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

UNAUDITED INTERIM RESULTS AND CASH DIVIDEND DECLARATION
for the six months ended 31 December 2015

INTRODUCTION

This announcement covers the unaudited financial results of FirstRand Limited (FirstRand or the group) based on International Financial Reporting Standards (IFRS) for the six months ended 31 December 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 IFRS financial results.

Normalised results include a condensed consolidated income statement, statement of comprehensive income, statement of financial position, statement of cash flows and a statement of changes in equity. A detailed description of the difference between normalised and IFRS results is provided on www.firstrand.co.za. Jaco van Wyk, CA(SA), supervised the preparation of the condensed consolidated financial results.

FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
	2015	2014	% change	2015
Normalised earnings (R million)	10 915	9 993	9	21 286
Diluted normalised earnings per share (cents)	194.6	177.3	10	378.5
Normalised net asset value per share (cents)	1 709.2	1 519.6	12	1 618.3
Dividend per ordinary share (cents)	108.0	93.0	16	210.0
Normalised ROE (%)	23.4	24.0		24.7

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.

STATEMENT OF HEADLINE EARNINGS - IFRS

	Six months ended 31 December			Year ended 30 June
R million	2015	2014	% change	2015
Profit for the period	11 278	11 131	1	23 124
Non-controlling interests	(634)	(674)	(6)	(1 191)
NCNR preference shareholders	(164)	(153)	7	(310)
Earnings attributable to ordinary equityholders	10 480	10 304	2	21 623
Adjusted for:	(81)	(403)	(80)	(482)
(Gain)/loss on disposal of investment securities and other investments of a capital nature	(5)	-		1
Loss/(gain) on disposal of available-for-sale assets	2	(227)		(293)
Transfer to foreign currency translation reserve	-	-		10
Gain on disposal of investments in subsidiaries	(1)	(188)		(220)
(Gain)/loss on the disposal of property and equipment	(78)	(11)		5
Fair value movement on investment properties	-	-		(33)
Other	-	1		-
Tax effects of adjustments	1	-		18
Non-controlling interests adjustments	-	22		30
Headline earnings	10 399	9 901	5	21 141

RECONCILIATION FROM HEADLINE TO NORMALISED EARNINGS

	Six months ended 31 December			Year ended 30 June
R million	2015	2014	% change	2015
Headline earnings	10 399	9 901	5	21 141
Adjusted for:	516	92	>100	145
Total return swap and IFRS 2 liability remeasurement*	569	(144)	(>100)	(34)
IFRS 2 share-based payment expense	-	75	(100)	75
Treasury shares**	(1)	49	(>100)	25
IAS 19 adjustment	(53)	(54)	(2)	(107)
Private equity subsidiary realisations	1	166	(99)	186
Normalised earnings	10 915	9 993	9	21 286

* The group uses a total return swap (TRS) with external parties to economically hedge itself against the exposure to changes in the FirstRand share price associated with the group's 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, the share price declined R10.95. During the period ended 31 December 2014, the group's share price increased R9.82. This resulted in a significant mark-to-market fair value loss in the current period (compared to a profit in the prior year) 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.

PRESENTATION

BASIS OF PRESENTATION

FirstRand prepares its condensed consolidated financial results in accordance with:

- recognition and measurement requirements of IFRS;
- presentation and disclosure requirements of IAS 34 Interim Financial Reporting;
- SAICA Financial Reporting Guides as issued by the Accounting Practices Committee;
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council; and
- requirements of the Companies Act 71 of 2008.

This announcement does not include information pursuant to paragraph 16A(j) of IAS 34. The full report which contains these disclosures is available at www.firstrand.co.za or from the registered office upon request.

The results 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 condensed consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. There were no new standards and interpretations which became effective for the first time in the current financial period.

The condensed consolidated results for the six months ended 31 December 2015 have not been audited or independently reviewed by the group's external auditors.

The group believes normalised earnings more accurately reflect its economic performance. Headline earnings are adjusted to take into account non-operational items and accounting anomalies.

Details of the nature of these adjustments and the reasons therefore can be found on www.firstrand.co.za

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 HQLA. There are operational requirements to be fulfilled with respect to HQLA requiring that the assets need to be under management control of the business unit/area charged with the management of liquidity.

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

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 in the RMB investment banking segment.

The table below shows these adjustments.

CREDIT-BASED INVESTMENT ADJUSTMENTS

	December		June
R million	2015	2014	2015
Normalised advances excluding credit-related assets	810 429	736 454	765 951
Credit-related assets			
- Corporate bonds	9 103	18 725*	11 218
- HQLA (corporate advances)	15 280	-	9 494
- Securitisation notes	9 879	-	7 301
Restated normalised advances	844 691	755 179	793 964
NPLs as a % of advances			
- Excluding credit-related assets	2.39	2.44	2.28
- Including credit-related assets	2.30	2.38	2.21
Impairment charge as a % of average advances			
- Excluding credit-related assets	0.80	0.84	0.78
- Including credit-related assets	0.77	0.84	0.77

* R10 710 million of these corporate bonds qualified as HQLA with effect from 1 January 2015.

OVERVIEW OF RESULTS

INTRODUCTION

The South African economy was further negatively impacted by significant internal and external pressures during the period under review, including:

- Global commodity prices falling on the back of slowing growth in China.
- The first interest rate increase by the US Federal Reserve in nine years resulted in significant outflows of foreign capital from emerging markets, including South Africa.
- The euro zone provided limited support to South African exports.
- Domestic household consumption continued to be impacted by higher interest rates, rising inflation and moderating levels of income growth.
- Reduced growth in government spending to stabilise public sector debt and protect the country's sovereign credit rating from the elevated risk of a downgrade.

The central bank continues to implement a gradual and moderate hiking cycle, but the economy remains vulnerable to a more aggressive approach should capital inflows slow down or reverse. The currency remains weak having devalued 25% during the period.

Sub-Saharan economies were also negatively affected by these global developments with the Nigerian, Zambian and Ghanaian economies weakening markedly. Economic growth has also slowed in Namibia and Botswana.

OVERVIEW OF RESULTS

Against this challenging economic backdrop, FirstRand grew normalised earnings 9% and produced an ROE of 23.4% for the six months to December 2015.

The group's operating franchises continued to produce resilient operating performances, although absolute levels of growth are trending down as the more difficult economic cycle emerges. FNB continued to grow its topline and profits on the back of sustained momentum in NII with strong growth still generated from both advances and deposits, although NIR moderated including the impact of the reduction in interchange fees.

WesBank's domestic franchise benefited from consistent new business volumes despite the subdued local retail credit cycle, however, its MotoNovo business in the UK continued to grow strongly in both rand and GBP terms.

RMB's private equity, investment banking and corporate transactional franchises underpinned a solid performance despite subdued corporate activity and liquidity pressures. RMB remains very conservative in its credit provisioning.

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

SOURCES OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	2015	% composition	2014	% composition	% change	2015	% composition
FNB	6 208	57	5 674	57	9	11 299	53
RMB	2 805	26	2 449	25	15	5 758	27
WesBank	1 856	17	1 619	16	15	3 307	16
FCC (including Group Treasury) and other*,**	210	2	404	4	(48)	1 232	6
NCNR preference dividend	(164)	(2)	(153)	(2)	7	(310)	(2)
Normalised earnings	10 915	100	9 993	100	9	21 286	100

* Includes FirstRand Limited (company).

** Includes year-on-year negative accounting mismatches primarily reflected in the nominal NII growth of the group.

Note: During the reporting period the group refined the franchise segmentation of its African operations to more accurately reflect the respective franchise contributions. Comparative numbers have been restated.

The group's NII increased 9%, benefiting from the ongoing growth in advances (+12%) and deposits (+12%). Despite the benefit of increased endowment, overall NII growth was negatively impacted by the continued pressure on margins from higher term funding and liquidity costs, as well as the negative impact of increased levels of HQLA following the introduction of LCR on 1 January 2015. Accounting mismatches in excess of R400 million relating to certain interest rate hedging strategies and term funding instruments also negatively impacted reported NII (due to fair value movements), although the majority of these negative impacts will reverse in future reporting periods.

