

**results  
presentation**  
*for the year ended  
30 June 2014*



**FIRSTRAND**

# INTRODUCTION

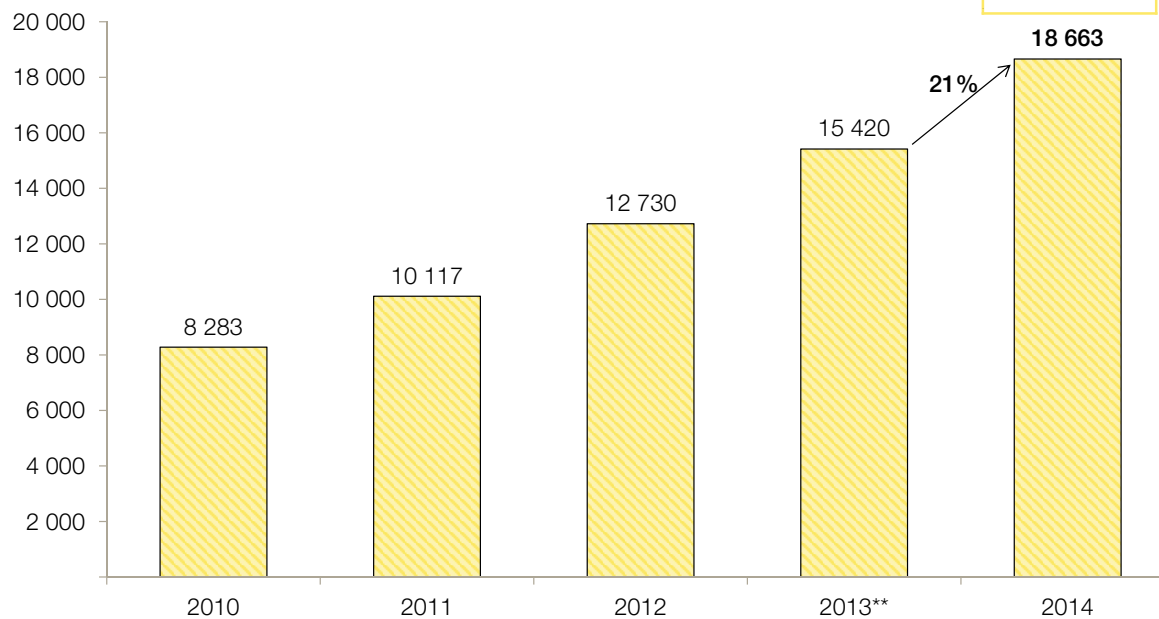


**FIRSTRAND**

## Group continues to deliver growth and returns above hurdle rates



Normalised earnings\* (R million)



\* Normalised earnings shown on a continuing normalised basis 2010-2012.

\*\* Refer to restatement of prior year numbers on pages 121 to 126 of the Analysis of financial results booklet – 2013 numbers have been restated throughout presentation unless otherwise indicated.

## Franchises performed well despite increasing headwinds

Normalised profit before tax (R million)	2014	2013	% change
FNB	13 995	11 644	20 ▲
RMB	7 459	6 150	21 ▲
WesBank	4 060	3 983	2 ▲

## Franchise outperformance continues...

- **FNB**
  - Residential mortgages continue to benefit from first-loss-best-loss strategy together with advances growth and repricing
  - Continued customer acquisition in target segments and cross-sell further benefiting transactional franchise
  - Migration of customers to digital channels drives volumes
  - Counter-cyclical actions in 2011 in personal loans origination paying off as bad debts materially down
- **RMB**
  - Positioned as leading domestic advisory and origination franchise
  - Strong growth in corporate advances and improved portfolio quality
  - Very strong earnings from private equity portfolio and significant investment realisation
  - Contribution from activities in the rest of Africa growing

## Franchise outperformance continues...



- **WesBank**
  - Consistent point-of-sale presence and partnership model ensured resilient new business volumes
  - MotoNovo growing strongly in GBP terms
  - Discipline in origination results in better than expected VAF and personal loans cost of credit

## ...given consistent execution on Group's strategy



- **Objectives**
  - Be the African financial services group of choice
  - Create long-term franchise value
  - Deliver superior and sustainable returns within acceptable earnings volatility
  - Maintain balance sheet strength
- **... driven by two growth strategies**
  - In South Africa, focus on existing markets and areas currently under-represented
    - Strengthened the relative positioning of franchises
    - Focused on growing client-based revenue
    - Expanded into new profit pools
  - Further grow African franchises in key markets and mine the Africa/Asia corridors

## Achieving momentum in the rest of Africa and corridors



- Consistent execution through operating franchises matched with disciplined capital deployment
- Country selection focused on main economic hubs of east and west Africa
- Three pillars to strategy:
  - **Utilise existing balance sheet, intellectual capital, international platforms and existing operating footprint in the rest of Africa**
    - Effective in territories where a physical presence not yet established
    - Particularly relevant to RMB where high levels of successful cross-border activity is continuing
    - RMB rolling out investment banking in established FNB subsidiaries
  - **Greenfields and growing subsidiaries**
    - FNB – rolling out SA innovations into subsidiaries is a priority, with points of presence preferred to large physical footprint
    - RMB's licence in Nigeria providing opportunities for corporate and commercial banking
    - Banking licence in Ghana approved
  - **Corporate action where it makes commercial sense**

ENSURING SUSTAINABILITY  
OF GROWTH AND RETURNS



FIRSTRAND

## Franchise strength and financial discipline underpin performance and sustainability



### RESILIENCE OF EARNINGS, GROWTH, RETURNS AND BALANCE SHEET STRENGTH

#### FRANCHISE VALUE

##### Client businesses

Diversification

Growth opportunities

- South African financial services profit pools
- Rest of Africa

Efficiencies

Understanding risk and reward through the cycle

#### FINANCIAL STRENGTH AND DISCIPLINED CAPITAL ALLOCATION

Balance sheet structure

- Economic view of the balance sheet
- NPLs and coverage
- Off-balance sheet reserves
- Funding and liquidity strategies

Gearing and returns

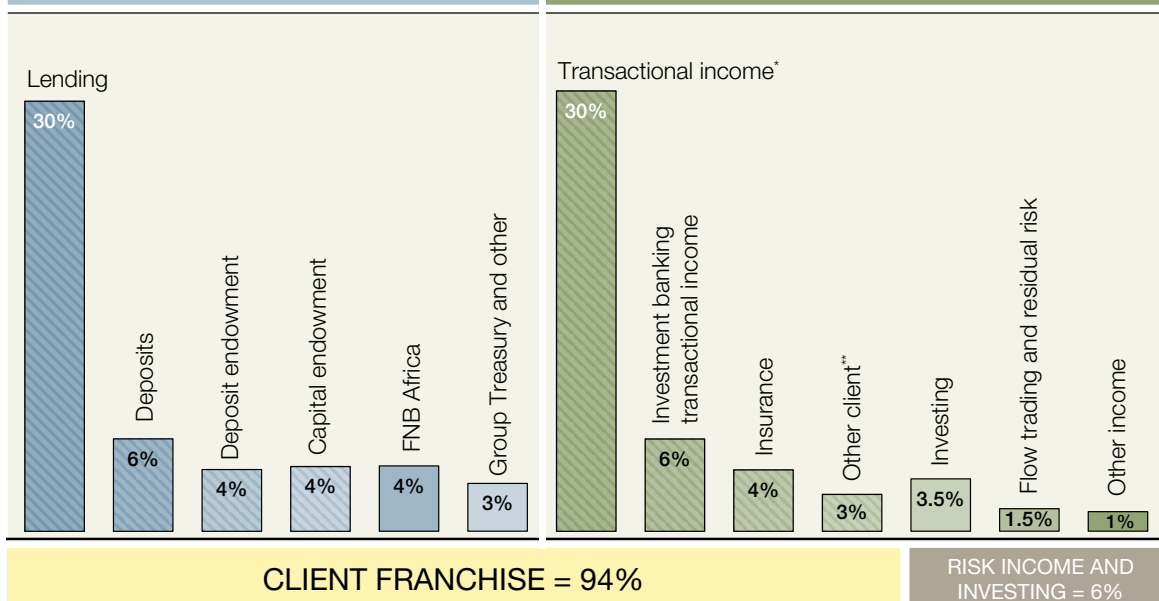
Capital position and dividend strategy

## Client franchise contributes 94% of gross revenue



Net interest income (NII) = 51%

Non-interest revenue (NIR) = 49%



\* From retail, commercial and corporate banking.

\*\* Includes WesBank associates.

## Franchise strength and financial discipline underpin performance and sustainability



### RESILIENCE OF EARNINGS, GROWTH, RETURNS AND BALANCE SHEET STRENGTH

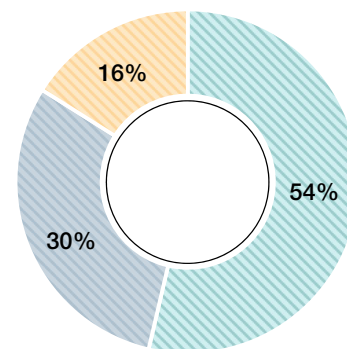
FRANCHISE VALUE	FINANCIAL STRENGTH AND DISCIPLINED CAPITAL ALLOCATION
<p>Client businesses</p> <p><b>Diversification</b></p> <p>Growth opportunities</p> <ul style="list-style-type: none"> <li>• South African financial services profit pools</li> <li>• Rest of Africa</li> </ul> <p>Efficiencies</p> <p>Understanding risk and reward through the cycle</p>	<p>Balance sheet structure</p> <ul style="list-style-type: none"> <li>• Economic view of the balance sheet</li> <li>• NPLs and coverage</li> <li>• Off-balance sheet reserves</li> <li>• Funding and liquidity strategies</li> </ul> <p>Gearing and returns</p> <p>Capital position and dividend strategy</p>

## Franchise diversification



Normalised earnings (R million)	2014	2013	% change
FNB	9 462	7 998	18 ▲
RMB	5 342	4 383	22 ▲
WesBank	2 830	2 774	2 ▲
FCC (incl. Group Treasury) and other*	1 029	265	>100 ▲
<b>Group normalised earnings</b>	<b>18 663</b>	<b>15 420</b>	<b>21 ▲</b>

### Franchise contribution to normalised earnings<sup>#</sup>



■ FNB ■ RMB ■ WesBank

\* Other comprises FirstRand company, consolidation adjustments and dividends paid on NCNR pref shares.

