FirstRand Limited
(Incorporated in the Republic of South Africa)
Registration number: 1966/010753/06
JSE ordinary share code: FSR
JSE ordinary share ISIN: ZAE000066304
JSE B preference share code: FSRP
JSE B preference share ISIN: ZAE000060141
NSX ordinary share code: FST
(FirstRand or the group or the company)

UNAUDITED INTERIM RESULTS AND CASH DIVIDEND DECLARATION
for the six months ended 31 December 2016

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

This announcement covers the unaudited condensed consolidated financial results of FirstRand Limited (FirstRand or the group) based on International Financial Reporting Standards (IFRS) for the six months ended 31 December 2016. The primary results and accompanying commentary are presented on a normalised basis as the group believes this most accurately reflects its economic performance. The normalised results have been derived from the IFRS financial results. A detailed description of the difference between normalised and IFRS results are provided on pages 102 and 103 of the Analysis of financial results booklet on www.firstrand.co.za. Commentary is based on normalised results, unless indicated otherwise.

FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
	2016	2015	% change	2016
Diluted normalised earnings per share (cents)	207.6	194.6	7	407.4
Normalised earnings (R million)	11 646	10 915	7	22 855
Normalised net asset value per share (cents)	1 843.0	1 709.2	8	1 779.0
Ordinary dividend per share (cents)	119.0	108.0	10	226.0
ROE (%)	22.9	23.4		24.0
Basic headline earnings per share (cents)	211.5	185.4	14	399.2
Basic earnings per share (cents) - IFRS	212.0	186.9	13	402.4
Net asset value per share (cents) - IFRS	1 845.2	1 709.4	8	1 778.8

"The group continued its delivery of real growth in earnings and premium returns off a long track record of outperformance.

Normalised earnings growth of 7% and an ROE of 22.9% were driven by solid operational performances from our franchises and is a very satisfactory outcome given the level of ongoing investment in new growth initiatives, which is expected to deliver outperformance in the medium term and the level of conservatism applied to the balance sheet.

The group continues to exercise discipline in allocating capital and will not chase growth at the expense of returns. We believe these results demonstrate the quality of our underlying businesses and strike the right balance between growth, prudent risk management and investment for growth, whilst ensuring premium returns to shareholders."

Johan Burger
CEO

INTRODUCTION

The macroeconomic environment remained tough in the period under review, characterised by increased global and domestic political uncertainty.

Increasing unemployment, rising inflation and low business and consumer confidence resulted in depressed household and business spending, reflected in weak retail and vehicle sales growth and a low rate of private sector credit expansion. The inflation rate remained well above the South African Reserve Bank's (SARB) 6% upper-range which prevented any interest rate relief.

Domestic import growth fell with a concurrent decrease in the trade deficit. A significant improvement in South Africa's terms of trade provided a further boost by lifting export growth. These developments provided support to the rand.

Continued political uncertainty in South Africa negatively impacted local and international investor confidence. This was compounded by increased global political uncertainty in the aftermath of the US election result.

The macroeconomic environment in the rest of the sub-Saharan region was also challenging as a number of countries had to deal with the ongoing fallout from the lower commodity price environment, weakening government finances, drought conditions and policy uncertainty.

OVERVIEW OF RESULTS

FirstRand's diversified portfolio produced a satisfactory performance against this backdrop with normalised earnings increasing 7% and the normalised ROE marginally lower at 22.9%.

The table below shows a breakdown of sources of normalised earnings from the portfolio per operating franchise.

SOURCES OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	2016	% composition	2015	% composition	% change	2016	% composition
FNB	6 462	55	6 278#	58	3	12 294	53
RMB	2 853	25	2 805	26	2	6 287	28
WesBank	1 944	17	1 786#	16	9	3 927	17
FCC (including Group Treasury) and other*,**	565	5	210	2	>100	689	3
NCNR preference dividend	(178)	(2)	(164)	(2)	9	(342)	(1)
Normalised earnings	11 646	100	10 915	100	7	22 855	100

* Includes FirstRand Limited (company).

** Includes negative accounting mismatches, improvement of interest rate management and improvement in foreign currency liquidity management.

\# December 2015 numbers have been restated for the move of a business unit from WesBank to FNB.

Note: The group refined the franchise segmentation of its operations in the rest of Africa to more accurately reflect the respective franchise contributions.

Across the portfolio, the six months to December 2016 were characterised by a slowdown in topline growth, combined with a strong investment cycle. The operating franchises, however, continued to produce resilient operating performances.

- FNB's domestic franchise delivered a 6% increase in normalised earnings, underpinned by solid non-interest revenue (NIR) growth on the back of increased customer numbers and volumes, and high quality net interest income (NII) growth. The rest of Africa portfolio's performance, however, was negatively impacted by the subsidiaries in Zambia and Mozambique.
- RMB produced a very strong performance, although period-on-period growth was impacted by the timing of private equity realisations. In the six month period to December 2015, RMB reported realisations net of tax and minorities in excess of R800 million compared to minimal realisations in the period under review. RMB, however, remains in a realisation cycle.
- WesBank delivered a solid performance despite the tough operating environment. New business volumes in the domestic motor and corporate loan books were muted, however, there was an increased contribution from insurance activities.
- At a group level the rest of Africa performance was satisfactory given the macroeconomic pressures across the portfolio and ongoing investment spend. Total pre-tax profits from the rest of Africa in-country business was flat at R1.5 billion.

At a group level total NII increased 12%, driven by ongoing growth in advances (+4%) and deposits (+6%). Margins in many of the asset-generating businesses continued to come under pressure from higher term funding and liquidity costs. Term lending in both RMB and WesBank was muted due to ongoing discipline in origination to preserve returns given the prevailing competitive pressures. Earnings and margins benefited from the positive endowment effect.

The group achieved fee and commission income growth of 8%, benefiting from ongoing volume growth specifically in electronic channels together with solid growth in customer numbers. Fee and commission income represents 83% (December 2015: 80%) of operational NIR. Total group NIR growth moderated to 2% given the impact of the timing of private equity realisations.

Insurance revenues grew 23% due to volume growth in funeral and credit products in FNB, further augmented by the MMI book transfer being effective October 2016. WesBank insurance income also grew 13%, driven mainly by the MotoVantage acquisition in November 2015.

Knowledge-based fees at RMB remained robust, underpinned by key lending transactions and underwriting mandates as well as higher levels of structuring fees due to strong deal flow.

Total operating expenses increased 8% and continued to trend above inflation as the group remains committed to investing in its insurance and asset management franchises, the footprint in the rest of Africa and platforms to extract efficiencies Core operating cost growth of 8% was driven by above inflation salary increases and additional headcount, offset by significantly lower variable staff costs. The cost-to-income ratio increased marginally to 51.3%.

