FirstRand Limited
(Incorporated in the Republic of South Africa)
Registration number: 1966/010753/06
JSE Ordinary Share Code: FSR
JSE Ordinary Share ISIN: ZAE000066304
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JSE B Preference Share ISIN: ZAE000060141
NSX Ordinary Share Code: FST
(FirstRand or the group)

PROVISIONAL AUDITED RESULTS AND CASH DIVIDEND DECLARATION
for the year ended 30 June 2015

INTRODUCTION

This announcement covers the provisional audited summarised financial results of FirstRand Limited (FirstRand or the group) based on International Financial Reporting Standards (IFRS) for the year to June 2015.

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 audited IFRS financial results. A detailed description of the difference between normalised and IFRS results is provided on pages 5 to 7 of the analysis of financial results booklet on www.firstrand.co.za/investorcentre/pages. Commentary is based on normalised results, unless indicated otherwise.

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

FirstRand's annual integrated report will be published on the group's website, www.firstrand.co.za, on or about 6 October 2015.

FINANCIAL HIGHLIGHTS

	Year ended 30 June		
	2015	2014	% change
Normalised earnings (R million)	21 286	18 663	14
Diluted normalised earnings per share (cents)	378.5	331.0	14
Normalised net asset value per share (cents)	1 618.3	1 447.2	12
Dividend per ordinary share (cents)	210.0	174.0	21
Normalised ROE (%)	24.7	24.2	

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

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

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

RECONCILIATION FROM HEADLINE TO NORMALISED EARNINGS
for the year ended 30 June

R million	2015	2014	% change
Headline earnings	21 141	18 671	13
Adjusted for:	145	(8)	(>100)
Total return swap and IFRS 2 liability remeasurement	(34)	(198)	(83)
IFRS 2 share-based payment expense	75	182	(59)
Treasury shares*	25	97	(74)
IAS 19 adjustment	(107)	(104)	3
Private equity subsidiary realisations	186	15	>100
Normalised earnings	21 286	18 663	14

* Includes FirstRand shares held for client trading activities.

PRESENTATION

BASIS OF PRESENTATION

The summarised consolidated financial statements are considered provisional based on the JSE Listings Requirements and are summarised from a complete set of the consolidated annual financial statements.

FirstRand prepares its summarised consolidated financial results in accordance with:

- IFRS, including IAS 34 Interim Financial Reporting excluding paragraph 16 A(j) as permitted by the JSE Listings Requirements;
- SAICA Financial Reporting Guide as issued by the Accounting Practices Committee;
- Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council;
- JSE Listings Requirements for provisional reports; and
- the requirements by the Companies Act 71 of 2008 applicable to summary financial statements.

The full analysis of the results, which includes these disclosures, is available on www.firstrand.co.za or from the company's registered office and upon request.

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

The accounting policies applied in the preparation of the consolidated financial statements from which the summarised financial statements were derived, are in terms of IFRS. A number of revised IFRS requirements became applicable to the group for the first time this year. No changes to the group's accounting policies were required in order to comply with the revised requirements and the accounting policies are, therefore, consistent with those applied in the preparation of the prior year's consolidated annual financial statements.

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, constitutes 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. An unmodified report on the pro forma financial information included within this announcement has been prepared and issued by the group's auditors in terms of the JSE Listings Requirements. Details of the nature of these adjustments and reasons thereof can be found on www.firstrand.co.za.

The entire announcement itself is not audited but the summarised consolidated financial statements, which have been denoted as audited within this announcement, were extracted from audited information and the auditors have issued a separate opinion thereon in terms of ISA 810. The summarised consolidated financial statements for the year ended 30 June 2015 has been audited by PricewaterhouseCoopers Inc. and Deloitte & Touche, who expressed an unmodified opinion thereon. The independent auditors' report on the summarised consolidated financial statements does not necessarily encompass all the information contained in this announcement. Shareholders are, therefore, advised that in order to obtain a full understanding of the nature of the auditors' engagement, they should obtain a copy of the independent auditors' report on the summarised consolidated financial statements together with the accompanying financial statements. Unless the financial information is specifically stated as audited, it should be assumed it is unaudited. 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 announcement.