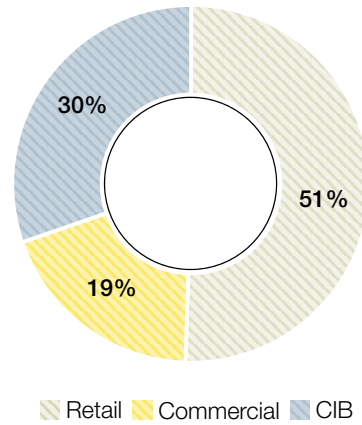
# FCC (which includes Group Treasury) is excluded from franchise contribution analysis.

## Segment diversification reflects SA cycle and strategy to grow CIB



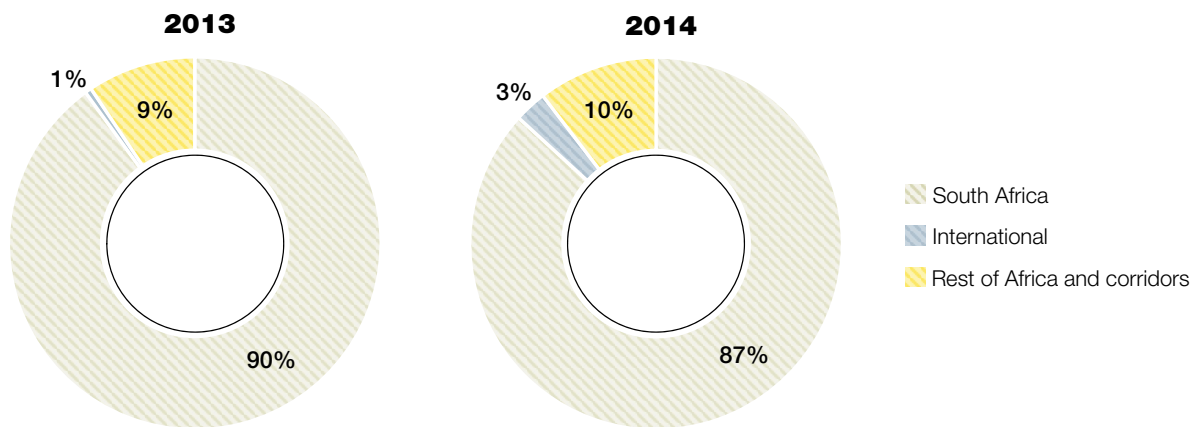
Normalised earnings (R million)	2014	2013	% change
Retail	8 905	7 868	13 ▲
Commercial*	3 387	2 904	17 ▲
Corporate and investment banking	5 342	4 383	22 ▲
FCC (incl. Group Treasury and other**)	1 029	265	>100 ▲
<b>Group normalised earnings</b>	<b>18 663</b>	<b>15 420</b>	<b>21 ▲</b>

Normalised earnings mix<sup>#</sup>



\* Includes FNB commercial and WesBank corporate (page 10 of Analysis of financial results booklet).  
 \*\* Other comprises FirstRand company, consolidation adjustments and dividends paid on NCNR pref shares.  
 # FCC (which includes Group Treasury) is excluded from the segment contribution analysis.

## Rest of Africa's absolute revenues growing strongly...

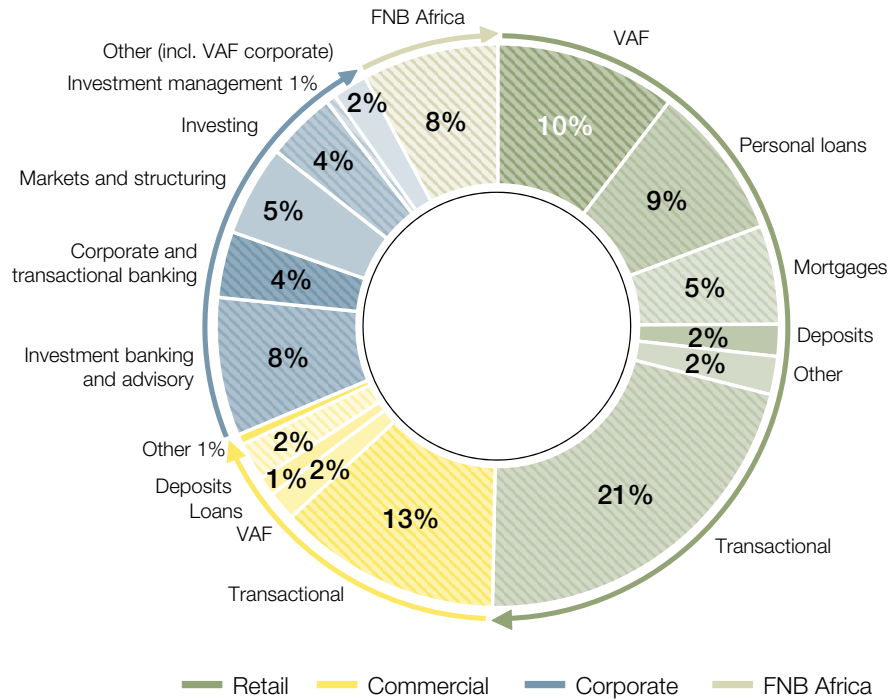


... local franchise performance means relative contribution similar

Based on gross revenue, excluding FCC (which includes Group Treasury).



## Product diversification underpins quality of earnings



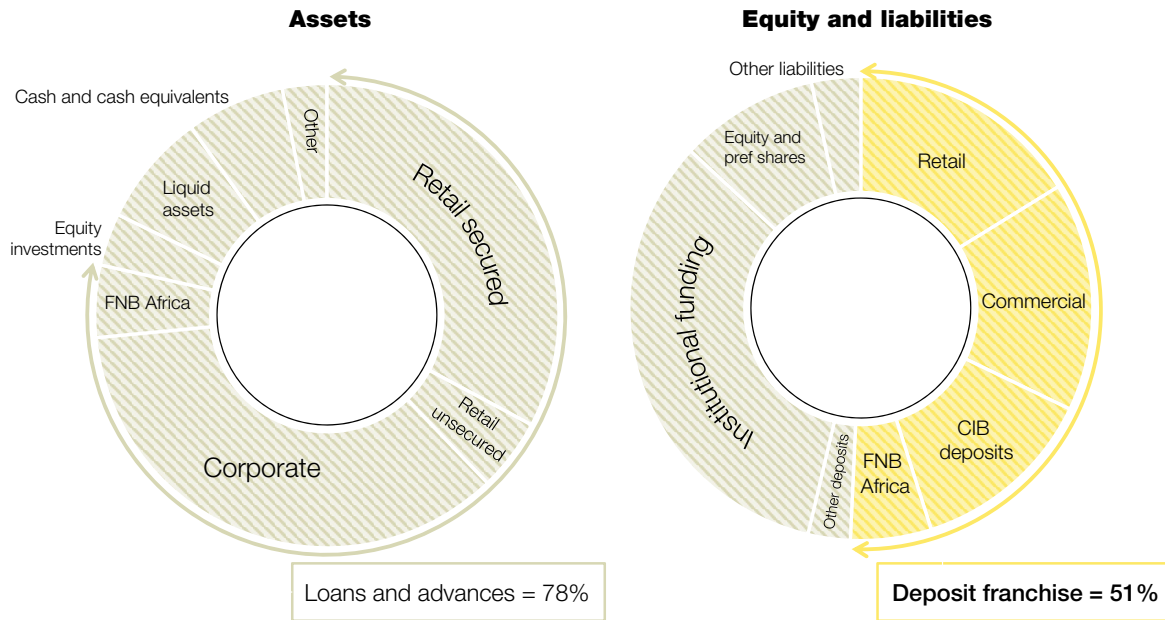
FCC (which includes Group Treasury) excluded from product split, which is based on gross revenue.

## Franchise strength and financial discipline underpin performance and sustainability

### RESILIENCE OF EARNINGS, GROWTH, RETURNS AND BALANCE SHEET STRENGTH

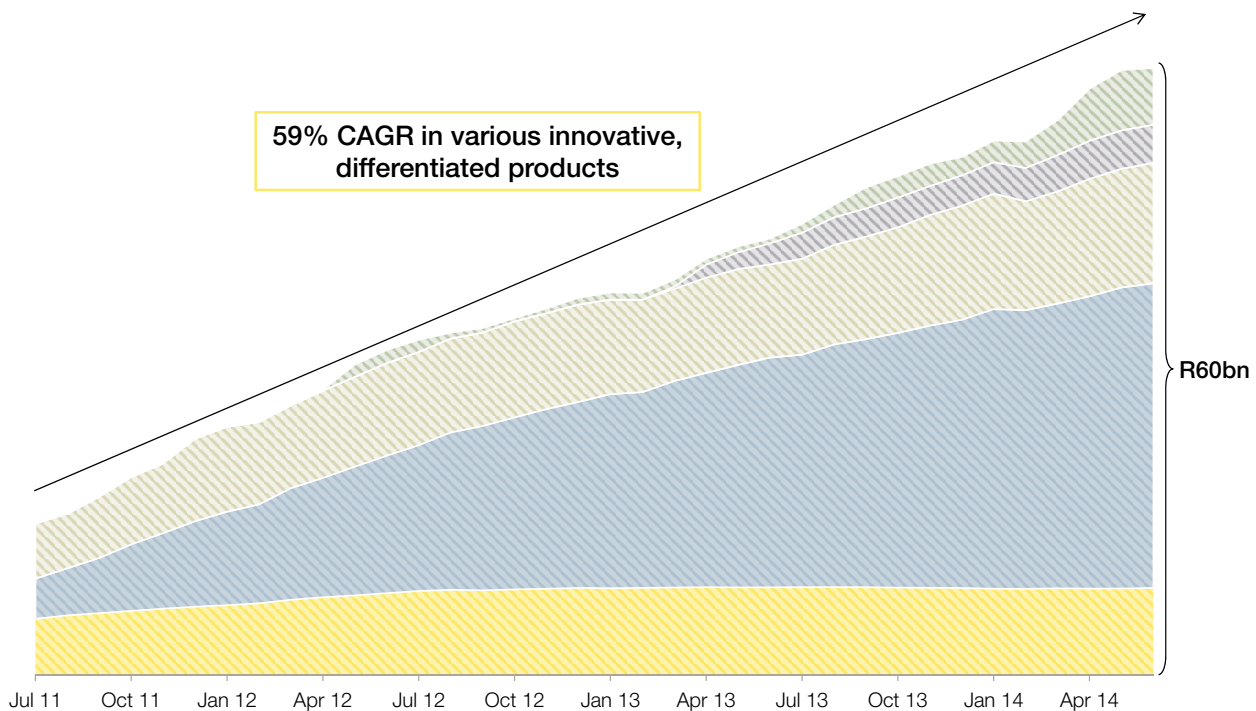
FRANCHISE VALUE	FINANCIAL STRENGTH AND DISCIPLINED CAPITAL ALLOCATION
Client businesses	Balance sheet structure
Diversification	<ul style="list-style-type: none"> <li>Economic view of the balance sheet</li> <li>NPLs and coverage</li> <li>Off-balance sheet reserves</li> <li>Funding and liquidity strategies</li> </ul>
<b>Growth opportunities</b> <ul style="list-style-type: none"> <li><b>SA financial services profit pools</b></li> <li><b>Rest of Africa</b></li> </ul>	Gearing and returns
Efficiencies	Capital position and dividend strategy
Understanding risk and reward through the cycle	

## Balance sheet structure presents opportunity to grow deposit franchise



**Note:** Economic view of the balance sheet reflected above. Non-recourse-, derivative-, securities lending- and short trading position assets and liabilities have been netted off.