Credit impairments increased 19% with the credit impairment ratio increasing from 77 bps to 86 bps. Overall non-performing loans (NPLs) increased 7% (including the increase related to restructured debt review customers), with retail NPLs increasing 20% driven by:

- the anticipated normalisation of credit experience in retail SA vehicle asset finance (VAF) given the credit cycle;
- new business strain as a result of strong book growth in MotoNovo (UK) and the retail portfolios in FNB (linked to cross-sell and up-sell strategies) and in FNB commercial; and
- a tough credit environment in certain African territories, particularly Mozambique and Zambia given that they remain subscale.

Total coverage reduced marginally to 79.5% reflecting a change in NPL mix, an increasing proportion of paying debt review retail NPLs and the work-out and write-off of certain large corporate exposures. Portfolio provisions and the performing book coverage ratio, however, both increased.

The performing book coverage ratio of 100 bps increased marginally from the prior year's 97 bps. This was as a result of further increases in portfolio impairments in the franchises, in spite of a partial central overlay release.

The overall credit picture remains in line with expectations and reflects both the respective franchise growth strategies and the specific origination actions taken in the different segments of the group's customer base throughout the current credit cycle. The group has consistently adjusted credit appetite in the high risk segments of the retail market from as early as 2011. Robust growth has however, been generated on the back of FNB's strategy to focus on lending to its core transactional customer base.

FRANCHISE PERFORMANCE REVIEW

FirstRand's strategic framework is designed to accommodate 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 ensure sustainable and superior returns for shareholders.

STATEMENT OF INTENT

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

Execution on this new framework has picked up momentum in the period under review as the customer-facing operating franchises increasingly leverage group-wide technology platforms, customer bases, distribution channels, licences and skills. The group is incrementally increasing its share of the insurance, savings and investment profit pools where it is currently under-represented, whilst protecting and growing its large transactional and lending franchises.

Below is a brief overview of the financial and operational performance of each group 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 in both existing and new markets on the back of a compelling customer offering that provides a broad range of innovative financial services products. This offering is delivered through efficient and cost effective delivery channels, particularly electronic and digital platforms.

FNB FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	2016	2015	% change	2016
Normalised earnings	6 462	6 278	3	12 294
Normalised profit before tax	9 441	9 137	3	17 883
- South Africa	8 894	8 366	6	16 586
- Rest of Africa	547	771	(29)	1 297
Total assets	391 690	372 782	5	383 416
Total liabilities	381 698	364 222	5	366 942
NPLs (%)	3.09	2.66		3.03
Credit loss ratio (%)	1.15	0.93		1.08
ROE (%)	38.5	40.0		38.4
ROA (%)	3.36	3.47		3.36
Cost-to-income ratio (%)	53.5	53.1		54.1
Advances margin (%)	3.61	3.71		3.73

SEGMENT RESULTS

	Six months ended 31 December			Year ended 30 June
R million	2016	2015	% change	2016
Normalised PBT				
Retail	5 491	5 436	1	10 552
FNB Africa	547	771	(29)	1 297
Commercial	3 403	2 930	16	6 034
Total FNB	9 441	9 137	3	17 883

FNB's total franchise produced pre-tax profits of R9.4 billion, up 3%, and an ROE of 38.5%. The domestic businesses produced solid profit growth of 6%, however, profit before tax from FNB's African subsidiaries declined 29% period-on-period driven by poor performances in Mozambique and Zambia, as well as the impact of ongoing investment in footprint and product rollout. In the rest of the portfolio, Botswana performed well, on the back of strong book growth and a reduction in impairments. FNB Namibia posted a strong operational performance, although overall profitability was impacted by the current investment cycle.

FNB's domestic franchise's performance was driven by its ongoing strategy to:

- grow and retain core transactional accounts;
- use its customer relationships and sophisticated data analytics to effectively cross-sell and up-sell into that customer base; and
- apply disciplined origination strategies and provide innovative transactional and savings products.

During the period under review, overall customer numbers increased 6% and the cross-sell ratio across FNB moved up from 2.63 to 2.72.

NII increased 11% driven by growth in both advances (+6%) and deposits (+11%) and the positive endowment effect from the increase in the repo rate. The table below shows that FNB's deliberate focus on acquiring and cross-selling into "sweet spot" transactional retail and commercial customers has continued to generate high quality NII growth.

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Deposit growth		Advances growth	
Segments	%	R billion	%	R billion
Retail	14	23.6	4	9.1
FNB Africa	4	1.3	4	1.7
Commercial	8	13.1	11	8.1
Total FNB	10	38.0	5	18.9

This strategy continues to be particularly successful in the premium and commercial segments as indicated in the table below. Conservative credit origination strategies in the consumer segment constrained book growth.

	Period-on-period growth		
Customer segment	Customer numbers %	Unsecured advances %	Deposits %
Consumer	5	(4)	8
Premium	8	16	18
Commercial	15	-	8

NIR growth of 6% reflects a mixed picture in that the premium and commercial segments showed excellent growth of 16% and 9%, respectively, however, the consumer segment NIR was flat. This was a result of certain actions FNB took to rationalise its offering in this segment, simplifying both product and pricing options. These actions resulted in a number of customers moving into lower revenue generating product lines with the resultant impact on NIR. FNB believes this adjustment will ensure the consumer segment continues to grow its customer base and remain competitive on a sustainable basis.

Overall fee and commission income benefited from strong volume growth of 11% with ongoing momentum across electronic channels, again demonstrating the success of FNB's electronic migration strategy. There was some negative impact from a reduction in cash-related NIR and the cost of rewards linked to the e-migration and cross-sell strategy.

Total cost growth in the South African business was well contained at 8% with total costs growing 10% on the back of continued investment in the rest of Africa expansion strategy. The domestic cost-to-income ratio decreased marginally to 51.0%.

As expected, bad debts and NPLs increased period-on-period, however, the last six months has seen this trajectory flatten. NPL formation in the rest of Africa increased further, reflecting the ongoing economic headwinds in the region. NPLs in FNB's domestic unsecured books, which have shown strong advances growth, are trending in line with expectations, reflecting the quality of new business written, appropriate pricing strategies and the positive effect of risk cutbacks in higher risk origination buckets.

The adoption of a reclassification of restructured debt review loans in the previous financial year, to align with WesBank's practice, has resulted in an increase in total NPLs. If the impact of this reclassification is excluded, total NPLs increased 11%. The table below shows the relative contribution to the overall NPL increase.

	Reclassifi-cation	Rest of Africa	Domestic retail and commercial	Total
Total FNB NPLs	11.7%	3.5%	7.2%	22.4%

Overall provisioning levels have remained conservative with some of the overlays preserved.

PROGRESS ON SAVE AND INVEST STRATEGIES

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

The Horizon series range of funds saw assets under management grow to R529 million with the majority of funds offering upper quartile performance.