The auditors expressed an unmodified opinion dated 9 September 2015 on the consolidated financial statements from which these summarised consolidated financial statements were derived. A copy of the auditors' reports on the summarised consolidated financial statements, on the consolidated financial statements and the pro forma information is available for inspection at FirstRand's registered office, 4 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, together with the financial statements identified in the respective auditors' reports.

REGULATORY CHANGES

The group has been actively managing its balance sheet since the implementation of the liquidity coverage ratio (LCR) requirements. Under the Basel III liquidity regime, securities that meet the criteria set out in the standard are designated as high quality liquid assets (HQLA). There are operational requirements to be fulfilled with respect to HQLA requiring that the assets need to be under management control of the division charged with the management of liquidity.

For normalised reporting in the current year, certain investment securities have been reclassified into advances; the investment securities reclassified include debt securities qualifying as HQLA and securitisation notes. In the current and prior year, other corporate bonds that do not qualify as HQLA were reclassified to advances.

The segment report is, therefore, also impacted as HQLA and securitisation notes are managed by the Group Treasurer and are included in the FCC (including Group Treasury) segment. Corporate bonds that do not qualify as HQLA remain within the RMB investment banking segment.

The table below shows these adjustments.

CREDIT-BASED INVESTMENTS ADJUSTMENTS

R million	2015	2014
Normalised advances excluding credit-related assets	765 951	699 671
Credit-related assets		
- Corporate bonds	11 218	9 408
- HQLA (corporate advances)	9 494	-
- Securitisation notes	7 301	-
Restated normalised advances	793 964	709 079
NPLs as a % of advances		
- Excluding credit-related assets	2.28	2.32
- Including credit-related assets	2.21	2.30
Impairment charge as a % of average advances		
- Excluding credit-related assets	0.78	0.83
- Including credit-related assets	0.77	0.83

OVERVIEW OF RESULTS

INTRODUCTION

The South African economy continued to face a number of external and internal headwinds to growth:

- Global commodity prices remained under pressure as growth in China continued to decelerate.
- The gradual economic recovery in the United States, and the prospect of rising interest rates, has weighed on emerging markets in general and has specifically impacted markets with current account deficits, such as South Africa, resulting in slowing capital flows and currency weakness.
- The euro zone's economic recovery continues to be lacklustre, providing limited support to South African exports.
- Domestic headwinds, including ongoing electricity shortages, weak foreign demand and low prices, resulted in subdued business confidence.
- Household consumption was impacted by higher debt service costs, rising unemployment levels and moderating levels of income growth, although the temporary, oil-led drop in inflation did provide some short-term relief.
- Reduced growth in government spending to stabilise public sector debt and safeguard the country's sovereign credit rating.

The central bank has so far implemented a gradual and moderate hiking cycle, but the economy remains vulnerable to a more aggressive cycle should capital inflows slow down or reverse.

Many economies in sub-Saharan Africa have also experienced weaker exchange rates, increasing inflation, higher policy rates and lower growth. With commodity prices expected to remain well below levels that prevailed in the previous decade, economic performance will likely be driven by structural reform.

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

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

WesBank's domestic franchise produced a resilient performance on the back of continuing new business volumes despite the subdued local retail credit cycle. WesBank's MotoNovo business in the UK again showed excellent profitability in both rand and GBP terms.

RMB's investment banking and corporate banking franchises underpinned a solid performance in a year characterised by subdued corporate activity and liquidity pressures. RMB also continued to strengthen its balance sheet and remains conservative in its credit provisioning.

The table below shows a breakdown of sources of normalised earnings.

SOURCES OF NORMALISED EARNINGS

R million	2015	% composition	2014	% composition	% change
FNB	11 300	52	9 701	52	16
RMB	5 888	28	5 507	30	7
WesBank	3 309	16	3 013	16	10
FCC (including Group Treasury) and other*,**	1 099	5	730	4	51
NCNR preference dividend	(310)	(1)	(288)	(2)	8
Normalised earnings	21 286	100	18 663	100	14

* Includes FirstRand Limited (company).

** Positively impacted by endowment and credit overlay releases in current year.

The group's NII increased 16% driven by ongoing growth in advances (+12%) and deposits (+13%). The benefits of asset repricing in certain portfolios were, in the main, offset by lower margins in the vehicle asset finance, WesBank corporate and investment banking books. Across the franchises, margins in many of the asset generating businesses continued to come under pressure from higher term funding and liquidity costs.