Group NIR growth of 5% reflects a muted performance from FNB mainly due to the regulatory impact of interchange reduction. Whilst absolute volumes remained robust, fee levels were lower due to deliberate strategies to migrate customers onto electronic channels. WesBank produced satisfactory NIR growth on the back of new business volumes and insurance revenue streams. RMB's investing activities also positively impacted group NIR including realisation profits from the private equity portfolio in excess of R1 billion.

Overall operating cost growth was 8% for the period compared to 12% in the comparative period and down from 10% at June. This trend reflects lower growth in variable staff costs directly related to lower income generation, although fixed staff costs increased 12%. The group continues to invest in infrastructure, operating footprint and initiatives to satisfy increased regulatory requirements. The cost to income ratio increased marginally to 51.1% (December 2014: 50.8%).

NPLs increased 8% year-on-year, however, on a rolling six-months basis these increased 11% reflecting the continued deterioration in the credit cycle, as well as the effects of strong growth in most of the major retail books. In addition, pressure on commodity prices is creating increased risk in a small component of RMB's corporate lending book, particularly certain South African resources counters, and oil and gas exposures in the rest of Africa. The group is comfortable with the relative size of these exposures, which represent 2.2% of the performing CIB advances book.

The group also remains comfortable with the agricultural component of its commercial lending book. The portfolio is well diversified across regions and commodities and is weighted towards large commercial farmers with strong balance sheets. Drought-affected exposures represent approximately 7% of the total commercial book.

The group's total impairment coverage ratio reduced marginally to 83.3% reflecting a change in NPL mix, however, both specific and portfolio provisions increased.

The group continues to exercise prudence with overall portfolio provisions being maintained, despite some deterioration in the underlying portfolios, including increasing NPLs, which was expected.

As in the prior year, once the underlying operating franchise models reflect the anticipated deterioration in the form of higher arrears levels and NPLs, the relevant portion of the central overlay is released. In the period under review, R165 million has been released (December 2014: R150 million), with central overlays now amounting to R760 million. Whilst the group's performing book coverage ratio declined marginally on the back of these changes, it still remains above the current annual charge.

FRANCHISE PERFORMANCE REVIEW

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 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

R million	Six months ended 31 December 2015	2014	% change	Year ended 30 June 2015
Normalised earnings	6 208	5 674	9	11 299
Normalised profit before tax	9 040	8 245	10	16 416
Total assets	362 909	323 645	12	341 302
Total liabilities	354 400	315 724	12	326 322
NPLs (%)	2.69	2.88		2.66
Credit loss ratio (%)	0.95	0.89		0.79
ROE (%)	40.5	41.8		40.1
ROA (%)	3.52	3.56		3.45
Cost-to-income ratio (%)	53.0	53.3		54.6
Advances margin (%)	3.79	3.66		3.74

SEGMENT RESULTS

R million	Six months ended 31 December 2015	2014	% change	Year ended 30 June 2015
Normalised PBT				
Retail	5 423	4 905	11	9 752
FNB Africa	771	853	(10)	1 621
Commercial	2 846	2 487	14	5 043
Total FNB	9 040	8 245	10	16 416

FNB grew pre-tax profits 10%, driven by a resilient operational performance despite increasing economic and regulatory headwinds and achieved an ROE of 40.5%, which remains well above hurdle rates.

These results reflect the quality of FNB's transactional franchise, its continued focus on targeted asset growth and significant momentum in its liability franchise. It also reflects the success of FNB's ongoing strategy to grow and retain core transactional accounts, cross-sell and up-sell into the customer base, apply disciplined origination strategies and provide innovative transactional and savings products. FNB's cross-sell ratio improved to 2.63, a 10% year-on-year improvement.

FNB's overall NII increased 16% driven by growth in both advances (+11%) and deposits (+14%) and the positive endowment effect from the two 25 bps increases in the repo rate in July and November 2015.

The retail lending businesses continued to show above market growth driven by the activation of digital channels to enable FNB's strategy to cross-sell and up-sell products into the existing customer base. Deposits also grew well above market on the back of ongoing acquisition of core transactional accounts and further strong momentum in sales of new products, in particular the money market maximiser. The commercial segment also showed good account growth of 10% with advances increasing 18%.

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	31 December 2015 vs 31 December 2014			
	Deposit growth		Advances growth	
Segments	%	R billion	%	R billion
Retail	14	20.8	8	18.0
FNB Africa	14	4.2	22	7.4
Commercial	14	20.7	18	9.3

As expected, bad debts and NPLs have started to trend up following strong book growth in previous periods. Given the worsening economic cycle, FNB is closely monitoring vintages and arrears levels and ongoing adjustments to credit appetite have continued across the portfolio. Overall provisioning levels have remained conservative with overlays maintained. Utilisation of certain overlays is expected to start in the second half of the year.

NIR growth was modest reflecting the year-on-year reduction in interchange fees of >R300 million, which became effective in March 2015. Fee and commission income held up well despite pressures on consumers' disposable income with volume growth of 13% achieved across the electronic channels. This growth was driven by FNB's ongoing electronic migration strategy, and has, to some extent, offset the impact of interchange.

Cost growth in the South African business was well contained at 7%, however, total costs grew 9% on the back of continued investment in the rest of Africa expansion strategy.

Profits from FNB's African subsidiaries declined 10% year-on-year driven by poor performances from Botswana and Mozambique as well as the impact of the start-up operations in Ghana. Zambia and Tanzania continued to rollout operating footprint and products. The group finalised its African segmentation in the current year, and at a total portfolio level the profit increased 5%.

With regards to progress on current new initiatives, during the period under review FNB launched two new products to customers on FirstRand's new life licence: a credit life product (on personal loans) and an Ashburton Investments private equity fund. FNB also successfully launched funeral product sales on the cell phone and ATM platforms, and cell phones already contribute between 5% and 10% of overall funeral product sales.

In terms of early progress in FNB's campaign to cross-sell into the Direct Axis customer base, nearly 6 000 accounts were opened in the first six months.

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 is anchored around its corporate clients and leverages a market-leading origination franchise to deliver an integrated corporate and investment banking value proposition, combined with market making and distribution capabilities, a growing asset management solutions franchise and an excellent track record in private equity investments. This strategy is underpinned by sound risk management, designed to effectively balance the relationship between profit growth, returns and earnings volatility.

RMB FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	2015	2014	% change	2015
Normalised earnings	2 805	2 449	15	5 758
Normalised profit before tax	3 956	3 488	13	8 136
Total assets	466 348	411 474	13	415 702
Total liabilities	458 371	403 418	14	405 465
ROE (%)	22.2	20.5		24.4
ROA (%)	1.25	1.20		1.39
Credit loss ratio (%)	0.29	0.56		0.42
Cost-to-income ratio (%)	46.4	44.9		43.9

RMB produced solid results for the period with pre-tax profits increasing 13% to R4 billion and the business delivering a satisfactory ROE of 22.2%. This performance was achieved against the backdrop of a challenging economic environment and highlights the resilience and diversification of RMB's portfolio of businesses. RMB's balance sheet remains robust, with a high quality of earnings and solid operational leverage despite platform investments and increasing regulatory and compliance spend.

Whilst RMB's organisational structure continues to be based on its four separate divisions, namely Investment Banking (IBD), Global Markets, Private Equity and Corporate Banking, the business is managed on a core activity basis. The activity view was disclosed for the first time in June 2015 and is outlined further in the table below.

In addition, during the period under review, the organisational business model has been further refined to more closely reflect the core activity view. All activities relating to the corporate and transactional banking pillar have been grouped in the Corporate Banking business unit. These include the transactional banking, trade and working capital, and global foreign exchange activities, some of which were previously reported in Global Markets.

The table below shows the financial performance in a matrix that integrates the amended business unit and core activity views.

