FirstRand Limited
(Incorporated in the Republic of South Africa)
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(FirstRand or the group or the company)

PROVISIONAL AUDITED RESULTS AND CASH DIVIDEND DECLARATION
for the year ended 30 June 2017

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

This announcement covers the provisional audited summary financial results of FirstRand Limited based on International Financial Reporting Standards (IFRS) for the year ended 30 June 2017. The primary results and accompanying commentary are presented on a normalised basis as the group believes this most accurately reflects its economic performance. The normalised results have been derived from the IFRS financial results. A detailed description of the difference between normalised and IFRS results is provided on pages 95 and 96 of the Analysis of financial results booklet on www.firstrand.co.za.

FINANCIAL HIGHLIGHTS

	2017	2016	% change
Basic and diluted normalised earnings per share (cents)	436.2	407.4	7
Normalised earnings (R million)	24 471	22 855	7
Normalised net asset value per share (cents)	1 941.7	1 779.0	9
Ordinary dividend per share (cents)	255.0	226.0	13
ROE (%)	23.4	24.0	
Basic and diluted headline earnings per share (cents)	423.7	399.2	6
Basic and diluted earnings per share (cents) - IFRS	438.2	402.4	9
Net asset value per share (cents) - IFRS	1 941.2	1 778.8	9

OVERVIEW OF RESULTS

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

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

Johan Burger
CEO

INTRODUCTION

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

GROUP STRATEGY

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

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

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

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

OPERATING ENVIRONMENT

Globally the economic environment improved and this allowed the US Federal Reserve to continue with gradual monetary policy normalisation. Economic activity in emerging economies held up better than was widely anticipated, with fears of a hard landing in China abating, and Brazil and Russia recovering from deep recessions. Unfortunately, South Africa could not benefit materially from these improved conditions given the prevailing environment of macroeconomic weakness, political and policy uncertainty, and low economic growth. These uncertainties were further exacerbated by allegations of state capture, the sudden replacement of the finance minister in early 2017, and concerns about corporate governance and financial stress at some large state owned enterprises (SOEs).

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

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

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

OVERVIEW OF RESULTS

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

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

SOURCES OF NORMALISED EARNINGS

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

* Includes FirstRand Limited (company).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OPERATING FRANCHISE REVIEWS

FNB

FNB represents FirstRand's activities in the retail and commercial segments in South Africa and the broader African continent. It is growing its franchise on the back of a compelling customer offering that provides a broad range of innovative financial services products.

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

FNB FINANCIAL HIGHLIGHTS

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

SEGMENT RESULTS

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

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

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

FNB continued to see good growth in customers:

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

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

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

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

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

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

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

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

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

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

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

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

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

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

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

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

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

CHANNEL VOLUMES

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

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

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

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

Overall provisioning levels have increased with overlays maintained.

PROGRESS ON INSURANCE INITIATIVE

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

RMB

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

RMB FINANCIAL HIGHLIGHTS

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

* Includes in-country and cross-border activities.

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

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

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

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

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

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

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

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

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

WESBANK

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

WESBANK FINANCIAL HIGHLIGHTS

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

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

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

Breakdown of profit contribution by activity

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

* Includes MotoVantage.

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

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

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

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

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

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

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

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

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

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

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

SEGMENT ANALYSIS OF NORMALISED EARNINGS

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

* Includes rest of Africa.

UPDATE ON INVESTMENT MANAGEMENT STRATEGY

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

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

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

With regards progress on the WIM activities:

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

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

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

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

MANAGEMENT OF FINANCIAL RESOURCES

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

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

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

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

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

BALANCE SHEET STRENGTH

Capital position

Current targeted ranges and actual ratios are summarised below.

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

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

** Includes unappropriated profits.

\# Based on Basel III regulations.

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

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

LIQUIDITY POSITION

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

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

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

REGULATORY CHANGES

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

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

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

DIVIDEND STRATEGY

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

PROSPECTS

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

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

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

EVENTS AFTER REPORTING PERIOD (AUDITED)

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

BOARD CHANGES

Movements in the directorate during the year under review:

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

CASH DIVIDEND DECLARATIONS

Dividends

Ordinary shares

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

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

The salient dates for the final dividend are as follows:

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

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

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

For South African shareholders who are subject to DWT, the net final dividend after deducting 20% tax will be 108.80000 cents per share.

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

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

B PREFERENCE SHARES

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

Dividends declared and paid

	Preference dividends	
Cents per share	2017	2016
Period:		
1 September 2015 - 29 February 2016		366.5
1 March 2016 - 29 August 2016		394.7
30 August 2016 - 27 February 2017	395.6	
28 February 2017 - 28 August 2017	393.6	

LL Dippenaar	JP Burger	C Low
Chairman	CEO	Company secretary

6 September 2017

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

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

RECONCILIATION FROM HEADLINE TO NORMALISED EARNINGS

for the year ended 30 June

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

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

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

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

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

** Includes FirstRand shares held for client trading activities.

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

BASIS OF PRESENTATION

The summary consolidated financial statements contained in this announcement are prepared in accordance with the JSE Listings Requirements for provisional reports and are derived from a complete set of the consolidated financial statements.

FirstRand prepares its summary consolidated financial results in accordance with:

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

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34 as allowed by the JSE Listings Requirements. The provisional report, which includes these disclosures, is available on www.firstrand.co.za or from the company's registered office and upon request.

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

Jaco van Wyk, CA(SA), supervised the preparation of the summary consolidated financial results. FirstRand's annual integrated report will be published on the group's website, www.firstrand.co.za on or about 4 October 2017.