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. This 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	Six months ended 31 December 2016	2015	% change	Year ended 30 June 2016
Normalised earnings	2 853	2 805	2	6 287
Normalised profit before tax	4 055	3 956	3	8 918
Total assets	440 082	466 348	(6)	435 133
Total liabilities	430 216	458 371	(6)	423 322
NPLs (%)	0.86	1.50		1.35
Credit loss ratio (%)	0.20	0.29		0.27
ROE (%)	21.3	22.2		25.2
ROA (%)	1.29	1.25		1.45
Cost-to-income ratio (%)	47.0	46.4		45.1

RMB delivered a solid operational performance, with pre-tax profits increasing 3% to R4.1 billion and the business producing an ROE of 21.3%, despite lower private equity realisations. This highlights the strength and diversification of RMB's portfolio of businesses. RMB's balance sheet remains robust, with high quality earnings and solid operational leverage despite platform investments and continued spend on regulatory and compliance initiatives.

RMB's organisational structure continues to be based on its four separate business units, namely Investment Banking Division (IBD), Global Markets, Private Equity and Corporate Banking, however, the business is managed on a core activity basis, illustrated in the matrix below.

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

	Six months ended 31 December								
	2016							2015	
R million	IB&A	C&TB	M&S	INV	IM	Other	Total	Total	% change
Normalised PBT									
Global Markets	-	-	714	5	16	(60)	675	655	3
IBD	1 585	-	32	85	22	-	1 724	1 546	12
Private Equity	-	-	-	535	-	-	535	1 256	(57)
Other RMB	(50)	-	-	-	-	294	244	(257)	(>100)
Investment banking	1 535	-	746	625	38	234	3 178	3 200	(1)
Corporate banking	-	877	-	-	-	-	877	756	16
Total RMB - 2016	1 535	877	746	625	38	234	4 055	3 956	3
Total RMB - 2015	1 202	756	648	1 357	88	(95)	3 956		
% change	28	16	15	(54)	(57)	(>100)	3		

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

The performance of Investment banking and advisory activities reflects ongoing discipline in financial resource allocation in an environment characterised by difficult credit markets and lower economic growth. Despite these conditions, the business delivered good growth, underpinned by strong fee income on the back of lending transactions and underwriting mandates. Lending margins continued to compress but this was offset by solid balance sheet growth. Profits further benefited from lower credit impairments raised due to proactive provisioning in prior periods. A conservative portfolio coverage ratio was maintained given the prevailing weak credit cycle.

Corporate and transactional banking's continued focus on leveraging platforms and expanding the client franchise delivered strong profit growth. The business benefited from increased demand for structured and traditional trade products, coupled with the successful execution of liability strategies aimed at increasing transactional volumes and average deposit balances. The global foreign exchange business produced a mixed performance with regulatory pressures in certain African jurisdictions dampening results, whilst currency volatility assisted client flows locally.

Markets and structuring activities delivered a balanced performance across asset classes, relative to the previous reporting period that was impacted by heightened levels of volatility in foreign exchange, fixed income and credit trading markets, as well as a specific credit loss incurred in the structuring portfolio. The execution of large structuring deals, a strong commodities performance and sustained equity performance, buoyed by higher market volumes, further contributed to good profit growth in the current period.

Investing activities continued to perform well, despite the absence of large realisations in the current period. The quality and diversity of the Ventures and Corvest portfolios contributed to healthy annuity earnings from associates and joint ventures, and investment subsidiaries and continues to underpin the unrealised value of the portfolio at R4.4 billion (December 2015: R4.5 billion; June 2016: R4.2 billion).

Other activities reported a profit in the current year, driven mainly by the curtailment of losses in the RMB Resources business and higher endowment earned on capital invested. This performance was partly offset by costs associated with an organisational and technological transformation project in the Global Markets business which is aimed at driving efficiencies and risk mitigation. Significant investment in this project is expected over the next five years.

WESBANK

WesBank represents the group's activities in asset-based finance in the retail, commercial and corporate segments of South Africa and rest of Africa where represented, and asset-based motor finance 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, and strong point-of-sale presence.

WESBANK FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	2016	2015	% change	2016
Normalised earnings	1 944	1 786	9	3 927
Normalised profit before tax	2 755	2 518	9	5 518
Total assets	203 848	202 701	1	205 016
Total liabilities	200 556	197 739	1	199 686
NPLs (%)	3.63	3.09		3.38
Credit loss ratio (%)	1.65	1.43		1.59
ROE (%)	19.9	20.5		21.9
ROA (%)	1.87	1.82		1.99
Cost-to-income ratio (%)	40.6	41.2		39.1
Net interest margin (%)	4.99	4.92		4.89

WesBank's performance is pleasing, particularly in its domestic businesses which are operating in an environment characterised by constrained consumer disposable income and a challenging credit cycle, growing profits 9%, delivering an ROE of 19.9% at a higher comparative ROA of 1.87%. The increasing level of diversification in WesBank's portfolio of businesses continues to position the franchise well to weather the domestic credit cycle. The table below shows the relative performance period-on-period of WesBank's activities.

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

	Six months ended 31 December			Year ended 30 June
R million	2016	2015	% change	2016
Normalised PBT				
VAF	2 108	1 837	15	4 100
- Retail SA	1 351	1 015	33	2 358
- MotoNovo (UK)*	588	681	(14)	1 360
- Corporate and commercial	169	141	20	382
Personal loans	622	637	(2)	1 327
Rest of Africa	25	44	(43)	91
Total WesBank	2 755	2 518	9	5 518

* MotoNovo (UK) declined by 14% in ZAR terms and remained flat period-on-period in GBP terms.

Overall advances growth was marginally down period-on-period, mainly due to a decline in new business in the local secured portfolios, both retail and corporate, although personal loans increased production 9%. MotoNovo (UK) new business volumes continued to track up (ZAR +18%; GBP +27%), but are slowing as risk appetite has been tightened. All new business volumes continue to reflect good quality and the overall risk profile remains in line with current credit appetite.

Retail SA VAF (excluding MotoVantage) has shown a 19% pre-tax profit growth period-on-period. The primary drivers of this are improved margins despite competitive pressures, reduced costs as a result of good cost containment and a significant improvement in the equity-accounted profits generated from the investment in associates.

Interest margins have shown resilience despite higher funding and liquidity costs and the shift in mix from fixed to floating rate business within total advances. From a new business perspective, however, this shift in mix has started to reverse.

As anticipated, impairment levels in the retail SA VAF portfolio are trending upwards, but remain within WesBank's through-the-cycle thresholds and WesBank is conservatively provided for. NPLs as a percentage of advances are up marginally period-on-period. NPLs continue to be inflated by the high proportion of restructured debt review accounts, most of which are still paying according to arrangement, have never defaulted or have balances lower than when these entered debt review. WesBank continues to monitor vintage performance closely. MotoNovo (UK)'s impairments are now trending above its through-the-cycle threshold. This is due to increased conservatism in impairment models and a deterioration in underlying arrears levels. This in turn has resulted in increased portfolio provisions.