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

Normalised PBT R million	Six months ended 31 December 2015 IB&A	C&TB	M&S	INV	IM	Other	Total	2014 Total	% change
Global Markets	-	-	648	12	15	-	675	659	2
IBD	1 388	-	30	89	25	-	1 532	1 482	3
Private Equity	1	-	-	1 306	-	-	1 307	1 163	12
Other RMB	(200)	-	-	-	-	(166)	(366)	(540)	(32)
Investment banking	1 189	-	678	1 407	40	(166)	3 148	2 764	14
Corporate banking	-	808	-	-	-	-	808	724	12
Total RMB - 2015	1 189	808	678	1 407	40	(166)	3 956	3 488	13
Total RMB - 2014	980	724	663	1 404	61	(344)	3 488		
% change	21	12	2	-	(34)	(52)	13		

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

Investment banking and advisory activities continued to experience competitive market conditions, combined with a deteriorating macroeconomic backdrop. These factors resulted in margin compression, and as a result of disciplined resource allocation, muted balance sheet growth. Additional credit impairments raised against mining, and oil and gas exposures in the book, albeit at lower levels than the comparative period, impacted the results significantly. Given this proactive provisioning, RMB maintained a strong portfolio coverage ratio as it enters a weak credit cycle. Income was, however, bolstered by strong fee income as clients sought expansion opportunities in developed markets, providing the franchise with key advisory and underwriting mandates.

Corporate and transactional banking activity income has shown solid growth in the current period. The liability raising strategy yielded positive results with higher average deposit balances and an enhanced liquidity profile. Earnings in trade and working capital benefited from increased demand for structured trade advances whilst global foreign exchange revenues benefited from increased client flows in the African subsidiaries. Income growth was impacted by lower traditional trade revenue due to the deteriorating macroeconomic environment, particularly in the oil producing African countries.

Markets and structuring activities delivered a solid performance, with foreign currency and commodities benefiting strongly from increased volatility, which drove spreads wider and resulted in increased deal flow and client risk management opportunities. Revenue growth was, however, constrained by a specific credit event related to a client impacted by recent foreign exchange volatility and adverse mark-to-market movements on fixed income positions.

RMB's investing activities delivered a resilient performance, 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, as such, the unrealised value of the portfolio marginally decreased to R4.5 billion (June 2015: R4.9 billion). Investment management activities have seen a strong performance from fund solutions driven by higher assets under management (AUM). This was, however, offset by reduced appetite for credit assets via the group's conduit programmes resulting in lower balance sheet growth and earnings from these platforms.

Unallocated franchise costs, endowment on capital invested, legacy portfolios and RMB Resources are reflected in other activities. The legacy portfolio realised a loss of R24 million, compared to R44 million in the prior year. The RMB Resources business reported a loss of R129 million for the period (2014: loss of R353 million) with both the equity and debt portfolios remaining under pressure as a result of the downturn in the commodity cycle. As previously stated, RMB is exiting these activities and is undertaking an orderly unwind of the portfolio with no new investments.

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

R million	Six months ended 31 December 2015	Six months ended 31 December 2014	% change	Year ended 30 June 2015
Normalised earnings	1 856	1 619	15	3 307
Normalised profit before tax	2 615	2 309	13	4 752
Total assets	212 621	187 948	13	193 613
Total liabilities	207 590	184 887	12	186 903
NPLs (%)	3.03	2.95		3.15
Credit loss ratio (%)	1.36	1.35		1.43
ROE (%)	20.5	21.8		21.0
ROA (%)	1.80	1.76		1.77
Cost-to-income ratio (%)	42.0	43.1		41.7
Net interest margin (%)	4.83	4.76		4.70

WesBank also delivered a resilient performance with ongoing solid growth in local new business volumes, combined with very strong growth in the UK business, underpinning a 13% increase in pre-tax profits to R2.6 billion, an ROE of 20.5% and an ROA of 1.80%.

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

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

Normalised PBT	Six months ended 31 December 2015	Six months ended 31 December 2014	% change	Year ended 30 June 2015
VAF				
- Retail SA	1 015	994	2	2 051
- Retail UK	681	429	59	937
- Corporate and commercial	238	211	13	398
Personal loans	637	630	1	1 271
WesBank Africa	44	45	(2)	95
Total WesBank	2 615	2 309	13	4 752

Despite showing growth in new business volumes across all of its local retail lending portfolios, WesBank's credit appetite remains disciplined with systemic tightening continuing in higher risk segments. Overall production was up 11% with origination volumes up 7% in personal loans and 43% in MotoNovo (29% in GBP terms). Local retail VAF's performance continues to be impacted by the pressures facing consumers, with advances fairly flat. WesBank's rest of Africa advances continued to grow off a low base (+15%).

Overall interest margins have shown resilience despite higher funding and liquidity costs and the continued shift in mix from fixed- to floating-rate business.

As anticipated, bad debts in the local VAF portfolio are trending upwards but remain within WesBank's through-the-cycle thresholds and provisioning continues to be conservatively applied. NPLs as a percentage of advances are up marginally and remain 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 entering debt review.

NIR, including income from associates, increased 8% mainly as a result of stronger inflows from insurance income in the VAF and personal loans portfolios as well as fee income on the back of new business growth.

Growth in local core operating costs increased 8% and the cost-to-income ratio decreased over the period.

During the period under review, WesBank formalised its long-standing partnership with Hollard Insurance Company through the creation of MotoVantage, which intends to become a significant player in the value-added insurance industry. MotoVantage will offer and develop new value-added vehicle insurance products for consumers. This also provides opportunities for cross-sell and up-sell into both the existing and new customer base in the retail VAF portfolio.

The acquisition of Regent Insurance and Regent Life by Hollard and MotoVantage is well advanced and should be concluded by end of February 2016. This acquisition will further enhance the VAPS (value added products and services) and insurance product offering within the MotoVantage portfolio.

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

SEGMENT ANALYSIS OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	2015	% contri-bution	2014	% contri-bution	% change	2015	% contri-bution
Retail	5 845	54	5 320	53	10	10 659	50
FNB	4 159		3 882			7 668	
WesBank	1 686		1 438			2 991	
Commercial	2 219	20	1 973	20	12	3 947	19
FNB	2 049		1 792			3 631	
WesBank	170		181			316	
Corporate and investment banking	2 805	26	2 449	25	15	5 758	27
RMB	2 805		2 449			5 758	
Other	46	-	251	2	(82)	922	4
FirstRand and dividends paid on NCNR preference shares	(164)		(153)			(310)	
FCC (including Group Treasury) and consolidation adjustments	210		404			1 232	
Normalised earnings	10 915	100	9 993	100	9	21 286	100

UPDATE ON INVESTMENT MANAGEMENT STRATEGY

The group has an organic strategy to grow the asset management and wealth and investment management franchises. Overall assets under management (AUM) have grown 15% from R105 billion to R121 billion (excluding conduits).

The asset management business, Ashburton Investments (AI) comprises a wide range of component funds including index tracking, multi-asset, listed equity, specialist equity, listed fixed income, specialist credit, private equity and hedge funds. The structured or guaranteed product solutions are currently delivered through RMB Global Market Fund Solutions.

The largest contributor to the growth in AUM is AI which has grown 17% from R77 billion to R90 billion, an increase of R13 billion. Retail funds have shown solid growth over the period. Credit co-investment fund flows and segregated credit mandates have added R5 billion in new flows over the period.

Despite a very tough year for global financial markets, investment performance for AI funds continues to show resilience with the majority of collective investment scheme funds delivering performances that placed them in the top two quartiles of relative peer groups.

The wealth and investment management business includes portfolio management, stockbroking, share investing, and all investor platform-related administration capabilities. There are two pillars to the strategy, both currently in build phase:

- a direct offering of asset management solutions/funds to the FNB client's base, through FNB's banking channels; and
- a bespoke offering of tailored portfolio management solutions to FNB's wealth advised clients.

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

- An increase in AUM in portfolio management from R38 billion to R42 billion; an increase of 11%.
- Growth in assets under administration on the LISP platform from R5.6 billion to R12 billion; an increase of >100% with customer numbers on the platform increasing over 7 000.
- Growth in assets under execution in FNB Securities from R58 billion to R69 billion; an increase of 19%.
- Growth in assets under execution in FNB Share Investing from R7 billion to R10.5 billion; an increase of 43% with a growth in customer numbers of over 9 000.

ADJUSTMENT TO STRATEGIC FRAMEWORK

FirstRand's consistently stated long-term strategic objective is to deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility and maintain balance sheet strength. Against this background, given the global and regional challenges developing, the group has been through a review process to assess if alternative strategic opportunities exist or should be considered to ensure value creation for shareholders over the medium to long term.