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

The group's NIR also benefited from RMB's investing activities, with good growth from equity-accounted income generated by private equity-related activities, boosted by realisations in excess of R1 billion. WesBank's NIR increased 9%, driven by strong inflows from insurance income.

Overall operating cost growth was 10% for the period, reflecting higher staff costs and continuing investment in infrastructure, operating footprint and regulatory requirements.

NPLs continued to reflect a mixed picture with residential mortgages and FNB personal loans showing significant decreases of 18% and 7% respectively, on the back of workout strategies and disciplined origination. Strong book growth in the current and previous years combined with a deteriorating credit cycle resulted in an increase in NPLs in FNB's card and business subsegments, the rest of Africa portfolio, VAF and WesBank loans. The negative commodity cycle resulted in an increase in RMB's NPLs.

The group continues to exercise prudence on the back of deteriorating macroeconomic indicators. In the first six months of the year, the group created certain provisions with reference to expected stress in the oil and gas counters. This stress has started to manifest, resulting in the utilisation of some of these provisions, however, the majority remain intact.

In the prior year, on the back of the deteriorating credit cycle, the group created an extra R450 million of central portfolio overlays. The anticipated elevated risk has now manifested in the form of higher arrears levels and NPLs and related specific impairments during the year being raised in the operating franchises, therefore resulting in the release of R325 million. Despite this release, central overlays now total R925 million. Whilst the group's total portfolio coverage ratio has declined marginally on the back of these changes, it remains above the current annual charge.

GROUP STRATEGIC OBJECTIVES

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

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

FRANCHISE PERFORMANCE REVIEW

The group's strategy is executed through its portfolio of operating franchises. Below is a brief overview of the financial and operational performance of each franchise.

FNB

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

FNB FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	2015	2014	% change
Normalised earnings	11 300	9 701	16
Normalised profit before tax	16 488	14 240	16
Total assets	350 635	323 114	9
Total liabilities	335 597	309 212	9
NPLs (%)	2.63	3.14	
Credit loss ratio (%)	0.79	0.85	
ROE (%)	38.3	37.3	
ROA (%)	3.32	3.13	
Cost-to-income ratio (%)	54.7	55.1	
Advances margin (%)	3.58	3.39	

SEGMENT RESULTS

	Year ended 30 June		
R million	2015	2014	% change
Normalised PBT			
Retail	9 841	8 557	15
FNB Africa	1 640	1 410	16
Commercial	5 007	4 273	17
Total FNB	16 488	14 240	16

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

This performance also reflects the success of FNB's primary strategy to grow and retain core transactional accounts, drive cross-sell into the customer base, apply disciplined origination strategies and provide innovative savings products to attract deposits.

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

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

Segment analysis of deposits and advances are below.

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

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

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

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

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

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

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

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

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 continues to benefit from its strategy to generate more income from client-driven activities, anchored around a risk appetite designed to effectively manage the trade-offs between earnings volatility, profit growth and returns. This strategy, coupled with steady investment returns and a growing focus on originating asset management products, is delivering a high quality and sustainable earnings and return profile.

RMB FINANCIAL HIGHLIGHTS

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

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

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

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

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

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

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

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

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

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

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

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

WESBANK

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

WESBANK FINANCIAL HIGHLIGHTS

	Year ended 30 June		
			%
R million	2015	2014	change
Normalised earnings	3 309	3 013	10
Normalised profit before tax	4 693	4 315	9
Total assets	186 273	170 194	9
Total liabilities	180 293	166 137	9
NPLs (%)	3.20	2.86	
Credit loss ratio (%)	1.45	1.35	
ROE (%)	23.2	26.6	
ROA (%)	1.82	1.88	
Cost-to-income ratio (%)	41.2	43.3	

Net interest margin (%)	4.72	5.05

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

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

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

	Year ended 30 June		
Normalised PBT	2015	2014	% change
VAF			
- Retail SA	2 087	1 980	5
- Retail UK	937	651	44
- Corporate and commercial	398	515	(23)
Personal loans	1 271	1 169	9
Total WesBank	4 693	4 315	9

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

Corporate profits came under pressure as a result of specific counterparty defaults. Profitability in the fleet business came under pressure.