WesBank produced strong growth in operational NIR of 20%. This was mainly driven by increased insurance and VAP-related income following the acquisition of MotoVantage, and increases in full maintenance lease (FML) rental income on the back of good new business growth. Advances-related NIR growth was muted in line with book growth.

MotoNovo (UK)'s performance was impacted by higher than expected levels of additional investment, particularly in its collections area and building out the personal loans offering. In addition, new business reduced on the back of relationship terminations in certain distribution channels showing elevated risk, and some adjustment to credit appetite.

Growth in operating expenses was 10%, mainly driven by the investments in new business initiatives and volume-related expenditure in MotoNovo (UK), Direct Axis and WesBank FML. Core operational costs were well contained.

ROE has declined period-on-period, primarily a function of increased capital held as a result of certain additional investments, and deterioration in credit risk weighted assets. The ROA has, however, increased period-on-period, due to a widening of operating jaws driven by strong topline growth and cost containment.

The acquisition of Regent's VAPS business by MotoVantage, a WesBank subsidiary, has not yet been concluded as all conditions precedent are not yet fulfilled.

The relative contribution to the group's normalised earnings mix and growth rates from types of income and business units are shown in the table below.

SEGMENT ANALYSIS OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	2016	% composition	2015	% composition	% change	2016	% composition
Retail	5 834	50	5 854	54	-	11 597	50
- FNB	4 012		4 168			7 950	
- WesBank	1 822		1 686			3 647	
Commercial	2 572	22	2 210	20	16	4 624	20
- FNB	2 450		2 110			4 344	
- WesBank	122		100			280	
Corporate and investment banking	2 853	25	2 805	26	2	6 287	28
- RMB	2 853		2 805			6 287	
Other	387	3	46	-	>100	347	2
- FirstRand and dividends paid on NCNR preference shares	(178)		(164)			(342)	
- FCC (including Group Treasury) and consolidation adjustments	565		210			689	
Normalised earnings	11 646	100	10 915	100	7	22 855	100

UPDATE ON INVESTMENT MANAGEMENT STRATEGY

The group has an organic strategy to grow its asset management, and wealth and investment management activities. The group's asset management business, Ashburton Investments (AI) comprises a wide range of funds including single manager, multi-manager, index tracking, multi-asset, listed equity, specialist equity, fixed income, specialist credit, private equity, renewable energy, infrastructure and hedge funds.

AI grew AUM 12% period-on-period to R105 billion. Flows into traditional funds period-on-period are down 10% largely as a result of isolated large institutional outflows. This has been offset by strong flows into the institutional fixed income solutions business of R4.5 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 performances that placed the funds in the top two quartiles of relative peer groups. The structured or guaranteed product solutions currently delivered through RMB Global Market Fund Solutions have increased to R26 billion.

The group's wealth and investment management activities include portfolio management, share trading and stockbroking, share investing and all related investor platform administration capabilities. There are two pillars to the strategy:

- asset management solutions/funds originated by Ashburton were launched to the FNB customer base branded FNB Horizon in July 2016. This has delivered R900 million in new flows in the first six months of the launch; and
- a bespoke offering of tailored portfolio management solutions to FNB's wealth-advised clients managed by AI.

Traction has been satisfactory in the period under review. Some highlights include:

- growth in assets under administration on the LISP platform from R12.2 billion to R14.6 billion, an increase of 19%; and
- customer numbers on the platform increasing to over 23 000.

MANAGEMENT OF FINANCIAL RESOURCES

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

Forecast growth in earnings and balance sheet risk weighted assets is based on the group's macroeconomic outlook and evaluated against available financial resources, taking into account 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.

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

Given the high levels of uncertainty and volatility in funding markets, the group is exploring strategic options to protect its counterparty status. In addition, access to hard-currency funding is key to execution on the group's rest of Africa strategy and to grow MotoNovo (UK).

BALANCE SHEET STRENGTH
Capital position

Current targeted ranges and actual ratios are summarised below.

%	CET1	Tier 1	Total	Leverage#
Regulatory minimum*	6.9	8.1	10.4	4.0
Targets	10.0 - 11.0	>12.0	>14.0	>5.0
Actual**	14.1	14.8	17.3	8.4

* 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 future 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 past six months. 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, either in the domestic and/or international markets. This ensures sustainable support for ongoing growth initiatives and also compensates for the haircut applied to Tier 2 instruments which are not compliant with Basel III.

Liquidity position

Taking into account the liquidity risk introduced by its business activities across various currencies, the group's objective is to optimise its funding profile within structural and regulatory constraints to enable its franchises to operate in an efficient and sustainable manner. Liquidity buffers are actively managed via high quality liquid assets (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 available liquidity resources. In addition, adaptive overlays to liquidity requirements are derived from stress testing and scenario analysis of the cash inflows and outflows related to business franchise activity.

The group exceeds the 70% (2016: 60%) minimum liquidity coverage ratio (LCR) requirement as set out by the Basel Committee for Banking Supervision (BCBS) with an LCR for the group of 95% (December 2015: 71%). FirstRand Bank's LCR was 104% (December 2015: 74%). At 31 December 2016, the group's available HQLA sources of liquidity per the LCR was R173 billion, with an additional R21 billion of management liquidity available.

Regulatory changes

On 18 November 2015, the SARB released a proposed directive related to the Net Stable Funding Ratio (NSFR). The SARB believes that the BCBS calibration does not reflect the actual stability of institutional funding in the SA context, given the significant barriers preventing liquidity from leaving the domestic financial system. It has, therefore, proposed a 35% available stable funding factor for institutional funding less than six months in tenor, compared to 0% under the BCBS framework. It is expected that this change will significantly assist the SA banking sector in meeting the NSFR requirements without severely impacting the economy. FirstRand expects to be fully compliant with NSFR requirements on the new calibration.

DIVIDEND STRATEGY

Given the sustained superior return profile and strong operational performances from the franchises, combined with a strong capital position and low growth in RWA for the six months to December 2016, the board was comfortable to grow the dividend above normalised earnings. As a result, the dividend cover is slightly below the group's stated long-term cover range of 1.8x to 2.2x. The long-term cover range is assessed on an annual basis as part of the year end results process.

PROSPECTS

Looking ahead the group expects economic growth to pick up slightly in calendar year 2017, although this is unlikely to provide significant support to topline growth for some time. In addition, global and domestic political risks continue to pose downside risk to this expectation.

FirstRand is committed to its current investment cycle despite ongoing topline pressures, as it believes its growth strategies both in broadening its financial services offerings and building its rest of Africa franchise will deliver outperformance over the medium to long term. The group aims to deliver real growth in earnings and an ROE of between 18% and 22%.

BOARD CHANGES

Vivian Wade Bartlett retired as an independent non-executive director of FirstRand and FirstRand Bank on 29 November 2016.