For the past decade, FirstRand has been focused on building a diversified and resilient portfolio of 'banking' businesses, namely retail and wholesale lending, transactional activities and related endowment. This focus has resulted in the high quality lending and transactional franchises that currently reside in FNB, RMB and WesBank.

Whilst continuing to protect and grow these banking franchises, FirstRand has also started to execute on strategies to grow in other profit pools in the broader domestic financial services industry, namely insurance and investment management. The group is leveraging off existing group-wide resources, such as a strong actuarial skills base, flexible electronic distribution platforms, client base, new licences and its track record of product innovation.

FirstRand remains fully committed to growing in the territories on the African continent where it already has established a physical presence. The risks in many of these countries have elevated considerably, however, and initiatives will be reassessed within a revised risk/return framework.

In addition to the above, the group will actively evaluate whether certain of its business lines are appropriate for markets outside of Africa, such as the successful deployment of WesBank's model through MotoNovo in the UK. Given the seemingly systemic macro pressures facing emerging markets, the group's view is that over the medium term, developed market dynamics represent an attractive risk/return profile for shareholders.

As outlined below, FirstRand has subsequently adjusted its stated strategic framework to accommodate a broader set of growth opportunities, both from a market, segment and geographic perspective.

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, licenses 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.

The group believes this approach will ensure sustainable and superior returns for shareholders.

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.

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 will be key to execution of the rest of Africa strategy and growing MotoNovo.

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**	13.7	14.4	16.6

* 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.

The group continues to actively manage capital composition and, to this end, issued R4.3 billion Basel III-compliant Tier 2 instruments during the past 12 months (R2 billion in March 2015 and R2.3 billion in July 2015). This resulted in a more efficient composition, closely aligned with the group's internal targets, approved by the board. It remains the group's intention to frequently issue these instruments at a level that not only supports ongoing growth, but also compensates for the haircut applied to non-compliant Basel III Tier 2 instruments.

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 71% at 31 December 2015 (FirstRand Bank: 74%), holding available liquidity of R145 billion.

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 Basel Committee on Banking Supervision (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 uncertainty around regulatory changes, the challenging operating environment and expected demand for capital, the group believes its current dividend strategy remains appropriate. As previously stated, it considers the level of payout within a range of 1.8 x to 2.2 x and assesses the appropriateness of this on an annual basis. The group has, therefore, decided to keep its interim dividend cover a 1.8 x for the six months to December 2015.

Year-on-year growth in dividend (+16%) is significantly higher than earnings growth as the group reduced its dividend cover at 30 June 2015 to 1.8 x, whereas at 31 December 2014 the cover was 1.9 x.

PROSPECTS

The second half of the year will continue to be characterised by higher inflation and low GDP growth. The SARB may have to increase rates again before the end of 2016 and this will place further pressure on the South African consumer. Unemployment is trending upwards with retrenchments trending up across a number of industry sectors.

Advances growth is likely to decline, as further cuts are made given the deteriorating outlook, and corporate activity is unlikely to pick up significantly. Retail and corporate bad debts are likely to increase further in the second half. Transactional volumes are also expected to remain at similar levels which will put pressure on the topline.

The group's strong balance sheet and the resilience and diversity 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.

To reinstate the normalised NAV, which was reduced by the share buy-back, the group reissued 35 million ordinary shares on 20 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, was included in the group's normalised share capital, and NAV and related ratios from 31 December 2014 and for IFRS from 28 January 2015.

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:

- Ashburton Investments acquired Atlantic Asset Management on 1 January 2016 for R51 million. The acquisition includes R5 billion in assets under management.
- At 30 June 2015 it was anticipated that Discovery Limited (Discovery) would subscribe for preference shares in FirstRand Bank Limited to increase its participation in DiscoveryCard. As the cashflow occurred during the current period, Discovery's additional profit share has been recognised as an expense in the FCC (Group Treasury and other) segment.
- The group will subscribe for shares in African Bank Holdings Limited for R16.4 million on 11 March 2016 and for an additional R638.6 million on 30 March 2016. This will represent a 6.5% holding in African Bank Holdings Limited.

BOARD CHANGES

Sizwe Errol Nxasana resigned as chief executive officer and executive director of FirstRand and FirstRand Bank on 30 September 2015.

Johan Petrus Burger was appointed as chief executive officer of FirstRand and FirstRand Bank in place of Sizwe Errol Nxasana on 1 October 2015.
Alan Patrick Pullinger was appointed deputy chief executive officer and executive director of FirstRand and FirstRand Bank on 1 October 2015.
In addition to the above:

Paballo Joel Makosholo was appointed as a non-executive director of FirstRand and FirstRand Bank on 1 October 2015.

Kgotso Buni Schoeman resigned as a non-executive director of FirstRand and FirstRand Bank on 30 September 2015.

Leon Crouse will resign as a non-executive director of FirstRand and FirstRand Bank with effect from 31 March 2016.

CASH DIVIDEND DECLARATIONS

ORDINARY SHARES

The directors declared a gross cash dividend totalling 108.0 cents per ordinary share out of income reserves for the six months ended 31 December 2015.

ORDINARY DIVIDENDS

	Six months ended 31 December	
Cents per share	2015	2014
Interim (declared 7 March 2016)	108.0	93.0

The salient dates for the interim dividend are as follows:

Last day to trade cum-dividend	Wednesday 23 March 2016
Shares commence trading ex-dividend	Thursday 24 March 2016
Record date	Friday 1 April 2016
Payment date	Monday 4 April 2016

Share certificates may not be dematerialised or rematerialised between Thursday 24 March 2016 and Friday 1 April 2016, 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 interim dividend after deducting 15% tax will be 91.80000 cents per share.

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

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

B PREFERENCE SHARES

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

DIVIDENDS DECLARED

Cents per share	Preference dividends
Period:	
25 February 2014 - 25 August 2014	341.1
26 August 2014 - 23 February 2015	348.5
24 February 2015 - 31 August 2015	363.9
1 September 2015 - 29 February 2016	366.5

LL Dippenaar	JP Burger	C Low
Chairman	CEO	Company secretary

7 March 2016

CONDENSED CONSOLIDATED INCOME STATEMENT - IFRS

R million	Six months ended 31 December 2015	2014	% change	Year ended 30 June 2015
Net interest income before impairment of advances	20 020	17 489	14	35 621
Impairment of advances	(2 870)	(2 704)	6	(5 150)
Net interest income after impairment of advances	17 150	14 785	16	30 471
Non-interest revenue	16 866	18 791	(10)	37 421
Income from operations	34 016	33 576	1	67 892
Operating expenses	(19 756)	(19 339)	2	(38 692)
Net income from operations	14 260	14 237	-	29 200
Share of profit of associates after tax	349	405	(14)	1 085
Share of profit of joint ventures after tax	453	332	36	454
Income before tax	15 062	14 974	1	30 739
Indirect tax	(427)	(491)	(13)	(884)
Profit before tax	14 635	14 483	1	29 855
Income tax expense	(3 357)	(3 352)	-	(6 731)
Profit for the period	11 278	11 131	1	23 124
Attributable to				
Ordinary equityholders	10 480	10 304	2	21 623
NCNR preference shareholders	164	153	7	310
Equityholders of the group	10 644	10 457	2	21 933
Non-controlling interests	634	674	(6)	1 191
Profit for the period	11 278	11 131	1	23 124
Earnings per share (cents)				
- Basic	186.9	187.8	-	390.1
- Diluted	186.9	187.8	-	390.1
Headline earnings per share (cents)				
- Basic	185.4	180.5	3	381.4
- Diluted	185.4	180.5	3	381.4