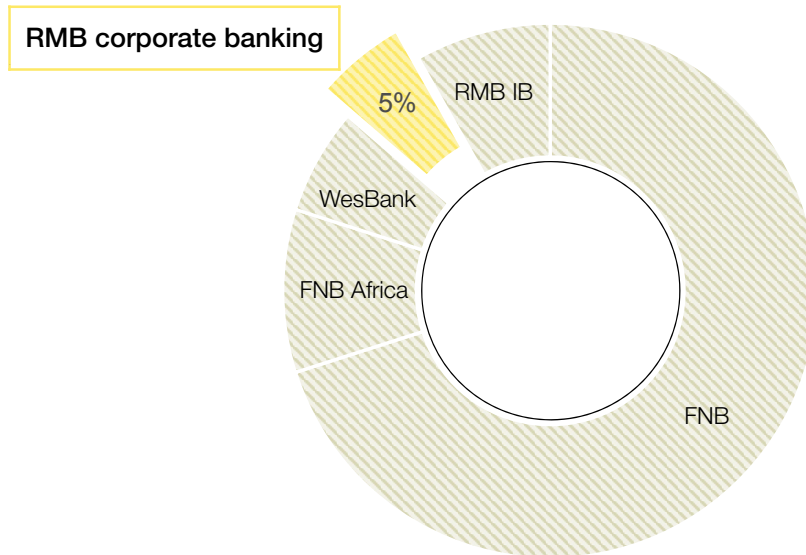
## Deposit franchise growth initiatives gaining traction



## Corporate transactional banking presents an opportunity for growth



**Franchise split of transactional NIR\***

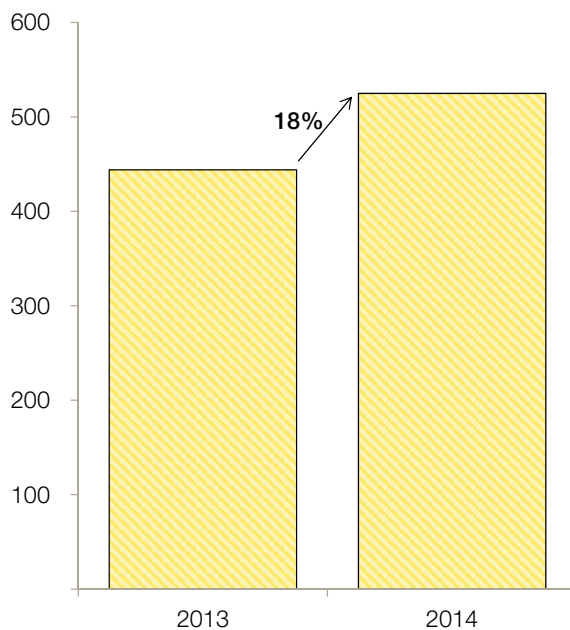


\* FCC (which includes Group Treasury) excluded from franchise NIR split.

## Corporate banking – not a quick fix



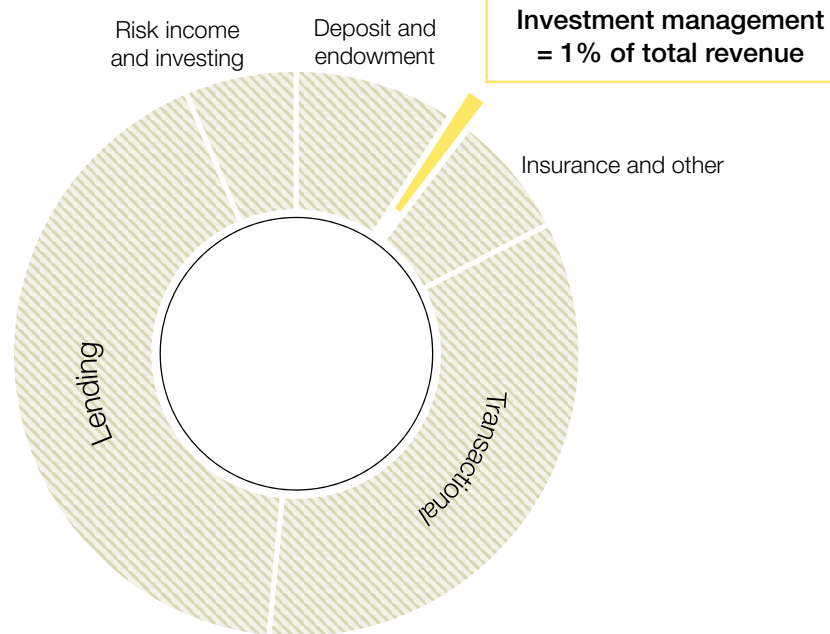
RMB corporate banking PBT\* (R million)



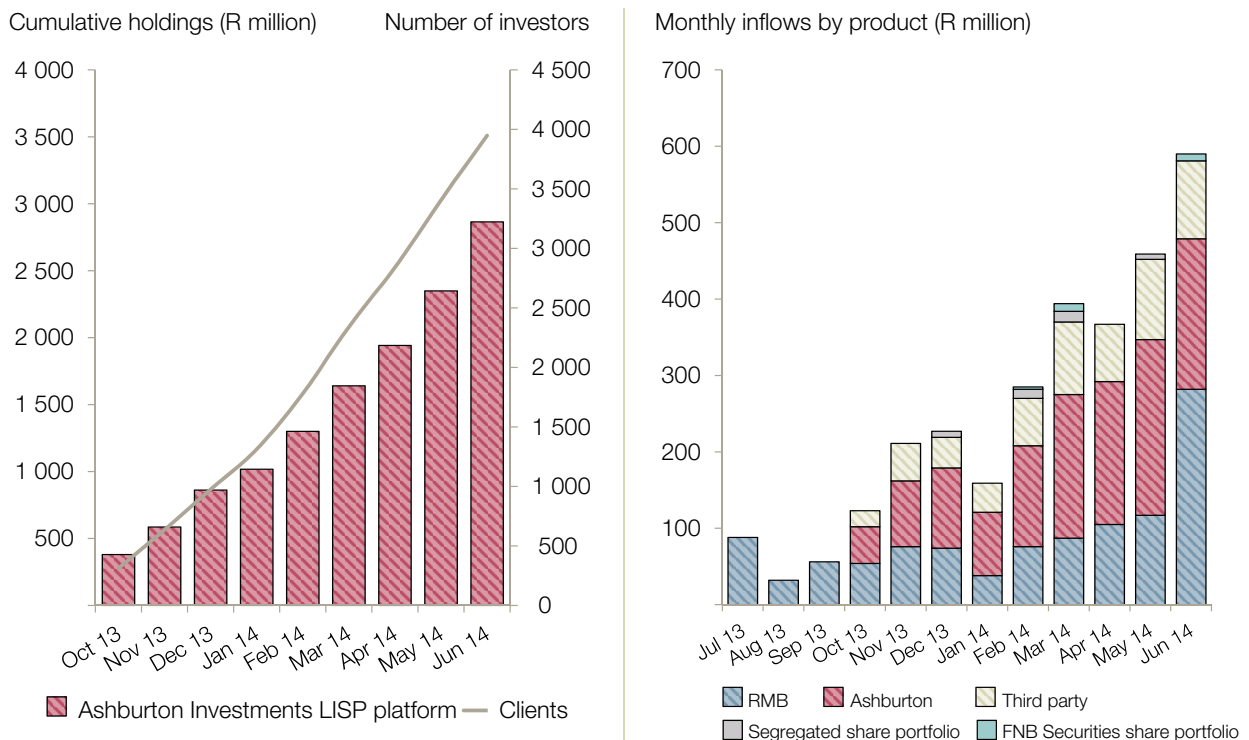
- Liability acquisition strategy bearing fruit: 51% growth in deposit franchise
- Significant market share gains in trade and working capital
- Capturing growth opportunities in the rest of Africa
- Unlocking benefits of relationship pricing
- Leveraging investment banking skills set and clients
- Improvement in client service levels
- Build-out of new product capabilities in close partnership with FNB

\* Reflects operational performance (refer to page 8 of the Analysis of financial results booklet).

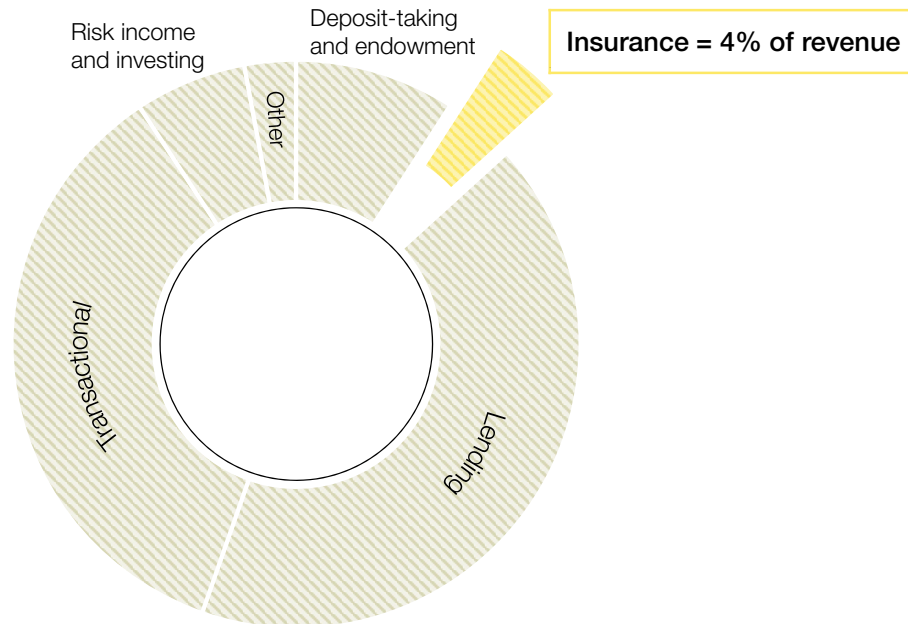
## Investment management is an attractive revenue pool



## New products, platforms and internal distribution channels delivering



## The Group's brands, distribution and client insights provide building blocks to grow insurance profits

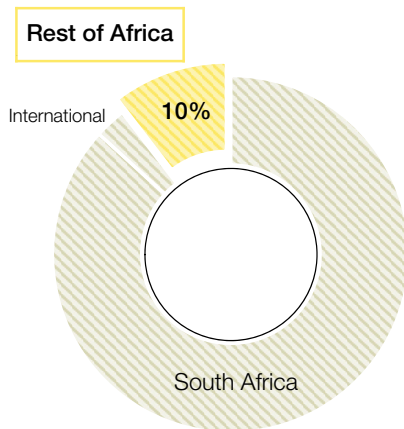


Based on gross revenue.