Deepak Premnarayen retired as an independent non-executive director of FirstRand and FirstRand Bank on 29 November 2016.

Thandie Sylvia Mashego was appointed as a non-executive director of FirstRand and FirstRand Bank on 1 January 2017.

CASH DIVIDEND DECLARATIONS
Ordinary shares

The directors declared a gross cash dividend totalling 119 cents per ordinary share out of income reserves for the six months ended 31 December 2016.

DIVIDENDS

Ordinary shares

	Six months ended 31 December	
Cents per share	2016	2015
Interim (declared 8 March 2017)	119.0	108.0

The salient dates for the interim ordinary dividend are as follows:

Last day to trade cum-dividend	Tuesday 28 March 2017
Shares commence trading ex-dividend	Wednesday 29 March 2017
Record date	Friday 31 March 2017
Payment date	Monday 3 April 2017

Share certificates may not be dematerialised or rematerialised between Wednesday 29 March 2017 and Friday 31 March 2017, both days inclusive.

In the interest of facilitating safer and faster payment of dividends and other payments by FirstRand, it has been decided that no further cheques will be issued and all future payments will only be made by electronic funds transfer into a nominated bank account. FirstRand's Memorandum of Incorporation has been amended accordingly. FirstRand dividends, therefore, will no longer be paid by cheque to stakeholders. Shareholders who have not yet provided bank account details to Computershare Investor Services (Pty) Ltd are reminded to contact Computershare on 0861 100 930/933 with their bank account details into which FirstRand's ordinary and B preference dividends can be electronically paid.

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 interim dividend after deducting 20% tax will be 95.20000 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:	
24 February 2015 - 31 August 2015	363.9
1 September 2015 - 29 February 2016	366.5
1 March 2016 - 29 August 2016	394.7
30 August 2016 - 27 February 2017	395.6

LL Dippenaar	JP Burger	C Low
Chairman	CEO	Company secretary

8 March 2017

STATEMENT OF HEADLINE EARNINGS

R million	Six months ended 31 December 2016	2015	% change	Year ended 30 June 2016
Profit for the period	12 563	11 278	11	24 075
Non-controlling interests	(493)	(634)	(22)	(1 170)
NCNR preference shareholders	(181)	(164)	10	(342)
Earnings attributable to ordinary equityholders	11 889	10 480	13	22 563
Adjusted for	(30)	(81)	(63)	(176)
Loss on disposal of investment securities and other investments of a capital nature	-	(5)		(5)
(Gain)/loss on disposal of available-for-sale assets	(64)	2		(6)
Loss on disposal of investments in associates	4	-		-
Loss on disposal of investments in subsidiaries	6	(1)		(82)
Loss/(gain) on disposal of property and equipment	9	(78)		(148)
Fair value movement on investment properties	-	-		22
Impairment of goodwill	-	-		8
Impairment of assets in terms of IAS 36	1	-		47
Other	(1)	-		-
Tax effects of adjustments	15	1		(20)
Non-controlling interests adjustments	-	-		8
Headline earnings	11 859	10 399	14	22 387

RECONCILIATION FROM HEADLINE TO NORMALISED EARNINGS

R million	Six months ended 31 December 2016	2015	% change	Year ended 30 June 2016
Headline earnings	11 859	10 399	14	22 387
Adjusted for	(213)	516	(>100)	468
TRS and IFRS 2 liability remeasurement*	(166)	569		494
Treasury shares**	7	(1)		(6)
IAS 19 adjustment	(54)	(53)		(102)
Private equity subsidiary realisations	-	1		82
Normalised earnings	11 646	10 915	7	22 855

* 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 period, FirstRand's share price increased R8.33 and during the prior period decreased R10.95.
This resulted in a significant mark-to-market fair value profit in the current period (compared to a loss in the prior period) being included in the group's IFRS attributable earnings. The normalised results reflect the adjustment to normalise this period-on-period IFRS fair value volatility from the TRS.

** Includes FirstRand shares held for client trading activities.

BASIS OF PRESENTATION

FirstRand prepares its condensed consolidated interim results in accordance with:

- the requirements of IAS 34 Interim Financial Reporting;
- Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council;
- SAICA Financial Reporting Guide as issued by the Accounting Practices Committee; and
- requirements of the Companies Act, no 71 of 2008, applicable to summary financial statements.

The condensed consolidated interim results for the six months ended 31 December 2016 and any reference to future earnings in this announcement have not been audited or independently reviewed by the group's external auditors.

This announcement does not include information required pursuant to paragraph 16A(j) of IAS 34 as allowed by the JSE Listings Requirements. The full interim report, which includes these disclosures, is available on the issuer's website, at the issuer's offices and upon request.

The directors take full responsibility and confirm that this information has been correctly extracted from the underlying report. Jaco van Wyk, CA(SA), supervised the preparation of the condensed consolidated financial results.

ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed consolidated financial statements 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.

The group has voluntarily changed the manner in which it presents certain items of NII and NIR as well as the classification of certain credit investments. 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 impact on previously reported results is set out below.

Other than the change in presentation described above, the accounting policies are consistent with those applied for the year ended 30 June 2016. There were no other new or revised standards adopted for the six months ended 31 December 2016 that have an effect on the group's reported earnings, financial position or reserves, or a material impact on the accounting policies.

NORMALISED RESULTS

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

This pro forma financial information, which is the responsibility of the group's directors, has been prepared for illustrative purposes to more accurately reflect operational performance and because of its nature may not fairly present in terms of IFRS, the group's financial position, changes in equity and results of operations or cash flows. Details of the nature of these adjustments and reasons therefore can be found on www.firstrand.co.za.

CONDENSED CONSOLIDATED INCOME STATEMENT - IFRS

	Six months ended 31 December			Year ended 30 June
R million	2016	2015*	% change	2016*
Net interest income before impairment of advances	22 200	20 020	11	42 041
Impairment charge	(3 741)	(3 145)	19	(7 159)
Net interest income after impairment of advances	18 459	16 875	9	34 882
Non-interest revenue	19 514	17 141	14	36 934
Income from operations	37 973	34 016	12	71 816
Operating expenses	(21 708)	(19 756)	10	(41 657)
Net income from operations	16 265	14 260	14	30 159
Share of profit of associates after tax	340	349	(3)	930
Share of profit of joint ventures after tax	127	453	(72)	526
Income before tax	16 732	15 062	11	31 615
Indirect tax	(573)	(427)	34	(928)
Profit before tax	16 159	14 635	10	30 687
Income tax expense	(3 596)	(3 357)	7	(6 612)
Profit for the period	12 563	11 278	11	24 075
Attributable to				
Ordinary equityholders	11 889	10 480	13	22 563
NCNR preference shareholders	181	164	10	342
Equityholders of the group	12 070	10 644	13	22 905
Non-controlling interests	493	634	(22)	1 170
Normalised earnings attributable to ordinary equityholders of the group	12 563	11 278	11	24 075
Earnings per share (cents)				
- Basic	212.0	186.9	13	402.4
- Diluted	212.0	186.9	13	402.4
Headline earnings per share (cents)				
- Basic	211.5	185.4	14	399.2
- Diluted	211.5	185.4	14	399.2