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - IFRS

R million	Six months ended 31 December 2015	2014	% change	Year ended 30 June 2015
Profit for the period	11 278	11 131	1	23 124
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	528	(141)	(>100)	(271)
Gains/(losses) arising during the period	717	(368)	(>100)	(569)
Reclassification adjustments for amounts included in profit or loss	16	172	(91)	193
Deferred income tax	(205)	55	(>100)	105
Available-for-sale financial assets	(684)	(113)	>100	(377)
(Losses)/gains arising during the period	(966)	170	(>100)	(102)
Reclassification adjustments for amounts included in profit or loss	2	(227)	(>100)	(293)
Deferred income tax	280	(56)	(>100)	18
Exchange differences on translating foreign operations	2 521	378	>100	406
Gains arising during the period	2 521	378	>100	406
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	63	(65)	(>100)	(262)
Items that may not subsequently be reclassified to profit or loss				
Remeasurements on defined benefit post-employment plans	(64)	(136)	(53)	(140)
Losses arising during the period	(89)	(140)	(36)	(141)
Deferred income tax	25	4	>100	1
Other comprehensive income for the period	2 364	(77)	(>100)	(644)
Total comprehensive income for the period	13 642	11 054	23	22 480
Attributable to				
Ordinary equityholders	12 742	10 231	25	21 062
NCNR preference shareholders	164	153	7	310
Equityholders of the group	12 906	10 384	24	21 372
Non-controlling interests	736	670	10	1 108

Total comprehensive income for the period	13 642	11 054	23	22 480

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - IFRS

	As at 31 December		As at 30 June
R million	2015	2014	2015
ASSETS			
Cash and cash equivalents	61 120	53 507	65 567
Derivative financial instruments	69 001	39 325	34 500
Commodities	10 779	6 271	7 354
Accounts receivable	9 509	7 389	8 009
Current tax asset	1 321	1 042	115
Advances	794 428	721 529	751 366
Investment securities and other investments	164 972	123 879	165 171
Investments in associates	6 242	5 723	5 781
Investments in joint ventures	1 424	1 536	1 282
Property and equipment	17 032	15 724	16 288
Intangible assets	1 574	1 110	1 068
Reinsurance assets	587	436	388
Post-employment benefit asset	4	5	4
Investment properties	416	432	460
Deferred income tax asset	918	417	1 540
Non-current assets and disposal groups held for sale	181	223	373
Total assets	1 139 508	978 548	1 059 266
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	6 069	512	5 685
Derivative financial instruments	82 014	42 959	40 917
Creditors and accruals	14 564	14 630	17 001
Current tax liability	375	382	353
Deposits	899 619	801 698	865 521
Provisions	668	767	623
Employee liabilities	6 963	7 100	9 734
Other liabilities	7 492	7 325	6 876
Policyholder liabilities	1 236	533	542
Deferred income tax liability	956	893	913
Tier 2 liabilities	15 554	10 380	12 497
Liabilities directly associated with disposal groups held for sale	207	-	-
Total liabilities	1 035 717	887 179	960 662
Equity			
Ordinary shares	56	57	56
Share premium	7 980	6 407	7 997
Reserves	87 825	77 147	82 725
Capital and reserves attributable to ordinary equityholders	95 861	83 611	90 778
NCNR preference shares	4 519	4 519	4 519
Capital and reserves attributable to equityholders of the group	100 380	88 130	95 297
Non-controlling interests	3 411	3 239	3 307
Total equity	103 791	91 369	98 604
Total equity and liabilities	1 139 508	978 548	1 059 266

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - IFRS

	As at 31 December		As at 30 June
R million	2015	2014	2015
Cash generated from operating activities			
Cash receipts from customers	46 635	42 732	85 324
Cash paid to customers, suppliers and employees	(30 192)	(25 576)	(52 049)
Dividends received	3 327	1 636	4 323
Dividends paid	(6 727)	(5 660)	(11 034)
Dividends paid to non-controlling interests	(583)	(398)	(764)
Cash generated from operating activities	12 460	12 734	25 800
Increase in income-earning assets	(30 517)	(39 767)	(110 584)
Increase in deposits and other	14 408	25 973	97 250
Taxation paid	(4 152)	(4 072)	(8 065)
Net cash (utilised by)/generated from operating activities	(7 801)	(5 132)	4 401
Net cash outflow from investing activities	(1 378)	(1 371)	(2 554)
Net cash inflow/(outflow) from financing activities	3 606	(857)	2 729
Net (decrease)/increase in cash and cash equivalents	(5 573)	(7 360)	4 576
Cash and cash equivalents at the beginning of the period	65 567	60 756	60 756
Cash and cash equivalents disposed of through the disposal of subsidiaries	(1)	-	67
Effect of exchange rate changes on cash and cash equivalents	1 127	111	168
Cash and cash equivalents at the end of the period	61 120	53 507	65 567
Mandatory reserve balances included above*	21 762	20 069	21 489

* 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.

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 2014	55	5 531	5 586	(651)	461	2 783	436	2 352	270	69 277	74 928	4 519	3 184	88 217
Share movements relating to the unwind of the staff share trust*	1	873	874	-	-	-	-	-	-	-	-	-	-	874
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(72)	(72)
Movement in other reserves	-	-	-	-	-	(521)	-	-	12	(981)	(1 490)	-	(3)	(1 493)
Ordinary dividends	-	-	-	-	-	-	-	-	-	(5 507)	(5 507)	-	(398)	(5 905)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(153)	-	(153)
Transfer (to)/from general risk reserves	-	-	-	-	-	-	-	-	(1)	1	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	(23)	(23)	-	(142)	(165)
Consolidation of treasury shares	1	3	4	-	-	-	-	-	-	1	1	-	-	5
Total comprehensive income for the period	-	-	-	(136)	(141)	-	(112)	369	(53)	10 304	10 231	153	670	11 054
Vesting of share-based payments	-	-	-	-	-	(2 207)	-	-	-	1 214	(993)	-	-	(993)
Balance as at 31 December 2014	57	6 407	6 464	(787)	320	55	324	2 721	228	74 286	77 147	4 519	3 239	91 369
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
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

* Shares previously treated as treasury shares.

SEGMENT REPORT
for the six months ended 31 December 2015

	FNB								RMB#						
	Retail														
R million	Residential mortgages	Card	Personal loans	Retail other	Retail	Commercial	FNB Africa**	Total FNB	Investment banking	Corporate banking	Total RMB#	WesBank	FCC (including Group Treasury) and other	FirstRand group - normalised	Normalised adjustments	FirstRand group - IFRS
Net interest income before impairment of advances	1 873	1 076	1 230	2 760	6 939	3 473	1 278	11 690	2 044	963	3 007	5 008	1 118	20 823	(803)	20 020
Impairment of advances	(160)	(220)	(439)	(347)	(1 166)	(194)	(210)	(1 570)	(350)	(32)	(382)	(1 358)	165	(3 145)	275	(2 870)
Net interest income after impairment of advances	1 713	856	791	2 413	5 773	3 279	1 068	10 120	1 694	931	2 625	3 650	1 283	17 678	(528)	17 150
Non-interest revenue	265	793	436	5 151	6 645	3 222	1 644	11 511	3 270	1 079	4 349	1 908	(859)	16 909	(43)	16 866
Income from operations	1 978	1 649	1 227	7 564	12 418	6 501	2 712	21 631	4 964	2 010	6 974	5 558	424	34 587	(571)	34 016
Operating expenses	(873)	(977)	(559)	(4 368)	(6 777)	(3 638)	(1 884)	(12 299)	(2 618)	(1 198)	(3 816)	(2 969)	(619)	(19 703)	(53)	(19 756)
Net income from operations	1 105	672	668	3 196	5 641	2 863	828	9 332	2 346	812	3 158	2 589	(195)	14 884	(624)	14 260
Share of profit of associates and joint ventures after tax	-	-	-	13	13	-	1	14	862	-	862	153	(216)	813	(11)	802
Income before tax	1 105	672	668	3 209	5 654	2 863	829	9 346	3 208	812	4 020	2 742	(411)	15 697	(635)	15 062
Indirect tax	(8)	(23)	(9)	(191)	(231)	(17)	(58)	(306)	(60)	(4)	(64)	(127)	70	(427)	-	(427)
Profit for the period before tax	1 097	649	659	3 018	5 423	2 846	771	9 040	3 148	808	3 956	2 615	(341)	15 270	(635)	14 635
Income tax expense	(307)	(182)	(185)	(846)	(1 520)	(797)	(278)	(2 595)	(882)	(226)	(1 108)	(733)	879	(3 557)	200	(3 357)
Profit for the period	790	467	474	2 172	3 903	2 049	493	6 445	2 266	582	2 848	1 882	538	11 713	(435)	11 278
Attributable to																
Ordinary equityholders	790	467	474	2 172	3 903	2 049	256	6 208	2 242	563	2 805	1 856	46	10 915	(435)	10 480
NCNR preference shareholders	-	-	-	-	-	-	-	-	-	-	-	-	164	164	-	164
Non-controlling interests	-	-	-	-	-	-	237	237	24	19	43	26	328	634	-	634
Profit for the period	790	467	474	2 172	3 903	2 049	493	6 445	2 266	582	2 848	1 882	538	11 713	(435)	11 278
Attributable earnings to ordinary shareholders	790	467	474	2 172	3 903	2 049	256	6 208	2 242	563	2 805	1 856	46	10 915	(435)	10 480
Headline earnings adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(81)	(81)
Headline earnings	790	467	474	2 172	3 903	2 049	256	6 208	2 242	563	2 805	1 856	46	10 915	(516)	10 399
TRS and IFRS 2 liability remeasurement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	569	569
IFRS 2 share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
IAS 19 adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(53)	(53)
Private equity subsidiary realisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Normalised earnings*	790	467	474	2 172	3 903	2 049	256	6 208	2 242	563	2 805	1 856	46	10 915	-	10 915