As anticipated, bad debts in the local VAF portfolio remained fairly flat and within WesBank's through-the-cycle thresholds and provisioning continues to be conservatively applied. NPLs are up 22% year-on-year, but remain inflated by the high proportion of restructured debt review accounts, most of which are still paying according to arrangement.

This conservative treatment is in line with group practice with 34% of NPLs currently under debt review (compared to 29% in the prior year), a high percentage of which have never defaulted, or reflect balances lower than when these went into debt review.

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

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

STRATEGIES TO ENSURE SUSTAINABILITY OF GROWTH AND RETURNS

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

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

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

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

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

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

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

Post year end, FirstRand's WesBank franchise formalised its long-standing relationship with Hollard Insurance Company through the formation of a new holding company. This entity will consolidate the existing insurance products provided through WesBank and Hollard and includes the acquisition of two other entities, Motorite and SMART. WesBank will own 81% and Hollard will hold the remaining 19% of the new entity.

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

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

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

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

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

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

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

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

1. Utilise the capabilities of the South African franchise, particularly the domestic balance sheet, intellectual capital, international platforms and the existing operating footprint in the rest of Africa.
2. Start an in-country franchise and grow organically.
3. Acquire small- to medium-sized in-country franchises where it makes commercial sense.

It is anticipated that the deployment of capital going forward will be concentrated on pillars 2 and 3.

MANAGEMENT OF FINANCIAL RESOURCES

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

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

BALANCE SHEET STRENGTH

CAPITAL POSITION

Current targeted ranges and actual ratios are summarised below.

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

* Excludes the bank-specific individual capital requirement.

** Includes unappropriated profits.

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

LIQUIDITY POSITION

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

The group exceeds the 60% minimum liquidity coverage ratio as set out by the Basel Committee with an LCR for the group of 76% as at 30 June 2015 (for FRB the ratio is 84%), holding available liquidity of R137 billion with an additional R12 billion of management liquidity available.

REGULATORY CHANGES

During the year, the Basel Committee on Banking Supervision (BCBS) issued a number of consultative documents that may impact the capital levels going forward:

- a revised set of standardised approaches for credit and operational risk; and
- a capital floor based on the revised standardised approach for internal ratings-based (IRB) accredited banks.

The capital floor aims to address variability in capital for banks using the IRB approaches and to enhance comparability across jurisdictions. These consultative documents are still under discussion and the impact of the standardised capital floor cannot yet be determined as the BCBS has not yet clarified the proposed calibration and implementation timeline.

In addition, the Financial Stability Board issued for consultation a set of principles on the adequacy of loss absorbing and recapitalisation capacity of global systemically important banks (G-SIBs) at the end of 2014. These were developed in consultation with the BCBS and will, once finalised, form a new minimum standard for the total loss-absorbing capacity and composition of a bank's capital structure. Recently National Treasury, the South African Reserve Bank and the Financial Services Board published for public comment a discussion document, Strengthening South Africa's Resolution Framework for Financial Institutions. The paper sets out the motivation, principles and policy proposals for such a strengthened framework and is intended to solicit public comment and serve as a basis for further industry discussions in preparation for the drafting of a special resolution bill.

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

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

Comments are expected from all relevant stakeholders and the public by the end of September 2015. The final outcome from the consultation phase is not clear. It is, therefore, anticipated that further enhancements and changes may be incorporated in the current discussion document.

The group is of the view that, given its current high levels of capital, it is well positioned to absorb these increased regulatory requirements, however, it is fair to say that the absolute impact on capital levels and composition remains unclear.

DIVIDEND STRATEGY

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

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

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

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

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

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

PROSPECTS

The year to June 2016 is expected to display more negative characteristics than the year under review. GDP will remain below trend due to both demand weakness and supply side constraints, particularly with regards to power. If the US recovery emerges as expected, the SARB may have to increase rates which will place further pressure on the South African consumer. Unemployment is trending upwards with retrenchments already announced in the mining and construction sectors.

Economic headwinds continue to increase and growth in the system is expected to be subdued. High levels of indebtedness remain in certain consumer segments, which means advances growth will stay at current levels or decline and corporate activity is unlikely to pick up significantly. Regulatory changes will negatively impact the profitability of certain retail lending and transactional business lines.