## Approach to rest of Africa shows promising track record

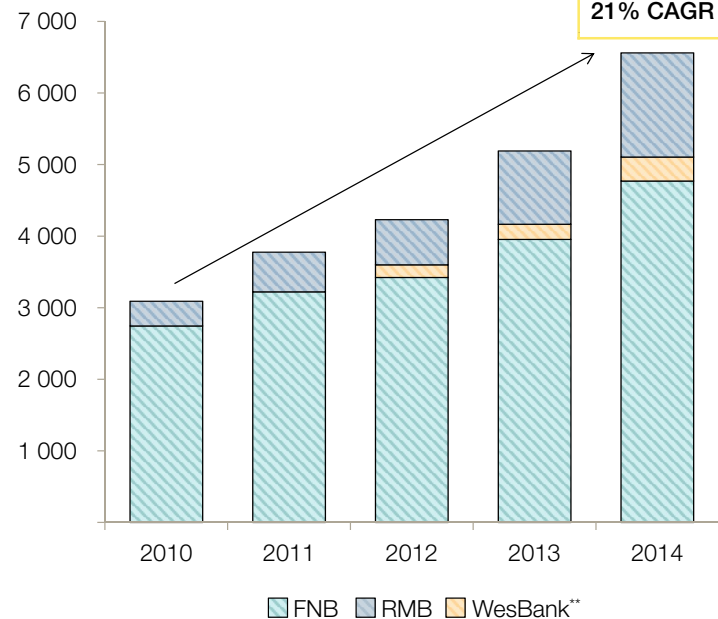


### 2014 gross revenue\*



Overall subsidiaries ROE 19.4%, established subsidiaries ROE 30.9%

Rest of Africa gross revenue\* (R million)



\* Excludes FCC (including Group Treasury).

\*\* WesBank 2010 and 2011 rest of Africa revenues included in FNB figures in the graph above.

Note: All WesBank rest of Africa profits reported under FNB Africa in Analysis of financial results booklet.

## Franchise strength and financial discipline underpin performance and sustainability



### RESILIENCE OF EARNINGS, GROWTH, RETURNS AND BALANCE SHEET STRENGTH

#### FRANCHISE VALUE

- Client businesses
- Diversification
- Growth opportunities
  - South African financial services profit pools
  - Rest of Africa

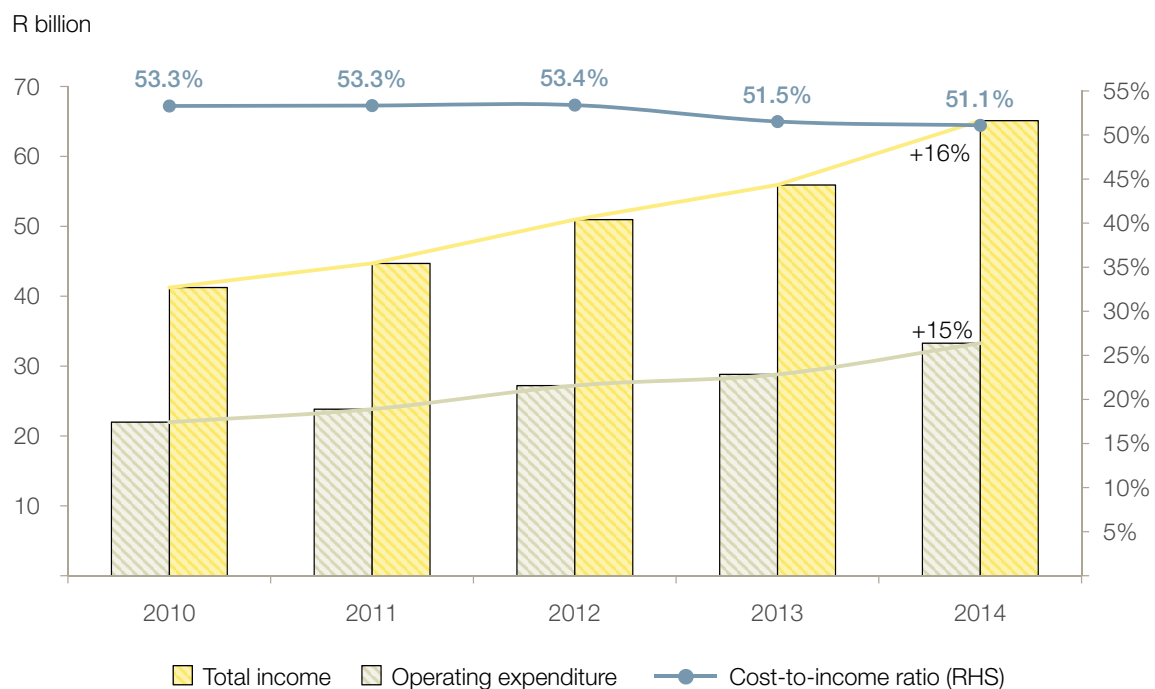
#### Efficiencies

Understanding risk and reward through the cycle

#### FINANCIAL STRENGTH AND DISCIPLINED CAPITAL ALLOCATION

- Balance sheet structure
  - Economic view of the balance sheet
  - NPLs and coverage
  - Off-balance sheet reserves
  - Funding and liquidity strategies
- Gearing and returns
- Capital position and dividend strategy

## Equal focus on growth and efficiency



# Franchise strength and financial discipline underpin performance and sustainability



## RESILIENCE OF EARNINGS, GROWTH, RETURNS AND BALANCE SHEET STRENGTH

### FRANCHISE VALUE

- Client businesses
- Diversification
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  - South African financial services profit pools
  - Rest of Africa
- Efficiencies

**Understanding risk and reward through the cycle**

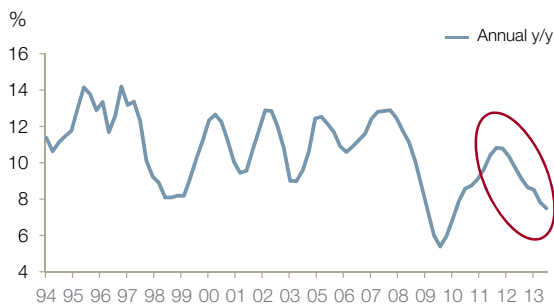
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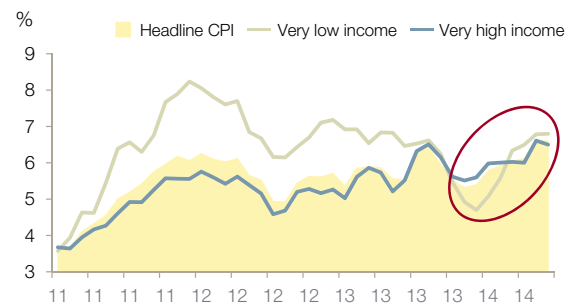
## Macros matter



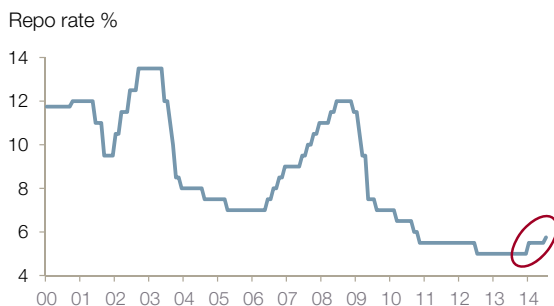
### Household nominal income growth slowed