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

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

** Includes FNB's activities in India.

\# Includes contributions from the RMB Africa in-country operations of R286 million profit before tax.

	FNB								RMB#							
	Retail															
R million	Residential mortgages	Card	Personal loans	Retail other	Retail	Commercial	FNB Africa**	Total FNB	Investment banking	Corporate banking	Total RMB#	WesBank	FCC (including Group Treasury) and other	FirstRand group - normalised	Normalised adjustments	FirstRand group - IFRS
Cost-to-income ratio (%)	40.8	52.3	33.6	55.1	49.8	54.3	64.5	53.0	42.4	58.7	46.4	42.0	>100	51.1	-	52.4
Diversity ratio (%)	12.4	42.4	26.2	65.2	49.0	48.1	56.3	49.6	66.9	52.8	63.4	29.2	(>100)	46.0	-	46.9
Credit loss ratio (%)	0.18	2.18	6.04	5.34	1.01	0.64	1.07	0.95	0.32	0.16	0.29	1.36	(0.04)	0.77	-	0.73
NPLs as a percentage of advances (%)	2.30	2.54	4.66	4.01	2.58	2.37	3.76	2.69	1.74	0.30	1.50	3.03	-	2.30	-	2.40
Consolidated income statement includes																
Depreciation	(3)	(2)	(4)	(663)	(672)	(14)	(96)	(782)	(58)	(2)	(60)	(250)	(15)	(1 107)	(40)	(1 147)
Amortisation	-	-	-	(2)	(2)	-	(4)	(6)	(5)	-	(5)	(32)	(2)	(45)	36	(9)
Net impairment charge	-	-	-	7	7	-	-	7	-	(2)	(2)	-	(8)	(3)	(6)	(9)
Statement of financial position includes																
Advances (after ISP - before impairments)	184 641	20 854	15 206	13 690	234 391	62 168	41 894	338 453	222 472	46 088	268 560	207 969	29 709	844 691	(38 104)	806 587
- Normal advances	184 641	20 854	15 206	13 690	234 391	62 168	41 894	338 453	213 369	46 088	259 457	192 791	4 550	795 251	(3 842)	791 409
- Securitised advances	-	-	-	-	-	-	-	-	-	-	-	15 178	-	15 178	-	15 178
- Credit related assets	-	-	-	-	-	-	-	-	9 103	-	9 103	-	25 159	34 262	(34 262)	-
NPLs net of ISP	4 253	530	709	549	6 041	1 472	1 575	9 088	3 881	137	4 018	6 303	-	19 409	(50)	19 359
Investment in associated companies	-	-	-	258	258	-	4	262	4 103	-	4 103	1 883	(6)	6 242	-	6 242
Investments in joint ventures	-	-	-	-	-	-	-	-	1 402	-	1 402	-	(14)	1 388	36	1 424
Total deposits (including non-recourse deposits)	158	1 606	1	168 699	170 464	169 366	35 389	375 219	107 691	130 879	238 570	55	285 775	899 619	-	899 619
Total assets	183 501	20 156	14 050	35 245	252 952	61 879	48 078	362 909	416 480	49 868	466 348	212 621	97 645	1 139 523	(15)	1 139 508
Total liabilities*	183 175	19 826	13 752	29 427	246 180	60 267	47 953	354 400	409 524	48 847	458 371	207 590	15 354	1 035 715	2	1 035 717
Capital expenditure	1	1	1	761	764	24	553	1 341	81	3	84	929	8	2 362	-	2 362

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

* Total liabilities are net of interdivisional balances.

** Includes FNB's activities in India.

\# Includes contributions from the RMB Africa in-country operations of R286 million profit before tax.

SEGMENT REPORT
for the six months ended 31 December 2014

	FNB								RMB#							
	Retail															
R million	Residential mortgages	Card	Personal loans	Retail other	Retail	Commercial	FNB Africa**	Total FNB	Investment banking	Corporate banking	Total RMB#	WesBank	FCC (including Group Treasury) and other	FirstRand group - normalised	Normalised adjustments	FirstRand group - IFRS
Net interest income before impairment of advances	1 715	868	1 085	2 310	5 978	2 925	1 214	10 117	2 145	787	2 932	4 464	1 520	19 033	(1 544)	17 489
Impairment of advances	(55)	(16)	(415)	(493)	(979)	(154)	(189)	(1 322)	(639)	(67)	(706)	(1 208)	150	(3 086)	382	(2 704)
Net interest income after impairment of advances	1 660	852	670	1 817	4 999	2 771	1 025	8 795	1 506	720	2 226	3 256	1 670	15 947	(1 162)	14 785
Non-interest revenue	230	765	358	5 133	6 486	3 067	1 417	10 970	2 848	1 076	3 924	1 745	(510)	16 129	2 662	18 791
Income from operations	1 890	1 617	1 028	6 950	11 485	5 838	2 442	19 765	4 354	1 796	6 150	5 001	1 160	32 076	1 500	33 576
Operating expenses	(833)	(895)	(450)	(4 196)	(6 374)	(3 333)	(1 547)	(11 254)	(2 348)	(1 092)	(3 440)	(2 742)	(797)	(18 233)	(1 106)	(19 339)
Net income from operations	1 057	722	578	2 754	5 111	2 505	895	8 511	2 006	704	2 710	2 259	363	13 843	394	14 237
Share of profit of associates and joint ventures after tax	-	-	-	18	18	-	-	18	805	-	805	160	(241)	742	(5)	737
Income before tax	1 057	722	578	2 772	5 129	2 505	895	8 529	2 811	704	3 515	2 419	122	14 585	389	14 974
Indirect tax	(18)	(19)	(9)	(178)	(224)	(18)	(42)	(284)	(47)	20	(27)	(110)	(70)	(491)	-	(491)
Profit for the period before tax	1 039	703	569	2 594	4 905	2 487	853	8 245	2 764	724	3 488	2 309	52	14 094	389	14 483
Income tax expense	(291)	(197)	(159)	(726)	(1 373)	(695)	(276)	(2 344)	(774)	(203)	(977)	(618)	665	(3 274)	(78)	(3 352)
Profit for the period	748	506	410	1 868	3 532	1 792	577	5 901	1 990	521	2 511	1 691	717	10 820	311	11 131
Attributable to																
Ordinary equityholders	748	506	410	1 868	3 532	1 792	350	5 674	1 972	477	2 449	1 619	251	9 993	311	10 304
NCNR preference shareholders	-	-	-	-	-	-	-	-	-	-	-	-	153	153	-	153
Non-controlling interests	-	-	-	-	-	-	227	227	18	44	62	72	313	674	-	674
Profit for the period	748	506	410	1 868	3 532	1 792	577	5 901	1 990	521	2 511	1 691	717	10 820	311	11 131
Attributable earnings to ordinary shareholders	748	506	410	1 868	3 532	1 792	350	5 674	1 972	477	2 449	1 619	251	9 993	311	10 304
Headline earnings adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(403)	(403)
Headline earnings	748	506	410	1 868	3 532	1 792	350	5 674	1 972	477	2 449	1 619	251	9 993	(92)	9 901
TRS and IFRS 2 liability remeasurement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(144)	(144)
IFRS 2 share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75	75
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49	49
IAS 19 adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(54)	(54)
Private equity subsidiary realisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	166	166
Normalised earnings*	748	506	410	1 868	3 532	1 792	350	5 674	1 972	477	2 449	1 619	251	9 993	-	9 993

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

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

** Includes FNB's activities in India.

\# Includes contributions from the RMB Africa in-country operations of R293 million profit before tax.