The group believes its franchises have the appropriate strategies in place to produce resilient operational performances against this difficult economic backdrop. The strength of its balance sheet and the resilience of its diverse income streams should allow FirstRand to continue to deliver sustainable and superior returns to shareholders.

MATURITY OF FIRSTRAND'S BEE TRANSACTION

On 31 December 2014, the staff and director components of FirstRand's 2005 Black Economic Empowerment (BEE) transaction matured. This resulted in participants receiving a net benefit valued at R5.4 billion from the vesting of 107.5 million FirstRand ordinary shares and R560 million from the vesting of 17.8 million MMI Holdings Limited (MMI) shares. The shares were held by the FirstRand Black Employee Trust, the FirstRand Black Non-executive Directors Trust and the Staff Assistance Trust (the trusts) after purchasing the FirstRand shares in the market in 2005 and receiving the MMI shares pursuant to the unbundling of MMI in 2010.

To facilitate the wind-up of the trusts on maturity of the transaction, the group bought back 63 million FirstRand shares from the trusts. The group also obtained 11 million MMI shares held by the trusts (collectively, the share buy-back). The share buy-back enabled the trusts to return capital contributions and the vesting of the net proceeds with the residual beneficiary.

To reinstate the normalised NAV, which was reduced by the share buy-back, the group reissued 35 million ordinary shares on 20 January 2015. On the same day, the group offered 67 million FirstRand and 24 million MMI ordinary shares on behalf of the beneficiaries to settle tax obligations and to deliver cash value to the beneficiaries who elected to sell their shares. While the group facilitated the sale, the election was made by the beneficiaries and the full proceeds on the sale of these shares were for the account of the beneficiaries.

The offers were made by way of an accelerated bookbuild process to qualifying institutional investors only and were successfully placed. The ordinary shares were delivered and the new shares listed on the JSE on 28 January 2015.

From an economic perspective, the reissue of the 35 million shares formed an integral part of the BEE unwind transaction and, as such, has been included in the group's normalised share capital, and NAV and related ratios from 31 December 2014 and for IFRS from 28 January 2015.

The financial effect of the unwind was a decrease in normalised EPS of 2c per share, largely due to the IAS 19 expense of R158 million relating to the MMI shares held by the staff trusts (included in the R174 million adjustment), and an increase in normalised NAV of R227 million or 11.9c per share.

EVENTS AFTER THE REPORTING PERIOD

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

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

BOARD CHANGES

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

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

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

In addition to the above:

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

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

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

CASH DIVIDEND DECLARATIONS

ORDINARY SHARES

The directors declared a gross cash dividend totalling 210 cents per ordinary share out of income reserves for the year ended 30 June 2015.

ORDINARY DIVIDENDS

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

The salient dates for the final dividend are as follows:

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

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

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

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

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

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

B PREFERENCE SHARES

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

DIVIDENDS DECLARED AND PAID

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

LL Dippenaar	SE Nxasana	C Low
Chairman	CEO	Company secretary

9 September 2015

SUMMARISED CONSOLIDATED INCOME STATEMENT - IFRS (AUDITED)
for the year ended 30 June

R million	2015	2014	% change
Net interest income before impairment of advances	35 621	29 878	19
Impairment of advances	(5 150)	(5 252)	(2)
Net interest income after impairment of advances	30 471	24 626	24
Non-interest revenue	37 421	36 150	4
Income from operations	67 892	60 776	12
Operating expenses	(38 692)	(35 448)	9
Net income from operations	29 200	25 328	15
Share of profit of associates after tax	1 085	670	62
Share of profit of joint ventures after tax	454	257	77
Income before tax	30 739	26 255	17
Indirect tax	(884)	(878)	1
Profit before tax	29 855	25 377	18
Income tax expense	(6 731)	(5 591)	20
Profit for the year	23 124	19 786	17
Attributable to			
Ordinary equityholders	21 623	18 440	17
NCNR preference shareholders	310	288	8
Equityholders of the group	21 933	18 728	17
Non-controlling interests	1 191	1 058	13
Profit for the year	23 124	19 786	17
Earnings per share (cents)			
- Basic	390.1	336.2	16
- Diluted	390.1	332.7	17
Headline earnings per share (cents)			
- Basic	381.4	340.4	12
- Diluted	381.4	336.8	13

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - IFRS (AUDITED)
for the year ended 30 June