* Restated, refer to below for more detailed information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - IFRS

	Six months ended 31 December			Year ended 30 June
R million	2016	2015	% change	2016
Profit for the period	12 563	11 278	11	24 075
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	45	528	(91)	118
Gains arising during the period	116	717	(84)	144
Reclassification adjustments for amounts included in profit or loss	(53)	16	(>100)	20
Deferred income tax	(18)	(205)	(91)	(46)
Available-for-sale financial assets	(210)	(684)	(69)	(504)
Losses arising during the period	(199)	(966)	(79)	(671)
Reclassification adjustments for amounts included in profit or loss	(64)	2	(>100)	(6)
Deferred income tax	53	280	(81)	173
Exchange differences on translating foreign operations	(1 437)	2 521	(>100)	567
(Losses)/gains arising during the period	(1 437)	2 521	(>100)	567
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	(60)	63	(>100)	87
Items that may not subsequently be reclassified to profit or loss				
Remeasurements on defined benefit post-employment plans	(82)	(64)	28	(139)
Losses arising during the period	(113)	(89)	27	(194)
Deferred income tax	31	25	24	55
Other comprehensive (loss)/income for the period	(1 744)	2 364	(>100)	129
Total comprehensive income for the period	10 819	13 642	(21)	24 204
Attributable to				
Ordinary equityholders	10 213	12 742	(20)	22 665
NCNR preference shareholders	181	164	10	342
Equityholders of the group	10 394	12 906	(19)	23 007
Non-controlling interests	425	736	(42)	1 197
Total comprehensive income for the period	10 819	13 642	(21)	24 204

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - IFRS

	As at 31 December		As at 30 June
R million	2016	2015**	2016**
ASSETS			
Cash and cash equivalents	65 983	61 120	64 303
Derivative financial instruments	35 721	69 001	40 551
Commodities	9 110	10 779	12 514
Investment securities	166 245	130 867	142 648
Advances	864 171	828 533	851 405
- Advances to customers	821 384	794 428	808 699
- Marketable advances	42 787	34 105	42 706
Accounts receivable	9 514	9 509	10 152
Current tax asset	509	1 321	428
Non-current assets and disposal groups held for sale	833	181	193
Reinsurance assets	81	587	36
Investments in associates	5 173	6 242	4 964
Investments in joint ventures	1 458	1 424	1 344
Property, plant and equipment	17 591	17 032	16 909
Intangible assets	1 689	1 574	1 569
Investment properties	399	416	386
Defined benefit post-employment asset	8	4	9
Deferred income tax asset	2 003	918	1 866
Total assets	1 180 488	1 139 508	1 149 277
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	13 874	6 069	14 263
Derivative financial instruments	45 499	82 014	50 782
Creditors, accruals and provisions*	16 890	15 232	17 285
Current tax liability	536	375	270

Liabilities directly associated with disposal groups held for sale	508	207	141
Deposits	951 970	899 619	919 930
- Deposits from customers	693 053	660 203	667 995
- Debt securities	157 522	140 500	153 727
- Asset-backed securities	38 382	31 146	29 305
- Other	63 013	67 770	68 903
Employee liabilities	7 316	6 963	9 771
Other liabilities	7 674	7 492	8 311
Policyholder liabilities	3 296	1 236	1 402
Tier 2 liabilities	20 146	15 554	18 004
Deferred income tax liability	1 005	956	1 053
Total liabilities	1 068 714	1 035 717	1 041 212
Equity			
Ordinary shares	56	56	56
Share premium	8 034	7 980	7 952
Reserves	95 317	87 825	91 737
Capital and reserves attributable to ordinary equityholders	103 407	95 861	99 745
NCNR preference shares	4 519	4 519	4 519
Capital and reserves attributable to equityholders of the group	107 926	100 380	104 264
Non-controlling interests	3 848	3 411	3 801
Total equity	111 774	103 791	108 065
Total equity and liabilities	1 180 488	1 139 508	1 149 277

* In December 2015, provisions were presented in a separate line on the statement of financial position. The prior year has been restated accordingly.

** Restated, refer to below for more detailed information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - IFRS

	Six months ended 31 December		Year ended 30 June
R million	2016	2015**	2016**
Cash generated from operating activities			
Interest and fee commission receipts	53 326	45 042	95 004
Trading and other income	1 378	1 868	4 167
Interest payments	(17 308)	(13 580)	(28 884)
Other operating expenses	(18 183)	(16 612)	(33 417)
Dividends received	2 441	3 327	6 544
Dividends paid	(6 800)	(6 727)	(12 950)
Dividends paid to non-controlling interests	(480)	(583)	(761)
Cash generated from operating activities	14 374	12 735	29 703
Movement in operating assets and liabilities			
Liquid assets and trading securities	(23 372)	7 112	(4 009)
Advances	(21 869)	(37 904)	(69 673)
Deposits	37 909	19 276	44 739
Creditors (net of debtors)	543	(4 601)	(3 495)
Employee liabilities	(4 956)	(4 902)	(5 350)
Other liabilities	4 323	4 635	8 245
Taxation paid	(3 891)	(4 152)	(7 793)
Net cash generated from/(utilised by) operating activities	3 061	(7 801)	(7 633)
Cash flows from investing activities			
Acquisition of investments in associates	(88)	(138)	(187)
Proceeds on disposal of investments in associates	1	3	1 932
Acquisition of investments in joint ventures	(44)	(30)	-
Proceeds on disposal of investments in joint ventures	16	-	-
Acquisition of investments in subsidiaries	-	-	(1 071)
Proceeds on disposal of investments in subsidiaries	-	-	621
Acquisition of property and equipment	(2 585)	(1 887)	(4 135)
Proceeds on disposal of property and equipment	198	402	1 170
Acquisition of intangible assets and investment properties	(237)	(146)	(294)
Proceeds on disposal of intangible assets and investment properties	(8)	45	45
Proceeds on disposal of non-current assets held for sale	246	373	1 017
Net cash outflow from investing activities	(2 501)	(1 378)	(902)
Cash flows from financing activities			