	FNB								RMB#							
	Retail															
R million	Residential mortgages	Card	Personal loans	Retail other	Retail	Commercial	FNB Africa**	Total FNB	Investment banking	Corporate banking	Total RMB#	WesBank	FCC (including Group Treasury) and other	FirstRand group - normalised	Normalised adjustments	FirstRand group - IFRS
Cost-to-income ratio (%)	42.8	54.8	31.2	56.2	51.1	55.6	58.8	53.3	40.5	58.6	44.9	43.1	>100	50.8	-	52.2
Diversity ratio (%)	11.8	46.8	24.8	69.0	52.1	51.2	53.9	52.1	63.0	57.8	61.7	29.9	(>100)	47.0	-	52.8
Credit loss ratio (%)	0.06	0.19	6.55	9.57	0.92	0.60	1.13	0.89	0.59	0.39	0.56	1.35	(0.04)	0.84	-	0.76
NPLs as a percentage of advances (%)	2.88	1.87	5.39	4.71	3.04	2.42	2.55	2.88	1.55	0.89	1.45	2.95	-	2.38	-	2.45
Consolidated income statement includes																
Depreciation	(3)	(3)	(1)	(547)	(554)	(10)	(77)	(641)	(52)	(2)	(54)	(244)	(16)	(955)	(50)	(1 005)
Amortisation	-	-	-	(3)	(3)	-	(4)	(7)	(6)	-	(6)	(33)	(2)	(48)	(2)	(50)
Net impairment charge	-	-	-	(2)	(2)	-	-	(2)	-	-	-	(15)	(8)	(25)	(9)	(34)
Statement of financial position includes																
Advances (after ISP - before impairments)	175 097	17 356	12 831	11 143	216 427	52 825	34 480	303 732	223 569	37 569	261 138	184 591	5 718	755 179	(22 409)	732 770
- Normal advances	175 097	17 356	12 831	11 143	216 427	52 825	34 480	303 732	204 874	37 569	242 443	169 024	5 688	720 887	(3 684)	717 203
- Securitised advances	-	-	-	-	-	-	-	-	-	-	-	15 567	-	15 567	-	15 567
- Credit related assets	-	-	-	-	-	-	-	-	18 695	-	18 695	-	30	18 725	(18 725)	-
NPLs net of ISP	5 037	324	691	525	6 577	1 278	878	8 733	3 461	334	3 795	5 442	-	17 970	-	17 970
Investment in associated companies	-	-	-	259	259	-	4	263	3 831	-	3 831	1 633	(4)	5 723	-	5 723
Investments in joint ventures	-	-	-	-	-	-	-	-	1 550	-	1 550	-	(17)	1 533	3	1 536
Total deposits (including non-recourse deposits)	152	1 490	1	148 031	149 674	148 638	31 162	329 474	101 324	102 632	203 956	50	268 218	801 698	-	801 698
Total assets	173 870	16 835	11 741	29 712	232 158	52 292	39 195	323 645	370 757	40 717	411 474	187 948	57 109	980 176	(1 628)	978 548
Total liabilities*	173 540	16 422	11 481	24 689	226 132	50 894	38 698	315 724	363 662	39 756	403 418	184 887	(16 852)	887 177	2	887 179
Capital expenditure	-	2	-	1 557	1 559	20	435	2 014	178	1	179	670	1	2 864	-	2 864

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

* Total liabilities are net of interdivisional balances.

** Includes FNB's activities in India.

\# Includes contributions from the RMB Africa in-country operations of R293 million profit before tax.

SEGMENT REPORT
for the year ended 30 June 2015

	FNB								RMB#							
	Retail															
R million	Residential mortgages	Card	Personal loans	Retail other	Retail	Commercial	FNB Africa*	Total FNB	Investment banking	Corporate banking	Total RMB#	WesBank	FCC (including Group Treasury) and other	FirstRand group - normalised	Normalised adjustments	FirstRand group - IFRS
Net interest income before impairment of advances	3 548	1 856	2 232	4 800	12 436	6 122	2 465	21 023	4 189	1 582	5 771	9 070	2 746	38 610	(2 989)	35 621
Impairment of advances	(111)	(191)	(715)	(742)	(1 759)	(311)	(359)	(2 429)	(852)	(175)	(1 027)	(2 597)	266	(5 787)	637	(5 150)
Net interest income after impairment of advances	3 437	1 665	1 517	4 058	10 677	5 811	2 106	18 594	3 337	1 407	4 744	6 473	3 012	32 823	(2 352)	30 471
Non-interest revenue	486	1 436	757	10 073	12 752	6 001	2 824	21 577	7 037	2 051	9 088	3 603	(1 559)	32 709	4 712	37 421
Income from operations	3 923	3 101	2 274	14 131	23 429	11 812	4 930	40 171	10 374	3 458	13 832	10 076	1 453	65 532	2 360	67 892
Operating expenses	(1 689)	(1 772)	(916)	(8 918)	(13 295)	(6 734)	(3 225)	(23 254)	(5 115)	(2 117)	(7 232)	(5 427)	(827)	(36 740)	(1 952)	(38 692)
Net income from operations	2 234	1 329	1 358	5 213	10 134	5 078	1 705	16 917	5 259	1 341	6 600	4 649	626	28 792	408	29 200
Share of profit of associates and joint ventures after tax	-	-	-	18	18	-	1	19	1 607	-	1 607	342	(469)	1 499	40	1 539
Income before tax	2 234	1 329	1 358	5 231	10 152	5 078	1 706	16 936	6 866	1 341	8 207	4 991	157	30 291	448	30 739
Indirect tax	(35)	(44)	(18)	(303)	(400)	(35)	(85)	(520)	(87)	16	(71)	(239)	(54)	(884)	-	(884)
Profit for the period before tax	2 199	1 285	1 340	4 928	9 752	5 043	1 621	16 416	6 779	1 357	8 136	4 752	103	29 407	448	29 855
Income tax expense	(616)	(360)	(375)	(1 380)	(2 731)	(1 412)	(540)	(4 683)	(1 898)	(380)	(2 278)	(1 304)	1 639	(6 626)	(105)	(6 731)
Profit for the period	1 583	925	965	3 548	7 021	3 631	1 081	11 733	4 881	977	5 858	3 448	1 742	22 781	343	23 124
Attributable to																
Ordinary equityholders	1 583	925	965	3 548	7 021	3 631	647	11 299	4 846	912	5 758	3 307	922	21 286	337	21 623
NCNR preference shareholders	-	-	-	-	-	-	-	-	-	-	-	-	310	310	-	310
Non-controlling interests	-	-	-	-	-	-	434	434	35	65	100	141	510	1 185	6	1 191
Profit for the period	1 583	925	965	3 548	7 021	3 631	1 081	11 733	4 881	977	5 858	3 448	1 742	22 781	343	23 124
Attributable earnings to ordinary shareholders	1 583	925	965	3 548	7 021	3 631	647	11 299	4 846	912	5 758	3 307	922	21 286	337	21 623
Headline earnings adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(482)	(482)
Headline earnings	1 583	925	965	3 548	7 021	3 631	647	11 299	4 846	912	5 758	3 307	922	21 286	(145)	21 141
TRS and IFRS 2 liability remeasurement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(34)	(34)
IFRS 2 share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75	75
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25	25
IAS 19 adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(107)	(107)
Private equity subsidiary realisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	186	186
Normalised earnings*	1 583	925	965	3 548	7 021	3 631	647	11 299	4 846	912	5 758	3 307	922	21 286	-	21 286

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

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

** Includes FNB's activities in India.

\# Includes contributions from the RMB Africa in-country operations of R403 million profit before tax.