R million	2015	2014	% change
Profit for the year	23 124	19 786	17
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	(271)	363	(>100)
Losses arising during the year	(569)	(109)	>100
Reclassification adjustments for amounts included in profit or loss	193	613	(69)
Deferred income tax	105	(141)	(>100)
Available-for-sale financial assets	(377)	(82)	>100
Losses arising during the year	(102)	(82)	24
Reclassification adjustments for amounts included in profit or loss	(293)	(69)	>100
Deferred income tax	18	69	(74)
Exchange differences on translating foreign operations	406	346	17
Gains arising during the year	406	346	17

Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	(262)	131	(>100)
Items that may not subsequently be reclassified to profit or loss			
Remeasurements on defined benefit post-employment plans	(140)	(82)	71
Losses arising during the year	(141)	(157)	(10)
Deferred income tax	1	75	(99)
Other comprehensive income for the year	(644)	676	(>100)
Total comprehensive income for the year	22 480	20 462	10
Attributable to			
Ordinary equityholders	21 062	19 086	10
NCNR preference shareholders	310	288	8
Equityholders of the group	21 372	19 374	10
Non-controlling interests	1 108	1 088	2
Total comprehensive income for the year	22 480	20 462	10

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - IFRS (AUDITED)
as at 30 June

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

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS - IFRS (AUDITED)
for the year ended 30 June

R million	2015	2014
Cash generated from operating activities		
Cash receipts from customers	85 324	76 678
Cash paid to customers, suppliers and employees	(52 049)	(46 403)
Dividends received	4 323	3 734
Dividends paid	(11 034)	(8 957)
Dividends paid to non-controlling interests	(764)	(630)
Cash generated from operating activities	25 800	24 422
Increase in income-earning assets	(110 584)	(74 630)
Increase in deposits and other liabilities	97 250	68 797
Taxation paid	(8 065)	(6 711)
Net cash generated from operating activities	4 401	11 878
Net cash outflow from investing activities	(2 554)	(3 958)
Net cash inflow from financing activities	2 729	4 111
Net increase in cash and cash equivalents	4 576	12 031
Cash and cash equivalents at the beginning of the year	60 756	48 565
Cash and cash equivalents disposed of through the disposal of subsidiaries	67	(11)
Effect of exchange rate changes on cash and cash equivalents	168	179
Transfer to non-current assets held for sale	-	(8)
Cash and cash equivalents at the end of the year	65 567	60 756
Mandatory reserve balances included above*	21 489	17 322

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

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - IFRS (AUDITED)
for the year ended 30 June

	Ordinary share capital and ordinary equityholders' funds													
R million	Share capital	Share premium	Share capital and share premium	Defined benefit post-employment reserve	Cash flow hedge reserve	Share-based payment reserve	Available-for-sale reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Reserves attributable to ordinary equity-holders	NCNR preference shares	Non-controlling interests	Total equity
Balance as at 1 July 2013	55	5 609	5 664	(569)	100	3 173	518	1 999	126	60 607	65 954	4 519	2 896	79 033
Movement in other reserves	-	-	-	-	-	(387)	-	-	14	(24)	(397)	-	(86)	(483)
Ordinary dividends	-	-	-	-	-	-	-	-	-	(8 669)	(8 669)	-	(630)	(9 299)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(288)	-	(288)
Transfer from/(to) reserves	-	-	-	-	-	-	-	-	34	(34)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	(180)	(180)	-	(84)	(264)
Consolidation of treasury shares	-	(78)	(78)	-	-	-	-	-	-	14	14	-	-	(64)
Total comprehensive income for the year	-	-	-	(82)	361	-	(82)	353	96	18 440	19 086	288	1 088	20 462
Vesting of share-based payments	-	-	-	-	-	(3)	-	-	-	(877)	(880)	-	-	(880)
Balance as at 30 June 2014	55	5 531	5 586	(651)	461	2 783	436	2 352	270	69 277	74 928	4 519	3 184	88 217
Issue of share capital	-	1 611	1 611	-	-	-	-	-	-	-	-	-	-	1 611
Proceeds from the issue of shares	-	1 629	1 629	-	-	-	-	-	-	-	-	-	-	1 629
Share issue expenses	-	(18)	(18)	-	-	-	-	-	-	-	-	-	-	(18)
Share movements relating to the unwind of the staff share trust*	1	873	874	-	-	-	-	-	-	-	-	-	-	874
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(48)	(48)
Movement in other reserves	-	-	-	-	-	(532)	-	-	10	(983)	(1 505)	-	(24)	(1 529)
Ordinary dividends	-	-	-	-	-	-	-	-	-	(10 724)	(10 724)	-	(764)	(11 488)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(310)	-	(310)
Transfer from/(to) general risk reserves	-	-	-	-	-	-	-	-	10	(10)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	(28)	(28)	-	(149)	(177)
Consolidation of treasury shares	-	(18)	(18)	-	-	-	-	-	154	(156)	(2)	-	-	(20)
Total comprehensive income for the year	-	-	-	(140)	(271)	-	(372)	405	(183)	21 623	21 062	310	1 108	22 480
Vesting of share-based payments	-	-	-	-	-	(2 230)	-	-	-	1 224	(1 006)	-	-	(1 006)
Balance as at 30 June 2015	56	7 997	8 053	(791)	190	21	64	2 757	261	80 223	82 725	4 519	3 307	98 604

