAG000142514
Inflation-linked bonds	
FRBI46	ZAG000135302
FRBI50	ZAG000141649
FRI33	ZAG000141706
Credit-linked notes	
FRC217	ZAG000121088
FRC218	ZAG000121096
FRC219	ZAG000121138
FRC220	ZAG000121146
FRC221	ZAG000121229
FRC225	ZAG000121435
FRC231	ZAG000125030
FRC233	ZAG000128752
FRC234	ZAG000130816
FRC236	ZAG000135211
FRC237	ZAG000135203
FRC238	ZAG000135237
FRC239	ZAG000135245
FRC240	ZAG000135252
FRC241	ZAG000135393
FRC242	ZAG000135401
FRC243	ZAG000135419
FRC244	ZAG000135427
FRC245	ZAG000135468
FRC246	ZAG000135476
FRC247	ZAG000135484
FRC248	ZAG000135450
FRC249	ZAG000135542
FRC250	ZAG000135559
FRC251	ZAG000141813
FRC252	ZAG000142225
FRC254	ZAG000144825
FRD013	ZAG000128695

Issuer: FirstRand Bank Limited
London Stock Exchange (LSE)
European medium term note programme

ISIN CODE
Senior unsecured
XS0610341967
XS1225512026
XS1178685084

Issuer: FirstRand Bank Limited
Swiss Stock Exchange (SIX)
European medium term note programme

ISIN CODE
Senior unsecured
CH0238315680

Issuer: First National Bank of Namibia Limited
JSE
Domestic medium term note programme

BOND CODE	ISIN CODE
Senior unsecured	
FRJ20Z	ZAG000142803
FRJ22Z	ZAG000142902

Issuer: First National Bank of Namibia Limited
NSX
Domestic medium term note programme

ISIN CODE
Senior unsecured
NA000A188PX0
NA000A188PW2
NA000A188PV4
NA000A19FKU3
NA000A188PY8
NA000A19FKV1

Issuer: First National Bank of Botswana Limited
BSE
BWP medium term note programme

BOND CODE	ISIN CODE
Subordinated debt	
FNBB007	BW0000001668
FNBB008	BW0000001700

BOND CODE	ISIN CODE
Senior unsecured	
FNBB005	BW0000001510
FNBB006	BW0000001528

DEFINITIONS

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

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