R million	FNB								RMB#							
	Retail															
	Residential mortgages	Card	Personal loans	Retail other	Retail	Commercial	FNB Africa**	Total FNB	Investment banking	Corporate banking	Total RMB#	WesBank	FCC (including Group Treasury) and other	FirstRand group - normalised	Normalised adjustments	FirstRand group - IFRS
Cost-to-income ratio (%)	41.9	53.8	30.6	59.9	52.7	55.5	61.0	54.6	39.9	58.3	43.9	41.7	>100	50.5	-	51.9
Diversity ratio (%)	12.0	43.6	25.3	67.8	50.7	49.5	53.4	50.7	67.4	56.5	65.0	30.3	(>100)	47.0	-	52.2
Credit loss ratio (%)	0.06	1.08	5.42	6.81	0.81	0.58	1.05	0.79	0.40	0.52	0.42	1.43	(0.04)	0.77	-	0.71
NPLs as a percentage of advances (%)	2.54	2.09	4.91	4.10	2.73	2.23	2.88	2.66	1.21	0.99	1.18	3.15	-	2.21	-	2.29
Consolidated income statement includes																
Depreciation	(6)	(5)	(1)	(1 176)	(1 188)	(23)	(160)	(1 371)	(102)	(5)	(107)	(481)	(30)	(1 989)	(104)	(2 093)
Amortisation	-	-	-	(2)	(2)	-	(9)	(11)	(12)	-	(12)	(70)	(5)	(98)	(4)	(102)
Net impairment charge	-	-	-	(4)	(4)	-	-	(4)	-	(2)	(2)	(27)	(55)	(88)	(9)	(97)
Statement of financial position includes																
Advances (after ISP - before impairments)	180 208	19 488	13 856	12 314	225 866	58 251	36 363	320 480	220 232	35 408	255 640	190 381	27 463	793 964	(31 368)	762 596
- Normal advances	180 208	19 488	13 856	12 314	225 866	58 251	36 363	320 480	209 076	35 408	244 484	174 321	10 606	749 891	(3 355)	746 536
- Securitised advances	-	-	-	-	-	-	-	-	-	-	-	16 060	-	16 060	-	16 060
- Credit-related assets	-	-	-	-	-	-	-	-	11 156	-	11 156	-	16 857	28 013	(28 013)	-
NPLs net of ISP	4 585	407	680	505	6 177	1 301	1 049	8 527	2 675	352	3 027	5 997	-	17 551	(50)	17 501
Investment in associated companies	-	-	-	246	246	-	4	250	3 802	-	3 802	1 735	(6)	5 781	-	5 781
Investments in joint ventures	-	-	-	-	-	-	-	-	1 249	-	1 249	-	(15)	1 234	48	1 282
Total deposits (including non-recourse deposits)	155	1 467	1	156 676	158 299	152 912	31 350	342 561	113 128	117 130	230 258	53	292 649	865 521	-	865 521
Total assets	179 095	18 895	12 787	31 351	242 128	57 905	41 269	341 302	376 355	39 347	415 702	193 613	108 645	1 059 262	4	1 059 266
Total liabilities*	178 316	18 171	12 120	21 850	230 457	54 974	40 891	326 322	367 760	37 705	405 465	186 903	41 968	960 658	4	960 662
Capital expenditure	-	3	7	2 637	2 647	32	1 467	4 146	334	4	338	1 021	11	5 516	-	5 516

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

* Total liabilities are net of interdivisional balances.

** Includes FNB's activities in India.

\# Includes contributions from the RMB Africa in-country operations of R403 million profit before tax.

FAIR VALUE HIERARCHY AND MEASUREMENTS

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.

			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, the fair value is determined using a valuation technique that makes use of unobservable inputs for credit. The fair value measurement of these bonds are, therefore, now categorised within level 3 of the fair value hierarchy.
Total transfers	2 821	(2 821)	

			As at 31 December 2014
R million	Transfers in	Transfers out	Reasons for transfers in
Level 1	-	-	There were no transfers in or out of level 1.
Level 2	3	(353)	The transfer into level 2 related to the lifting of a trading suspension on the 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	353	(3)	Investment securities to the value of R353 million were transferred into level 3 out of level 2 as these investment securities were delisted from an exchange.
Total transfers	356	(356)	

			As at 30 June 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 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)	

CONTINGENCIES AND COMMITMENTS

R million	As at 31 December 2015	As at 31 December 2014	% change	As at 30 June 2015
Contingencies				
Guarantees	34 304	32 314	6	34 995
Letters of credit	8 637	9 046	(5)	6 010
Total contingencies	42 941	41 360	4	41 005
Capital commitments				
Contracted capital commitments	724	988	(27)	916
Capital expenditure authorised not yet contracted	3 374	1 684	100	4 424
Total capital commitments	4 098	2 672	53	5 340
Other commitments				
Irrevocable commitments	114 413	82 749	38	87 464
Operating lease and other commitments	4 954	3 165	57	3 252
Total other commitments	119 367	85 914	39	90 716
Total contingencies and commitments	166 406	129 946	28	137 061

NUMBER OF ORDINARY SHARES IN ISSUE

	Six months ended 31 December 2015		Six months ended 31 December 2014		Year ended 30 June 2015	
	IFRS	Normalised	IFRS	Normalised	IFRS	Normalised
Shares in issue						
Opening balance as at 1 July	5 609 488 001	5 609 488 001	5 637 941 689	5 637 941 689	5 637 941 689	5 637 941 689
Shares issued	-	-	-	35 420 014	35 420 014	35 420 014
Shares bought back*	-	-	(4 762 878)	(63 873 702)	(4 762 878)	(63 873 702)
Shares cancelled**	-	-	(59 110 824)	-	(59 110 824)	-
Less: treasury shares	(1 713 430)	-	(1 422 629)	-	(2 956 365)	-
- BEE staff trusts	-	-	-	-	-	-
- Shares for client trading#	(1 713 430)	-	(1 422 629)	-	(2 956 365)	-
Number of shares in issue (after treasury shares)	5 607 774 571	5 609 488 001	5 572 645 358	5 609 488 001	5 606 531 636	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	5 637 941 689	5 637 941 689	5 637 941 689	5 637 941 689
Shares issued	-	-	-	192 500	14 944 335	17 661 486
Shares bought back	-	-	(25 885)	(347 139)	(2 374 915)	(31 849 353)
Shares cancelled	-	-	(321 254)	-	(29 474 438)	-
Less: treasury shares	(1 638 742)	-	(152 005 917)	-	(77 479 695)	-
- BEE staff trusts	-	-	(150 578 240)	-	(75 907 935)	-
- Shares for client trading	(1 638 742)	-	(1 427 677)	-	(1 571 760)	-
Weighted average number of shares in issue	5 607 849 259	5 609 488 001	5 485 588 633	5 637 787 050	5 543 556 976	5 623 753 822
Dilution impact:						
- Staff schemes	-	-	-	-	-	-
- BEE staff trusts	-	-	-	-	-	-
Diluted weighted average number of shares in issue	5 607 849 259	5 609 488 001	5 485 588 633	5 637 787 050	5 543 556 976	5 623 753 822
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	5 609 488 001	n/a	5 637 787 050	n/a	5 623 753 822

* 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.

COMPANY INFORMATION

DIRECTORS

LL Dippenaar (chairman), JP Burger (chief executive officer), AP Pullinger (deputy chief executive officer), HS Kellan (financial director), VW Bartlett, MS Bomela, P Cooper (alternate), L Crouse, JJ Durand, GG Gelink, PM Goss, NN Gwagwa, PK Harris, WR Jardine, RM Loubser, PJ Makosholo, EG Matenge-Sebesho, AT Nzimande, D Premnarayen (India), 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
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

JSE INDEPENDENT SPONSOR

PricewaterhouseCoopers Corporate Finance (Pty) Ltd
2 Eglin Road
Sunninghill
Sandton 2196

NAMIBIAN SPONSOR

Simonis Storm Securities (Pty) Ltd
4 Koch Street
Klein Windhoek
Namibia

TRANSFER SECRETARIES - SOUTH AFRICA

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001
PO Box 61051, Marshalltown 2107
Tel: +27 11 370 5000
Fax: +27 11 688 5248

TRANSFER SECRETARIES - NAMIBIA

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

8 March 2016