ACCOUNTING POLICIES

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

The group has voluntarily changed the way it presents certain items of NII and NIR, the classification of certain credit investments and the presentation of accrued interest on certain deposits. The change in presentation has had no impact on the profit or loss or net asset value of the group and only affects the classification of items on the income statement and statement of financial position. In addition, the group has changed the presentation of gross cash paid or received on acquisition or disposal of subsidiaries in cash flow from investing activities to reflect the net cash outflow or inflow from the acquisition or disposal of subsidiaries.

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

NORMALISED RESULTS

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

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

AUDITORS' REPORT

This announcement is itself not reviewed or audited but is extracted from the underlying audited information.

The summary consolidated financial statements for the year ended 30 June 2017 contained in this announcement have been audited by Deloitte & Touche and PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon, in terms of ISA 810 (Revised).

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

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

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

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

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

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

* Restated.

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

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

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

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

* Restated.

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

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

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

** Cash in subsidiaries acquired or disposed of, previously disclosed in the cash reconciliation and not any specific activity, has been included under cash flows from investing activities (acquisition of investment in subsidiaries and proceeds on disposal of investments in subsidiaries). The net impact on the prior year is a decrease in net cash outflow from investing activities of R857 million.

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

	Ordinary share capital and ordinary equityholders' funds													
R million	Share capital	Share premium	Share capital and share premium	Defined benefit post-employment reserve	Cash flow hedge reserve	Share-based payment reserve	Available-for-sale reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Reserves attributable to ordinary equity-holders	NCNR preference shares	Non-controlling interests	Total equity
Balance as at 1 July 2015	56	7 997	8 053	(791)	190	21	64	2 757	261	80 223	82 725	4 519	3 307	98 604
Net proceeds of issue of share capital and premium	-	-	-	-	-	-	-	-	-	-	-	-	39	39
Proceeds from the issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	24	24
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-	-	15	15
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	19	19
Movement in other reserves	-	-	-	-	-	5	-	-	20	(16)	9	-	10	19
Ordinary dividends	-	-	-	-	-	-	-	-	-	(12 608)	(12 608)	-	(761)	(13 369)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(342)	-	(342)
Transfer from/(to) general risk reserves	-	-	-	-	-	-	-	-	18	(18)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	(1 077)	(1 077)	-	(10)	(1 087)
Consolidation of treasury shares	-	(45)	(45)	-	-	-	-	-	-	10	10	-	-	(35)
Total comprehensive income for the year	-	-	-	(139)	118	-	(505)	553	75	22 563	22 665	342	1 197	24 204
Vesting of share-based payments	-	-	-	-	-	(17)	-	-	-	30	13	-	-	13
Balance as at 30 June 2016	56	7 952	8 008	(930)	308	9	(441)	3 310	374	89 107	91 737	4 519	3 801	108 065
Net proceeds of issue of share capital and premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from the issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	8	8
Movement in other reserves	-	-	-	-	-	3	-	-	195	(167)	31	-	81	112
Ordinary dividends	-	-	-	-	-	-	-	-	-	(13 294)	(13 294)	-	(1 099)	(14 393)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(356)	-	(356)
Transfer from/(to) general risk reserves	-	-	-	-	-	-	-	-	16	(16)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	(175)	(175)	-	(166)	(341)
Consolidation of treasury shares	-	8	8	-	-	-	-	-	-	(8)	(8)	-	-	-
Total comprehensive income for the year	-	-	-	169	(150)	-	(274)	(1 620)	(123)	24 572	22 574	356	1 156	24 086
Vesting of share-based payments	-	-	-	-	-	(3)	-	-	-	6	3	-	-	3
Balance as at 30 June 2017	56	7 960	8 016	(761)	158	9	(715)	1 690	462	100 025	100 868	4 519	3 781	117 184

RESTATEMENT OF PRIOR YEAR NUMBERS

DESCRIPTION OF RESTATEMENTS

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

FAIR VALUE CREDIT ADJUSTMENTS

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

CREDIT-BASED INVESTMENTS INCLUDED IN ADVANCES

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

ACCRUED INTEREST ON DEPOSITS

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

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

RESTATED SUMMARY CONSOLIDATED INCOME STATEMENT - IFRS (AUDITED)
for the year ended 30 June 2016

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

RESTATED SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION - IFRS (AUDITED)
as at 30 June 2016

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

RESTATED SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION - IFRS (AUDITED)
as at 30 June 2015

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

FAIR VALUE HIERARCHY AND MEASUREMENTS (AUDITED)

Transfers between fair value hierarchy levels

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

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

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

SUMMARY SEGMENT REPORT - IFRS (AUDITED)
for the year ended 30 June

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

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

* Includes FNB's activities in India.

CONTINGENCIES AND COMMITMENTS (AUDITED)
as at 30 June

R million	2017	2016
Contingencies and commitments		
Guarantees (endorsements and performance guarantees)	34 006	34 733
Letters of credit	6 731	7 339
Total contingencies	40 737	42 072
Irrevocable commitments	119 325	101 418
Committed capital expenditure	3 936	4 264
Operating lease commitments	3 779	3 599
Other	306	379
Contingencies and commitments	168 083	151 732
Legal proceedings		
There are a number of legal or potential claims against the group, the outcome of which cannot at present be foreseen. These claims are not regarded as material either on an individual or a total basis.		
Provision made for liabilities that are expected to materialise	129	93
Commitments		
Commitments in respect of capital expenditure and long-term investments approved by the directors	3 936	4 264

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

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

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

COMPANY INFORMATION

DIRECTORS

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

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Namibia

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6 September 2017