### Consumer price inflation increased



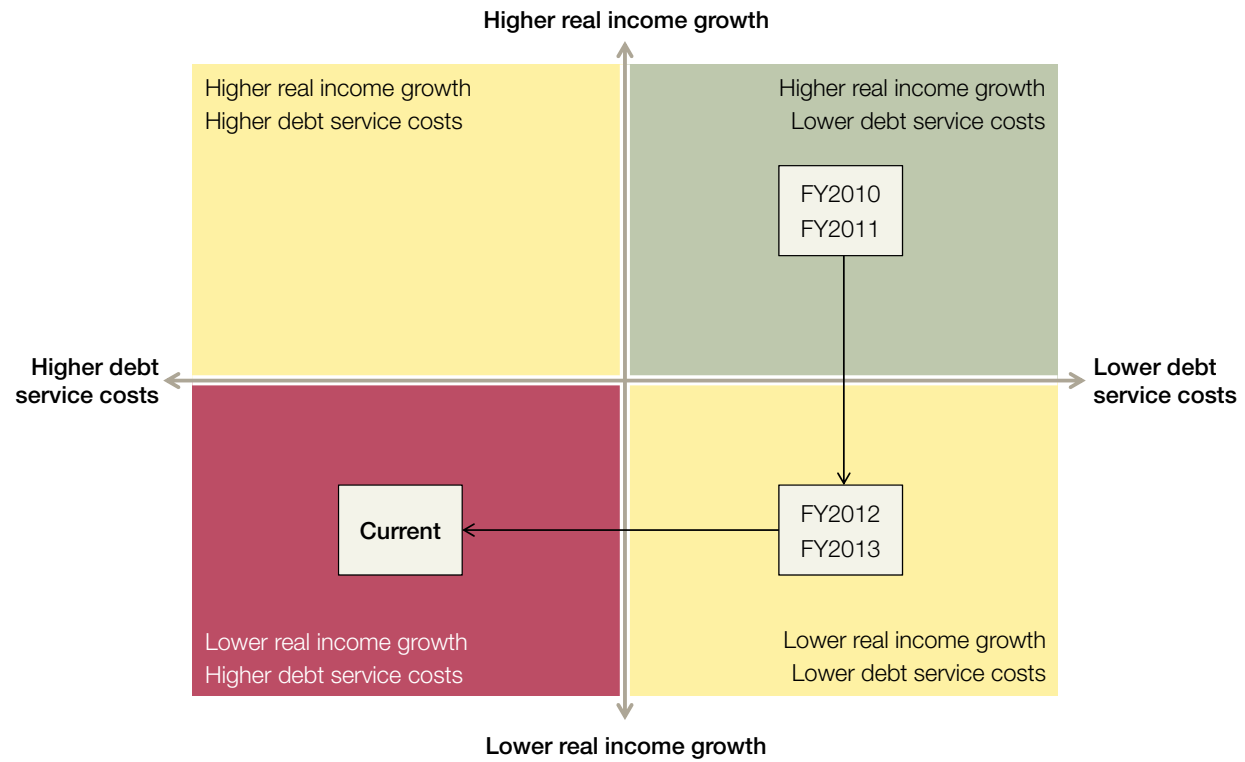
### Interest rates bottomed



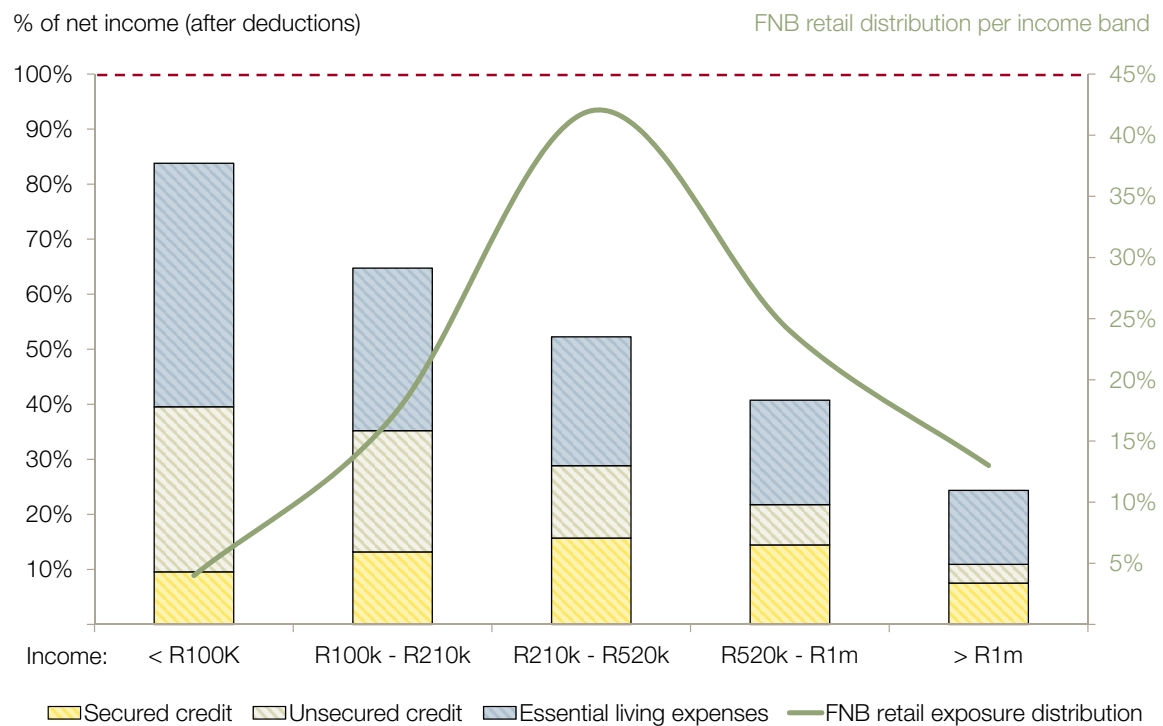
### Debt service costs bottomed



## Mapping origination strategy to macros



## Mapping FNB's retail exposure to SA Inc gearing profile



Analysis based on Stats SA Income and Expenditure Survey 2010-2011, credit bureau data and proxies based on FNB data/analysis. FNB retail distribution calculated using FNB-banked customers as a proxy.



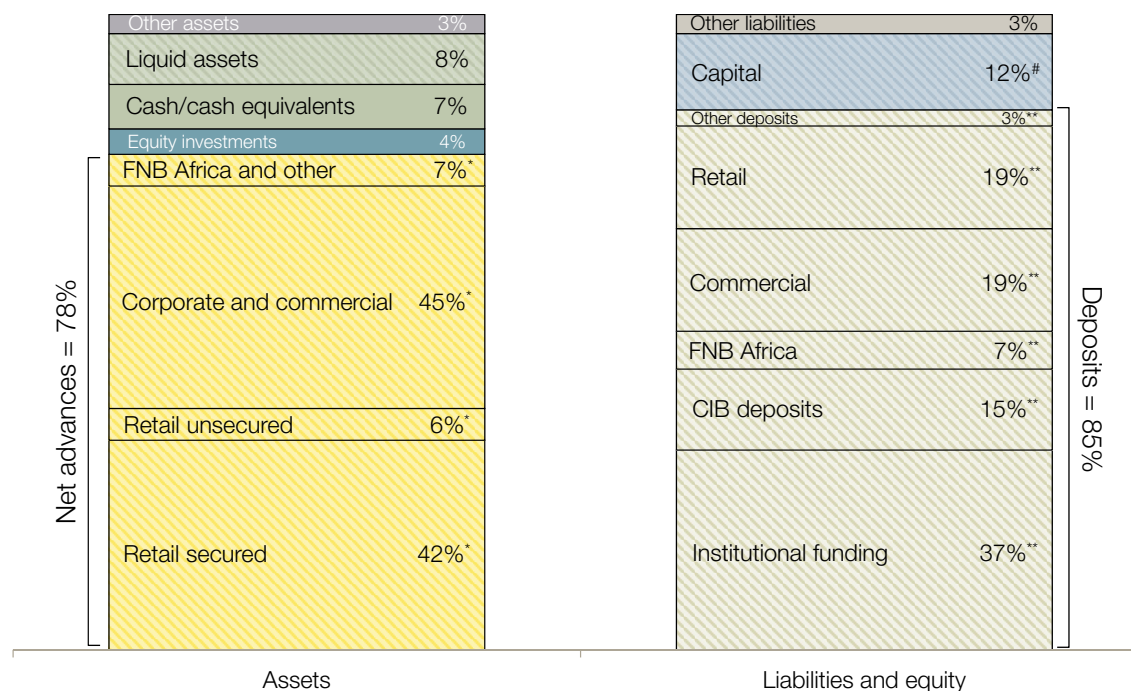
## Franchise strength and financial discipline underpin performance and sustainability



### RESILIENCE OF EARNINGS, GROWTH, RETURNS AND BALANCE SHEET STRENGTH

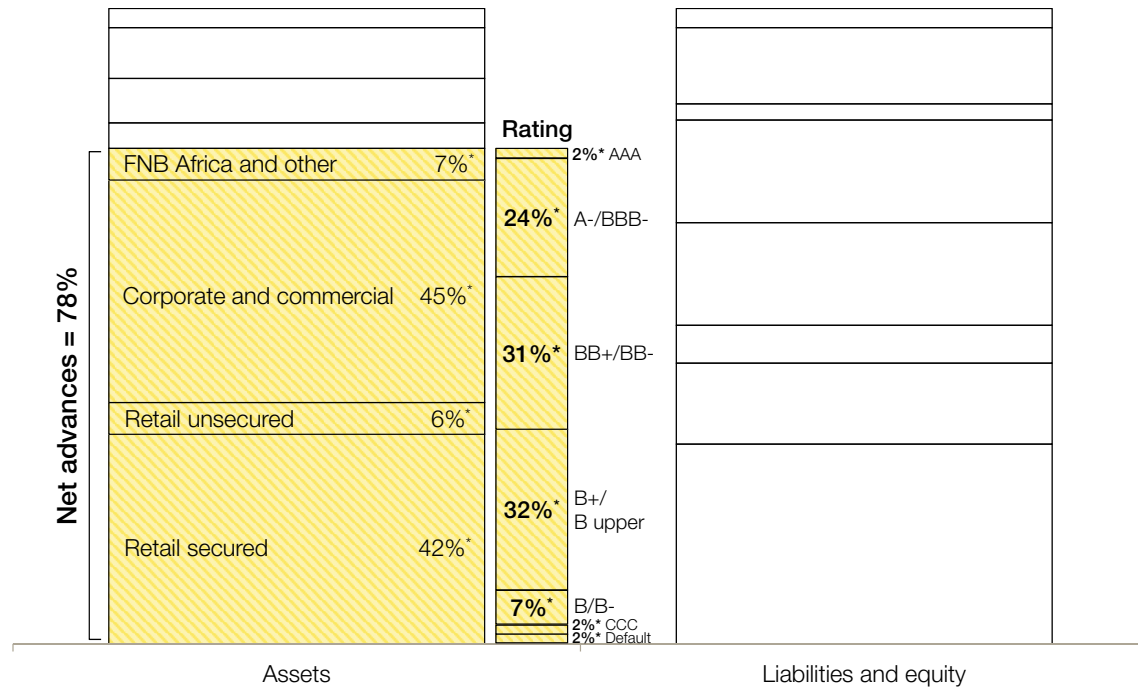
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Diversification	
Growth opportunities	
<ul style="list-style-type: none"> <li>• South African financial services profit pools</li> <li>• Rest of Africa</li> </ul>	
Efficiencies	
Understanding risk and reward through the cycle	

## Economic view of balance sheet structure



\* As a proportion of loans and advances.  
 # Ordinary equity and non-controlling interests (10%) and NCNR preference shares and Tier 2 liabilities (2%).  
**Note:** Non-recourse-, derivative-, securities lending- and short trading position assets and liabilities have been netted off.  
 \*\* As a proportion of deposit franchise.

## Economic view of balance sheet structure

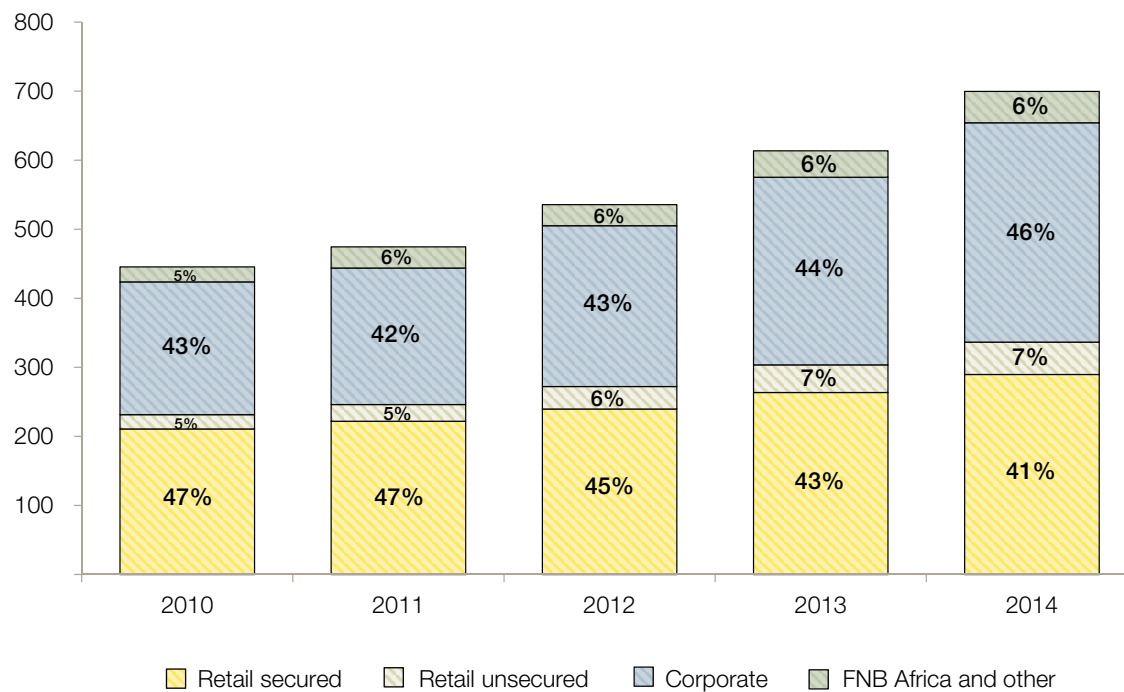


\* As a proportion of loans and advances.