(Redemption)/issue of other liabilities	(232)	440	1 587
Proceeds from the issue of Tier 2 liabilities	2 153	3 029	5 486
(Acquisition)/disposal of additional interest in subsidiaries from non-controlling interests	(43)	107	(1 357)
Issue of share of additional interest in subsidiaries from non-controlling interests	129	30	39
Net cash inflow from financing activities	2 007	3 606	5 755
Net increase/(decrease) in cash and cash equivalents	2 567	(5 573)	(2 780)
Cash and cash equivalents at the beginning of the period	64 303	65 567	65 567
Cash and cash equivalents acquired through the acquisition of subsidiaries	-	-	890
Cash and cash equivalents impacted by the disposal of subsidiaries	-	(1)	(33)
Effect of exchange rate changes on cash and cash equivalents	(767)	1 127	663
Transfer to non-current assets held for sale	(120)	-	(4)
Cash and cash equivalents at the end of the period	65 983	61 120	64 303
Mandatory reserve balances included above*	24 048	21 762	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.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - IFRS
for the six months ended 31 December

	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 2015	56	7 997	8 053	(791)	190	21	64	2 757	261	80 223	82 725	4 519	3 307	98 604
Issue of share capital and premium	-	-	-	-	-	-	-	-	-	-	-	-	30	30
Proceeds from the issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	30	30
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(81)	(81)
Movement in other reserves	-	-	-	-	-	-	-	-	(1)	(4)	(5)	-	2	(3)
Ordinary dividends	-	-	-	-	-	-	-	-	-	(6 563)	(6 563)	-	(583)	(7 146)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(164)	-	(164)
Transfer from/(to) general risk reserves	-	-	-	-	-	-	-	-	12	(12)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	(1 077)	(1 077)	-	-	(1 077)
Consolidation of treasury shares	-	(17)	(17)	-	-	-	-	-	-	-	-	-	-	(17)
Total comprehensive income for the period	-	-	-	(64)	528	-	(667)	2 421	44	10 480	12 742	164	736	13 642
Vesting of share-based payments	-	-	-	-	-	-	-	-	-	3	3	-	-	3
Balance as at 31 December 2015	56	7 980	8 036	(855)	718	21	(603)	5 178	316	83 050	87 825	4 519	3 411	103 791
Balance as at 1 July 2016	56	7 952	8 008	(930)	308	9	(441)	3 310	374	89 107	91 737	4 519	3 801	108 065
Issue of share capital and premium	-	-	-	-	-	-	-	-	-	-	-	-	129	129
Proceeds from the issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	130	130
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in other reserves	-	-	-	-	-	2	-	-	54	(44)	12	-	(10)	2
Ordinary dividends	-	-	-	-	-	-	-	-	-	(6 619)	(6 619)	-	(480)	(7 099)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(181)	-	(181)
Transfer from/(to) general risk reserves	-	-	-	-	-	-	-	-	7	(7)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	(26)	(26)	-	(17)	(43)
Consolidation of treasury shares	-	82	82	-	-	-	-	-	-	-	-	-	-	82
Total comprehensive income for the period	-	-	-	(82)	45	-	(197)	(1 395)	(47)	11 889	10 213	181	425	10 819
Vesting of share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2016	56	8 034	8 090	(1 012)	353	11	(638)	1 915	388	94 300	95 317	4 519	3 848	111 774

RESTATEMENT OF PRIOR YEAR NUMBERS

DESCRIPTION OF RESTATEMENTS

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

FAIR VALUE OF 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 with impairments in the income statement rather than as part of NIR. The movement in the credit valuation adjustment on fair value advances is separately disclosed in the impairment of advances note.

CREDIT-BASED INVESTMENTS INCLUDED IN ADVANCES

The group's classification of debt investment securities qualifying as HQLA that are under the control of the Group Treasurer and corporate bonds held by RMB IBD 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.

The changes in presentation had no impact on the profit or loss or net asset value of the group and only affect 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.

RESTATED CONDENSED CONSOLIDATED INCOME STATEMENT - IFRS

	Six months ended 31 December 2015			Year ended 30 June 2016		
R million	As previously reported	Credit valuation adjustment	Restated	As previously reported	Credit valuation adjustment	Restated
Net interest income before impairment of advances	20 020	-	20 020	42 041	-	42 041
Impairment charge	(2 870)	(275)	(3 145)	(6 902)	(257)	(7 159)
Net interest income after impairment of advances	17 150	(275)	16 875	35 139	(257)	34 882
Non-interest revenue	16 866	275	17 141	36 677	257	36 934
Income from operations	34 016	-	34 016	71 816	-	71 816
Operating expenses	(19 756)	-	(19 756)	(41 657)	-	(41 657)
Net income from operations	14 260	-	14 260	30 159	-	30 159
Share of profit of associates after tax	349	-	349	930	-	930
Share of profit of joint ventures after tax	453	-	453	526	-	526
Income before tax	15 062	-	15 062	31 615	-	31 615
Indirect tax	(427)	-	(427)	(928)	-	(928)
Profit before tax	14 635	-	14 635	30 687	-	30 687
Income tax expense	(3 357)	-	(3 357)	(6 612)	-	(6 612)
Profit for the period	11 278	-	11 278	24 075	-	24 075
Attributable to						
Ordinary equityholders	10 480	-	10 480	22 563	-	22 563
NCNR preference shareholders	164	-	164	342	-	342
Equityholders of the group	10 644	-	10 644	22 905	-	22 905
Non-controlling interests	634	-	634	1 170	-	1 170
Normalised earnings attributable to ordinary equityholders of the group	11 278	-	11 278	24 075	-	24 075

RESTATED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - IFRS

	As at 31 December 2015			As at 30 June 2016		
R million	As previously reported	Reallocation of credit investments	Restated	As previously reported	Reallocation of credit investments	Restated
ASSETS						
Cash and cash equivalents	61 120	-	61 120	64 303	-	64 303
Derivative financial instruments	69 001	-	69 001	40 551	-	40 551
Commodities	10 779	-	10 779	12 514	-	12 514
Investment securities	164 972	(34 105)	130 867	185 354	(42 706)	142 648
Advances	794 428	34 105	828 533	808 699	42 706	851 405
- Advances to customers	794 428	-	794 428	808 699	-	808 699
- Marketable advances	-	34 105	34 105	-	42 706	42 706
Accounts receivable	9 509	-	9 509	10 152	-	10 152
Current tax asset	1 321	-	1 321	428	-	428
Non-current assets and disposal groups held for sale	181	-	181	193	-	193
Reinsurance assets	587	-	587	36	-	36
Investments in associates	6 242	-	6 242	4 964	-	4 964
Investments in joint ventures	1 424	-	1 424	1 344	-	1 344
Property, plant and equipment	17 032	-	17 032	16 909	-	16 909
Intangible assets	1 574	-	1 574	1 569	-	1 569
Investment properties	416	-	416	386	-	386
Defined benefit post-employment asset	4	-	4	9	-	9
Deferred income tax asset	918	-	918	1 866	-	1 866
Total assets	1 139 508	-	1 139 508	1 149 277	-	1 149 277
EQUITY AND LIABILITIES						
Liabilities						
Short trading positions	6 069	-	6 069	14 263	-	14 263
Derivative financial instruments	82 014	-	82 014	50 782	-	50 782
Creditors, accruals and provisions	15 232	-	15 232	17 285	-	17 285
Current tax liability	375	-	375	270	-	270
Liabilities directly associated with disposal groups held for sale	207	-	207	141	-	141
Deposits	899 619	-	899 619	919 930	-	919 930
- Deposits from customers	660 203	-	660 203	667 995	-	667 995
- Debt securities	140 500	-	140 500	153 727	-	153 727
- Asset-backed securities	31 146	-	31 146	29 305	-	29 305
- Other	67 770	-	67 770	68 903	-	68 903
Employee liabilities	6 963	-	6 963	9 771	-	9 771
Other liabilities	7 492	-	7 492	8 311	-	8 311
Policyholder liabilities	1 236	-	1 236	1 402	-	1 402
Tier 2 liabilities	15 554	-	15 554	18 004	-	18 004
Deferred income tax liability	956	-	956	1 053	-	1 053
Total liabilities	1 035 717	-	1 035 717	1 041 212	-	1 041 212
Equity						
Ordinary shares	56	-	56	56	-	56
Share premium	7 980	-	7 980	7 952	-	7 952
Reserves	87 825	-	87 825	91 737	-	91 737
Capital and reserves attributable to ordinary equityholders	95 861	-	95 861	99 745	-	99 745
NCNR preference shares	4 519	-	4 519	4 519	-	4 519
Capital and reserves attributable to equityholders of the group	100 380	-	100 380	104 264	-	104 264
Non-controlling interests	3 411	-	3 411	3 801	-	3 801
Total equity	103 791	-	103 791	108 065	-	108 065
Total equities and liabilities	1 139 508	-	1 139 508	1 149 277	-	1 149 277