* Shares previously treated as treasury shares.

FAIR VALUE (AUDITED)

TRANSFERS BETWEEN FAIR VALUE HIERARCHY LEVELS

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

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

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

CONTINGENCIES AND COMMITMENTS (AUDITED)

R million	2015	2014	% change
Contingencies			
Guarantees	34 995	33 114	6
Letters of credit	6 010	7 588	(21)
Total contingencies	41 005	40 702	1
Capital commitments			
Contracted capital commitments	916	1 169	(22)
Capital expenditure authorised not yet contracted	4 424	2 795	58
Total capital commitments	5 340	3 964	35
Other commitments			
Irrevocable commitments	87 464	82 932	5
Operating lease and other commitments	3 252	3 166	3
Total other commitments	90 716	86 098	5
Total contingencies and commitments	137 061	130 764	5

AFRICAN BANK INVESTMENT LIMITED (ABIL)

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

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

	2015		2014
	IFRS~	Normalised	IFRS~
Shares in issue			
Opening balance as at 1 July	5 637 941 689	5 637 941 689	5 637 941 689
Shares issued	35 420 014	35 420 014	-
Shares bought back*	(4 762 878)	(63 873 702)	-
Shares cancelled**	(59 110 824)	-	-
Less: treasury shares	(2 956 365)	-	(152 823 701)
- BEE staff trusts	-	-	(151 401 072)
- Shares for client trading#	(2 956 365)	-	(1 422 629)
Number of shares in issue (after treasury shares)	5 606 531 636	5 609 488 001	5 485 117 988
Weighted average number of shares			
Weighted average number of shares before treasury shares	5 637 941 689	5 637 941 689	5 637 941 689
Shares issued	14 944 335	17 661 486	-
Shares bought back	(2 374 915)	(31 849 353)	-
Shares cancelled	(29 474 438)	-	-
Less: treasury shares	(77 479 695)	-	(152 688 931)
- BEE staff trusts	(75 907 935)	-	(151 401 072)
- Shares for client trading	(1 571 760)	-	(1 287 859)
Weighted average number of shares in issue	5 543 556 976	5 623 753 822	5 485 252 758
Dilution impact:			
Staff schemes	-	-	30 121
BEE staff trusts	-	-	57 719 182
Diluted weighted average number of shares in issue	5 543 556 976	5 623 753 822	5 543 002 061
Number of shares for normalised earnings per share calculation			
Weighted average and diluted weighted average number of shares for calculation of normalised earnings and diluted earnings per share^	n/a	5 623 753 822	5 637 941 689

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

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

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

^ Number of shares calculated on a normalised basis.

~ Audited.

COMPANY INFORMATION

DIRECTORS

LL Dippenaar (chairman), SE Nxasana (chief executive officer), JP Burger (deputy chief executive officer), HS Kellan (financial director), VW Bartlett, JJH Bester (retired December 2014), MS Bomela, P Cooper (alternate), L Crouse, JJ Durand, GG Gelink, PM Goss, NN Gwagwa, PK Harris, WR Jardine, RM Loubser, EG Matenge-Sebesho, AT Nzimande, D Premnarayen (India), KB Schoeman, BJ van der Ross, JH van Greuning

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