**Note:** Non-recourse-, derivative-, securities lending- and short trading position assets and liabilities have been netted off.

## Advances mix reflects stated strategy to rebalance portfolio

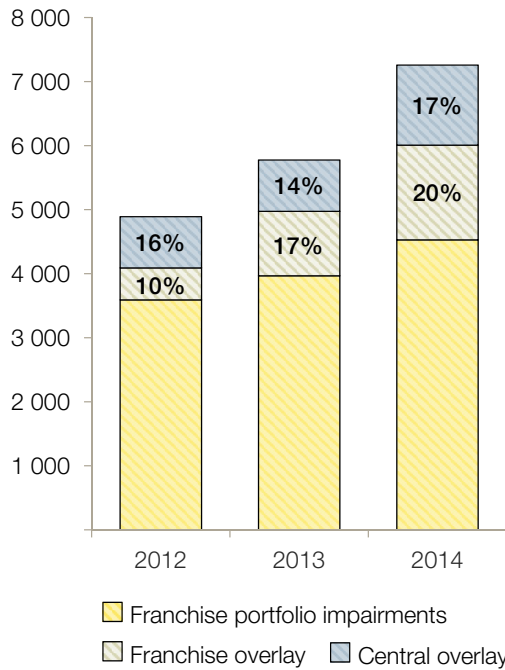
Gross advances (R billion)



## Portfolio provisions reflect countercyclical actions



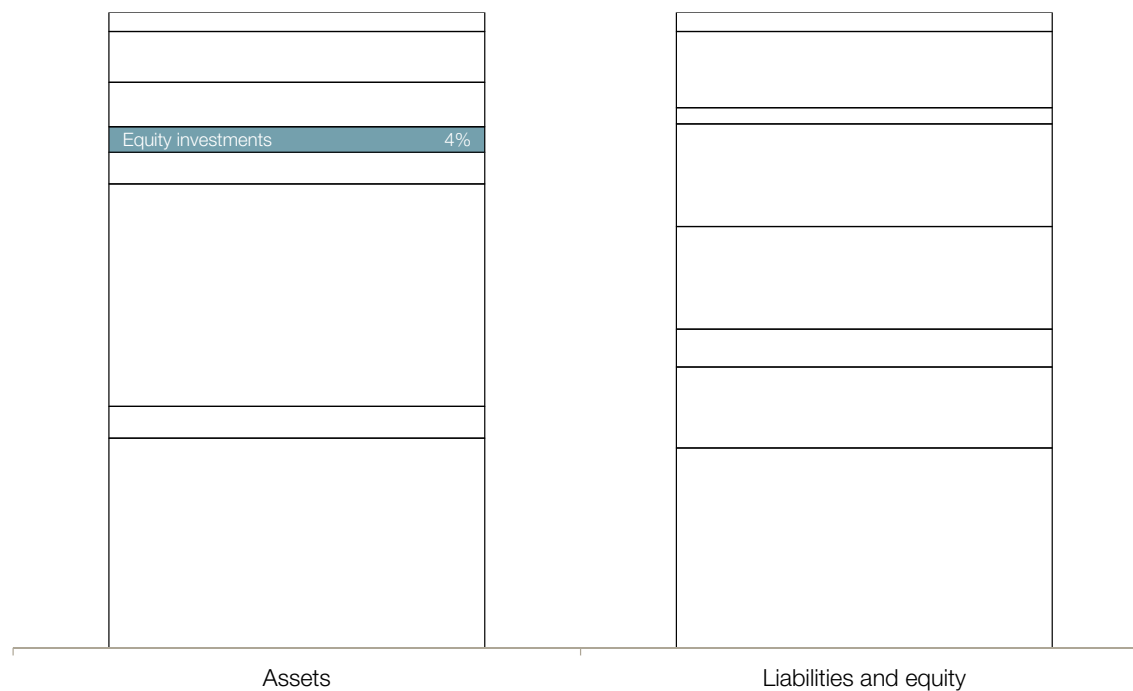
Portfolio impairments (R million)



	2014	2013
Portfolio impairments as % of performing book	1.06%	0.97%
Portfolio impairments as % of non-performing book	44.6%	33.5%
Bad debt charge* (%)	0.84%	0.95%
Portfolio impairments (R million)	7 259	5 776

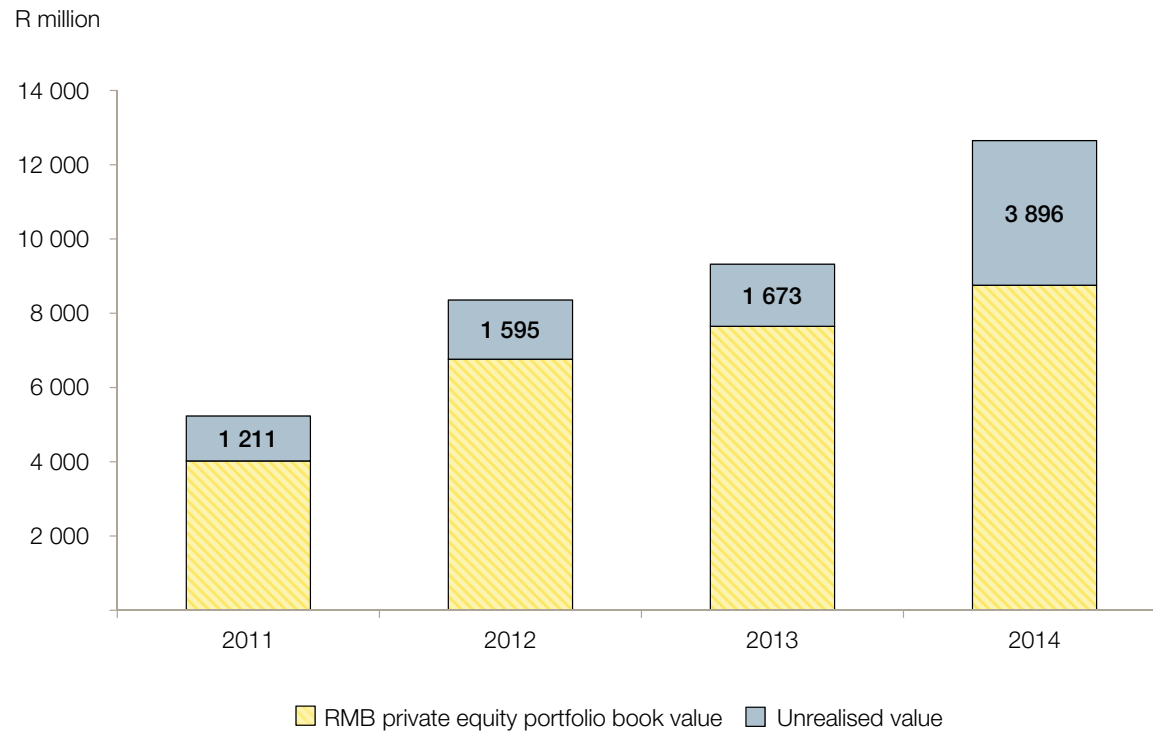
\* 2013 figure excludes impact of merchant acquiring event.

## Economic view of balance sheet structure

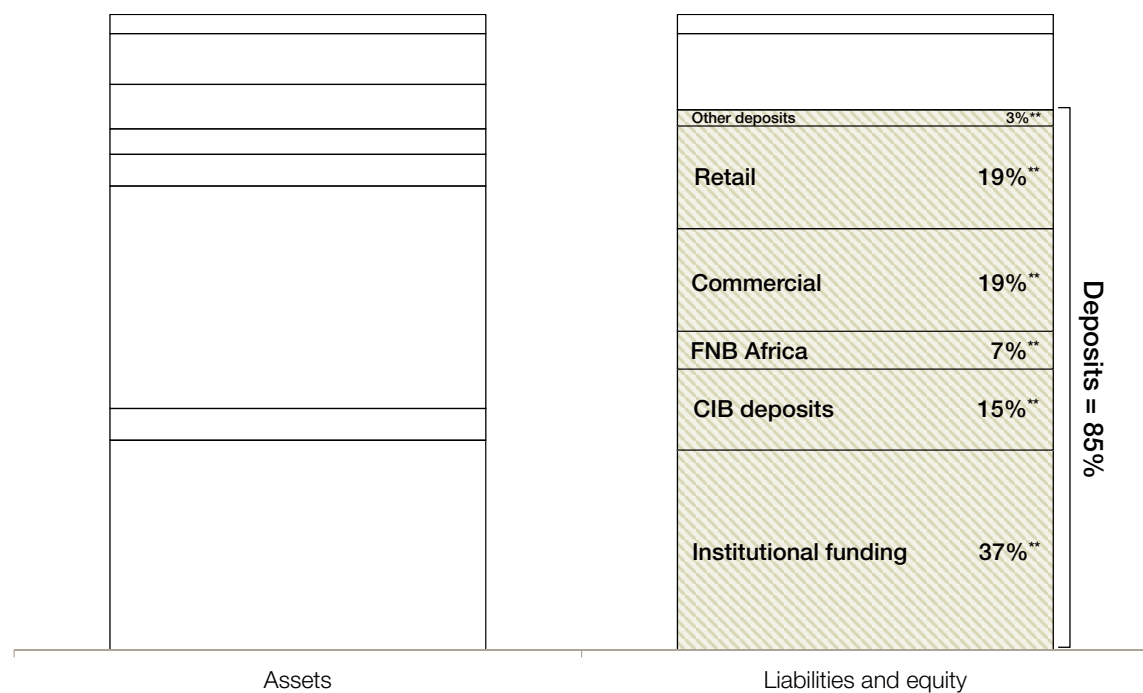


Note: Non-recourse-, derivative-, securities lending- and short trading position assets and liabilities have been netted off.