FAIR VALUE MEASUREMENTS

There were no transfers in or out of the various levels for the six months ended 31 December 2016.

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.

			As at 31 December 2015
R million	Transfers in	Transfers out	Reasons for transfers in
Level 1	-	(2 821)	There were no transfers into level 1.
Level 2	-	-	There were no transfers in or out of level 2.
Level 3	2 821	-	Corporate bonds to the value of R2 821 million were transferred into level 3. Due to the market for these bonds becoming less active, fair value was determined using a valuation technique that makes use of unobservable inputs for credit. The fair value measurement of these bonds were, therefore, categorised in level 3 of the fair value hierarchy.
Total transfers	2 821	(2 821)	

			As at 30 June 2016
R million	Transfers in	Transfers out	Reasons for transfers in
Level 1	-	(2 821)	There were no transfers into level 1.
Level 2	-	(522)	There were no transfers into level 2.
Level 3	3 343	-	The market for certain bonds listed in South Africa 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 R416 million out of level 2 of the fair value hierarchy and into level 3.
Total transfers	3 343	(3 343)	

SUMMARISED SEGMENT REPORT - IFRS

	Six months ended 31 December 2016							
	FNB		RMB					
R million	FNB SA	FNB Africa*	Investment banking	Corporate banking	WesBank	FCC (including Group Treasury) and other	Consoli-dation and IFRS adjust-ments	Total
Profit for the year before tax	8 885	548	3 191	877	2 755	598	(695)	16 159
Total assets	342 837	48 853	397 703	42 379	203 848	287 063	(142 195)	1 180 488
Total liabilities	333 267	48 431	388 989	41 227	200 556	135 642	(79 398)	1 068 714

	Six months ended 31 December 2015							
	FNB		RMB					
R million	FNB SA	FNB Africa*	Investment banking	Corporate banking	WesBank	FCC (including Group Treasury) and other	Consoli-dation and IFRS adjust-ments	Total
Profit for the year before tax	8 370	771	3 198	756	2 523	(515)	(468)	14 635
Total assets	324 704	48 078	416 480	49 868	202 701	227 785	(130 108)	1 139 508
Total liabilities	316 262	47 960	409 524	48 847	197 739	83 054	(67 669)	1 035 717

	Year ended 30 June 2016							
	FNB		RMB					
R million	FNB SA	FNB Africa*	Investment banking	Corporate banking	WesBank	FCC (including Group Treasury) and other	Consoli-dation and IFRS adjust-ments	Total
Profit for the year before tax	16 591	1 313	7 496	1 454	5 475	575	(2 217)	30 687
Total assets	334 199	49 217	395 822	39 311	205 016	271 289	(145 577)	1 149 277
Total liabilities	317 633	49 309	385 887	37 435	199 686	135 134	(83 872)	1 041 212

* Includes FNB's activities in India.

CONTINGENCIES AND COMMITMENTS

	As at 31 December			As at 30 June
R million	2016	2015	% change	2016
Contingencies				
Guarantees	40 317	34 304	18	34 733
Letters of credit	6 318	8 637	(27)	7 339
Total contingencies	46 635	42 941	9	42 072
Committed capital expenditure	2 054	4 098	(50)	4 264
Other commitments				
Irrevocable commitments	115 381	114 413	1	101 418
Operating lease and other commitments	4 101	4 954	(17)	3 978
Total other commitments	119 482	119 367	-	105 396
Total contingencies and commitments	168 171	166 406	1	151 732

NUMBER OF ORDINARY SHARES IN ISSUE

	Six months ended 31 December				Year ended 30 June	
	2016		2015		2016	
	IFRS	Normalised	IFRS	Normalised	IFRS	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	5 609 488 001	5 609 488 001
Less: treasury shares	(473 626)	-	(1 713 430)	-	(2 201 270)	-
- Shares for client trading*	(473 626)	-	(1 713 430)	-	(2 201 270)	-
Number of shares in issue (after treasury shares)	5 609 014 375	5 609 488 001	5 607 774 571	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	5 609 488 001	5 609 488 001
Less: treasury shares	(1 075 586)	-	(1 638 742)	-	(1 800 471)	-
- Shares for client trading*	(1 075 586)	-	(1 638 742)	-	(1 800 471)	-
Basic and diluted weighted average number of shares	5 608 412 415	5 609 488 001	5 607 849 259	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.

COMPANY INFORMATION

DIRECTORS

LL Dippenaar (chairman), JP Burger (chief executive officer), AP Pullinger (deputy chief executive officer), HS Kellan (financial director), MS Bomela, P Cooper (alternate), 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

C Low
4 Merchant Place, Corner Fredman Drive and Rivonia Road
Sandton 2196
PO Box 650149, Benmore 2010
Tel: +27 11 282 1808
Fax: +27 11 282 8088
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
15 Biermann Avenue
Rosebank 2196
PO Box 61051, Marshalltown 2107
Tel: +27 11 370 5000
Fax: +27 11 688 5248

TRANSFER SECRETARIES - NAMIBIA

Transfer Secretaries (Pty) Ltd
4 Robert Mugabe Avenue, Windhoek
PO Box 2401, Windhoek, Namibia
Tel: +264 612 27647
Fax: +264 612 48531