## Private equity unrealised value not on balance sheet



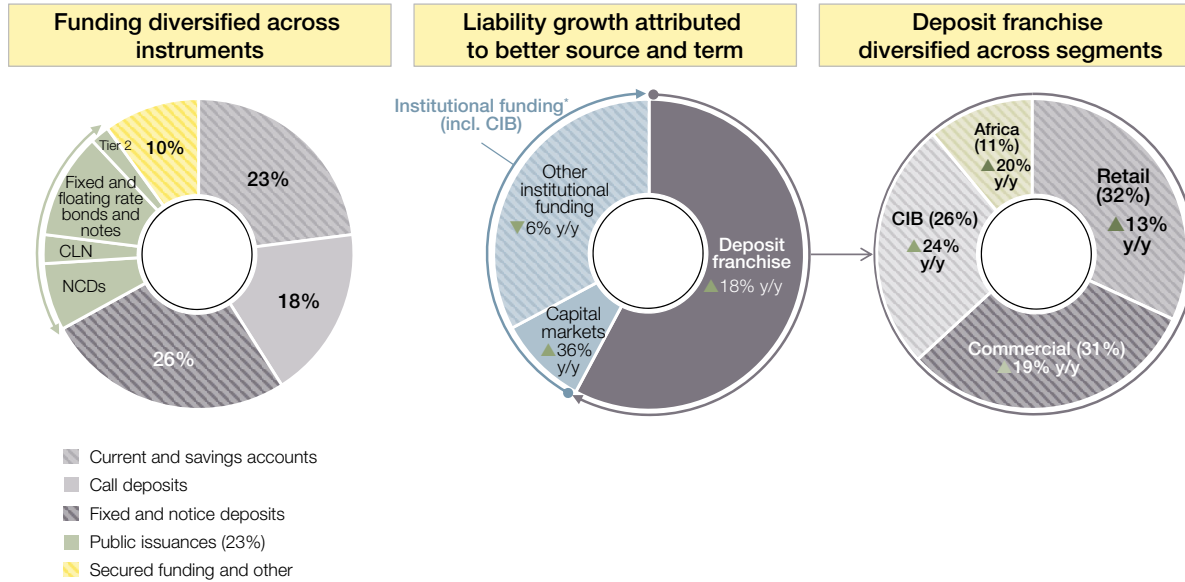
## Economic view of balance sheet structure



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

\*\* As a proportion of deposit franchise.

## Building a sustainable, diversified, efficient and flexible funding profile

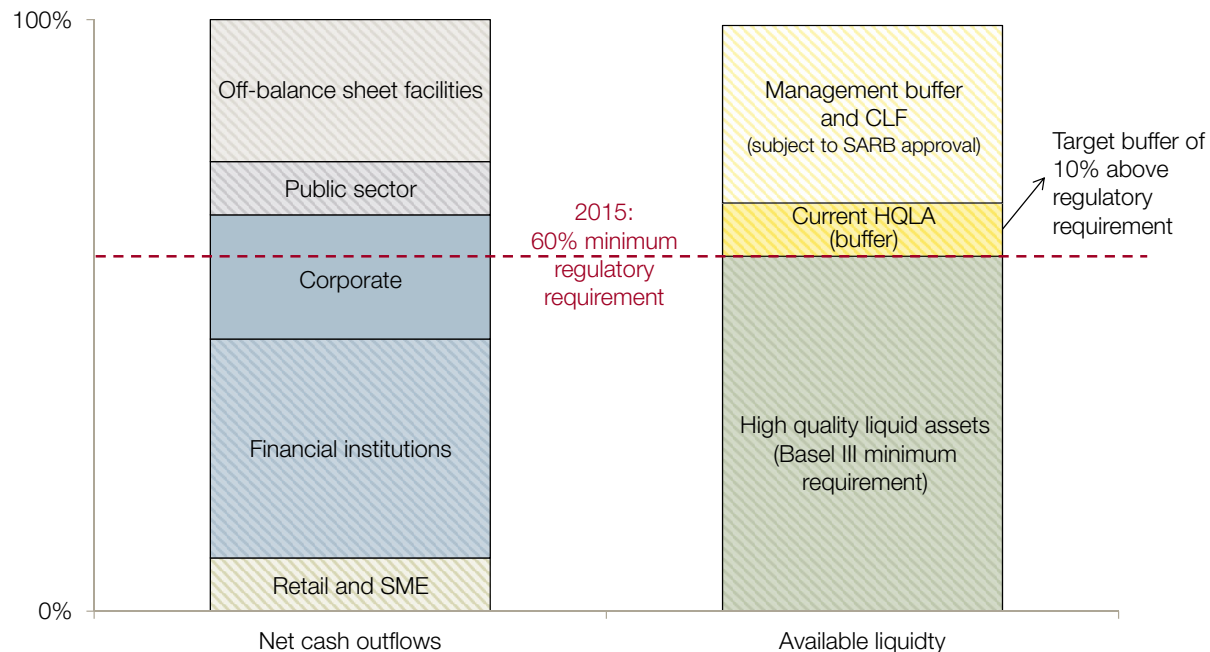


\* Weighted average remaining term = 27 months.

## Already compliant with LCR and implementing strategies to further improve liquidity position



FirstRand Bank liquidity coverage ratio (LCR)



Note: FirstRand Bank's long-term funding ratio >25%.

## Franchise strength and financial discipline underpin performance and sustainability



### RESILIENCE OF EARNINGS, GROWTH, RETURNS AND BALANCE SHEET STRENGTH

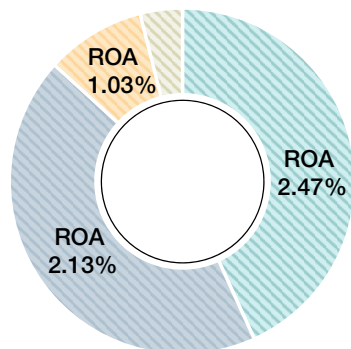
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## Group strategy reflected in structurally different ROA



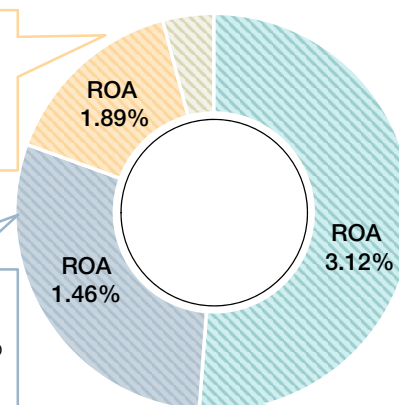
### 2007 normalised earnings split

ROA = 1.95%



### 2014 normalised earnings split

ROA = 2.06%



**WesBank**

- Better pricing for risk
- MotoNovo and personal loans
- Efficiencies

**RMB**

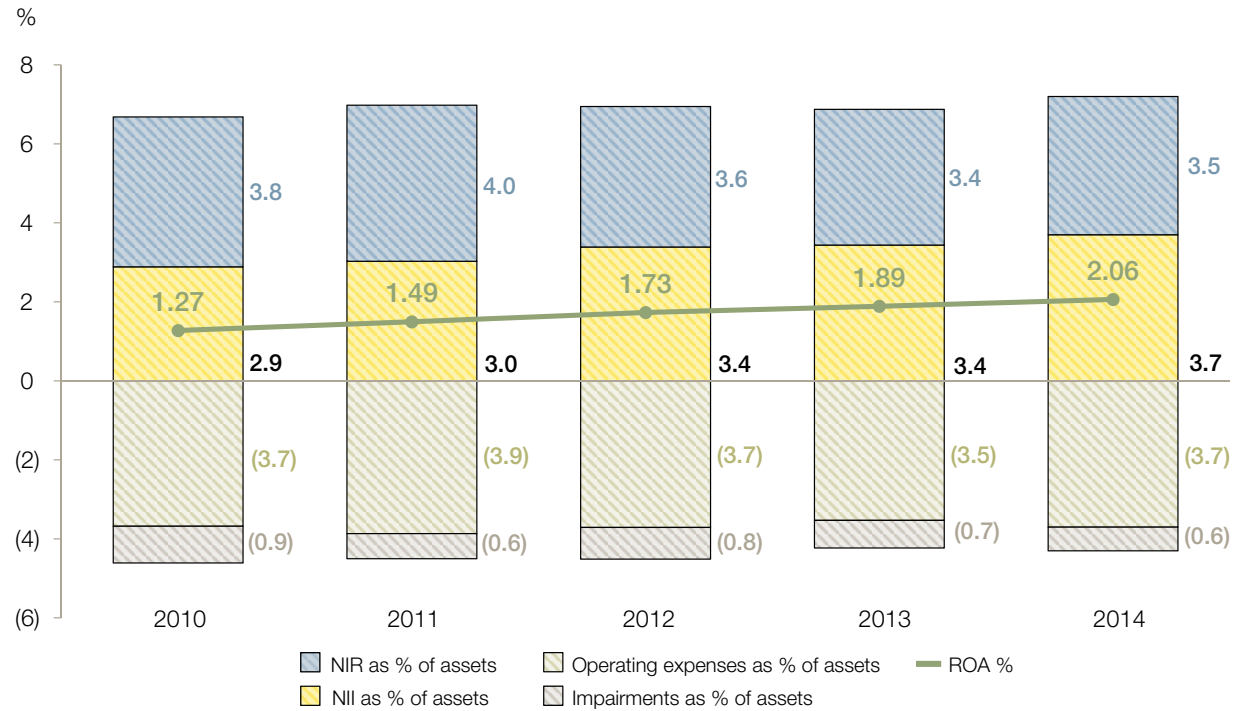
- Business model changes from highly-leveraged market risk to client franchise
- Strong growth in lending activities

**FNB**

- Build a transactional and deposit franchise
- Better pricing for risk

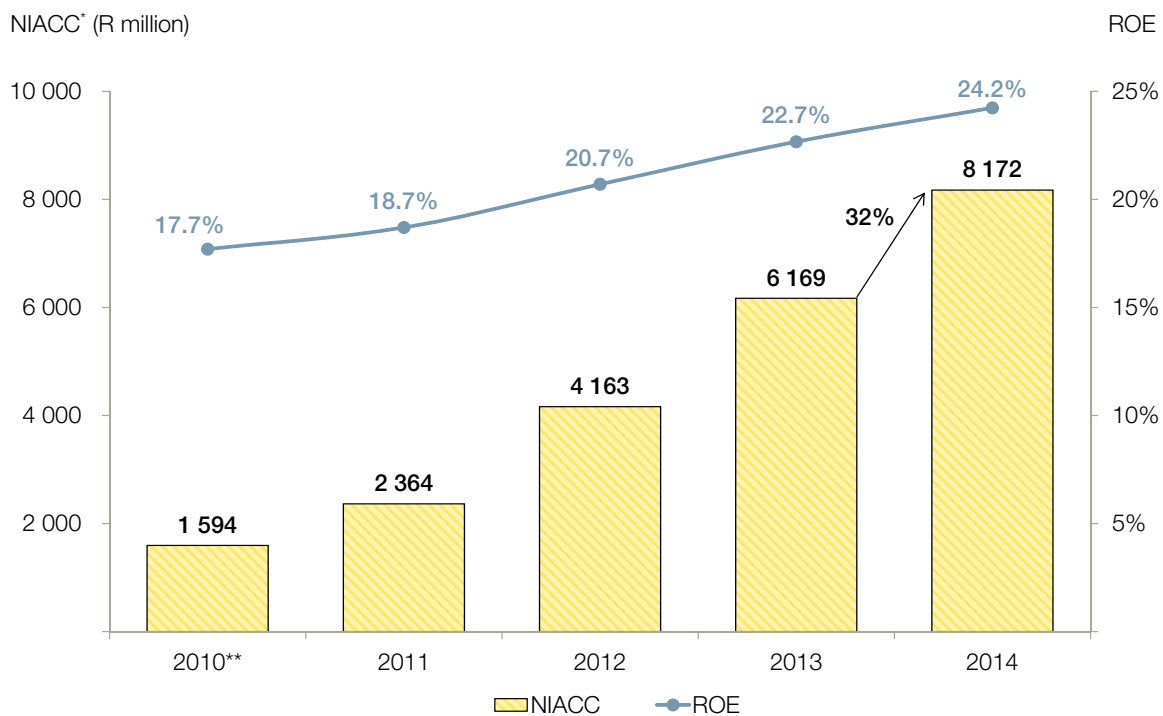
■ FNB  
 ■ WesBank  
 ■ RMB  
 ■ FCC

## ROA composition reflects quality of earnings, but at cyclical high



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

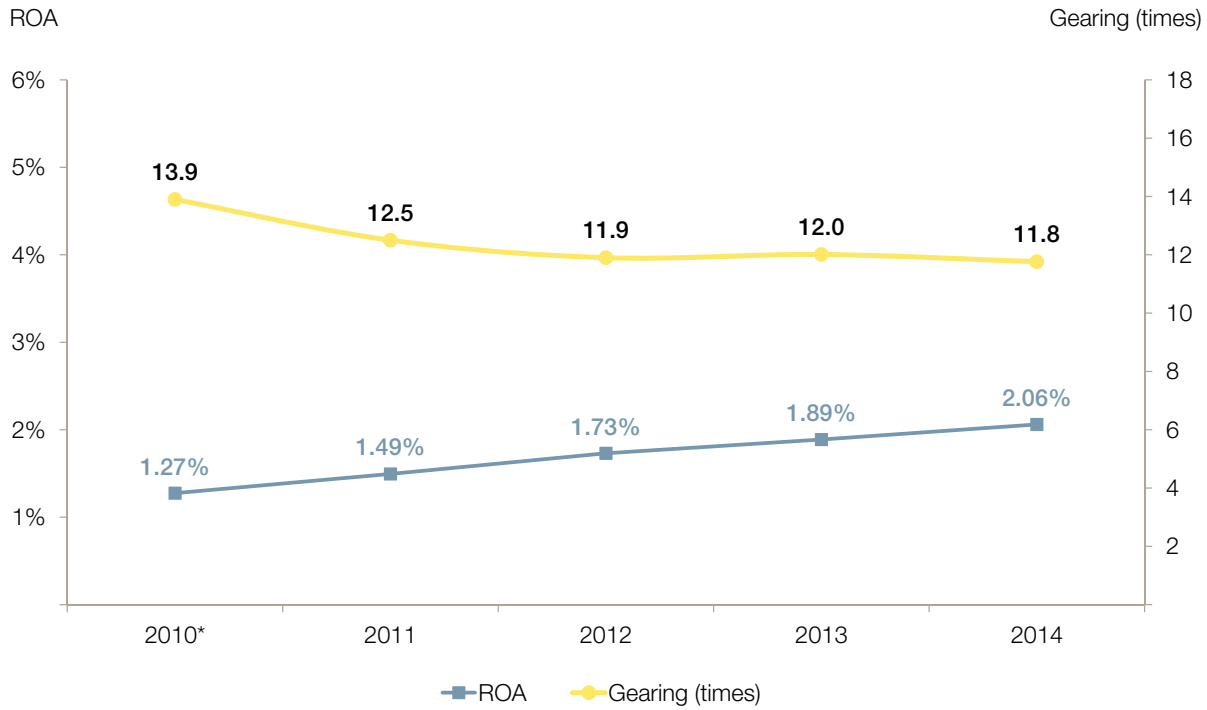
## Economic profit reflects superior shareholder value creation



\* Net income after capital charge.

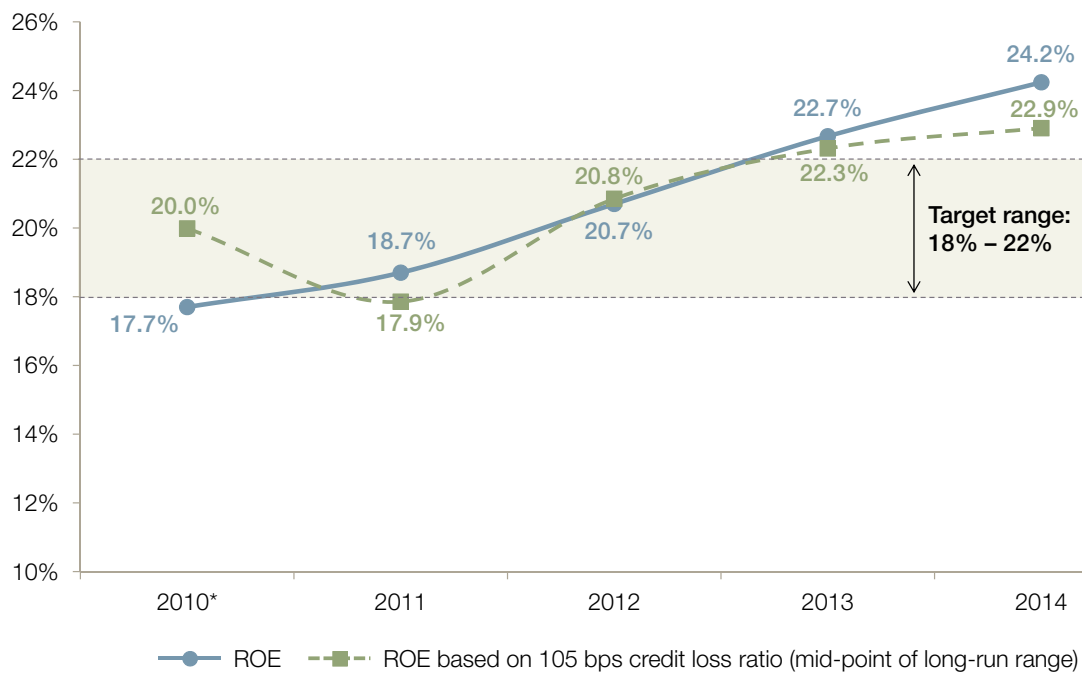
\*\* Comparatives prior to 2011 are for FirstRand Banking Group.

## Returns continue to be driven by ROA not gearing



\* 2010 comparative is for FirstRand Banking Group.

## ROE remains cyclically high as bad debts below long-run average



\* 2010 comparative is for FirstRand Banking Group.



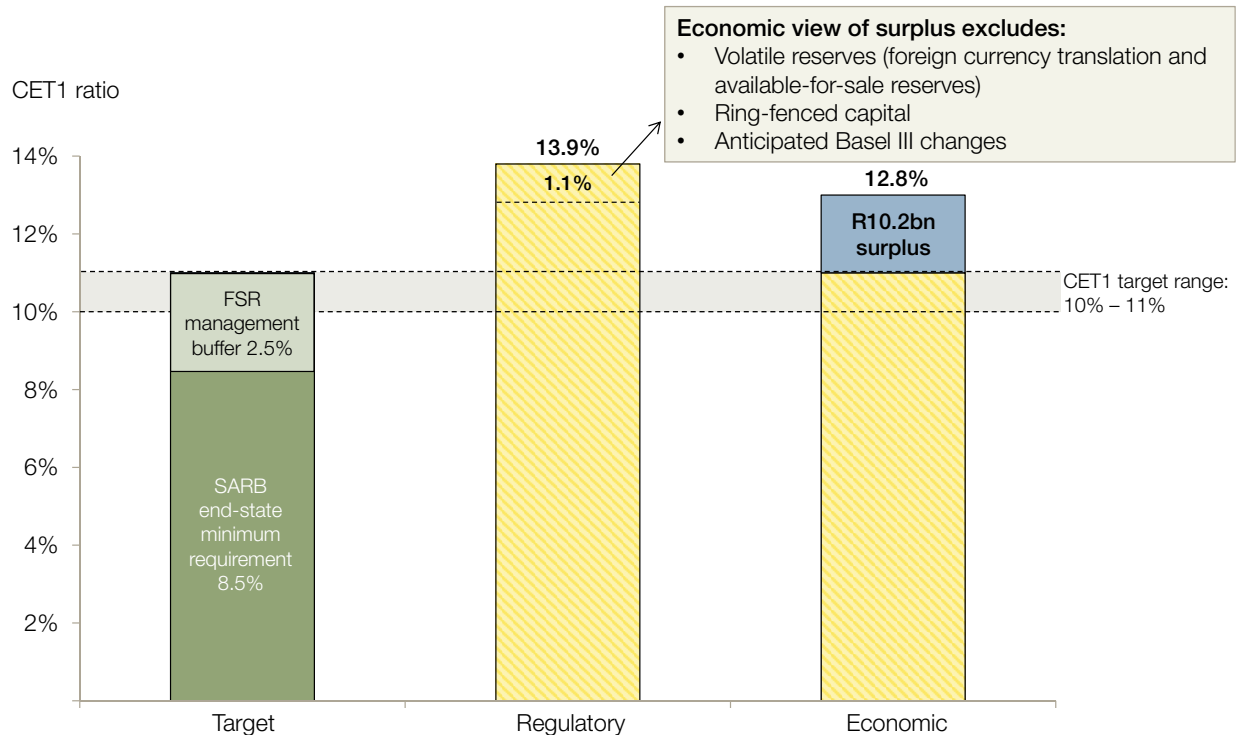
## Franchise strength and financial discipline underpin performance and sustainability



### RESILIENCE OF EARNINGS, GROWTH, RETURNS AND BALANCE SHEET STRENGTH

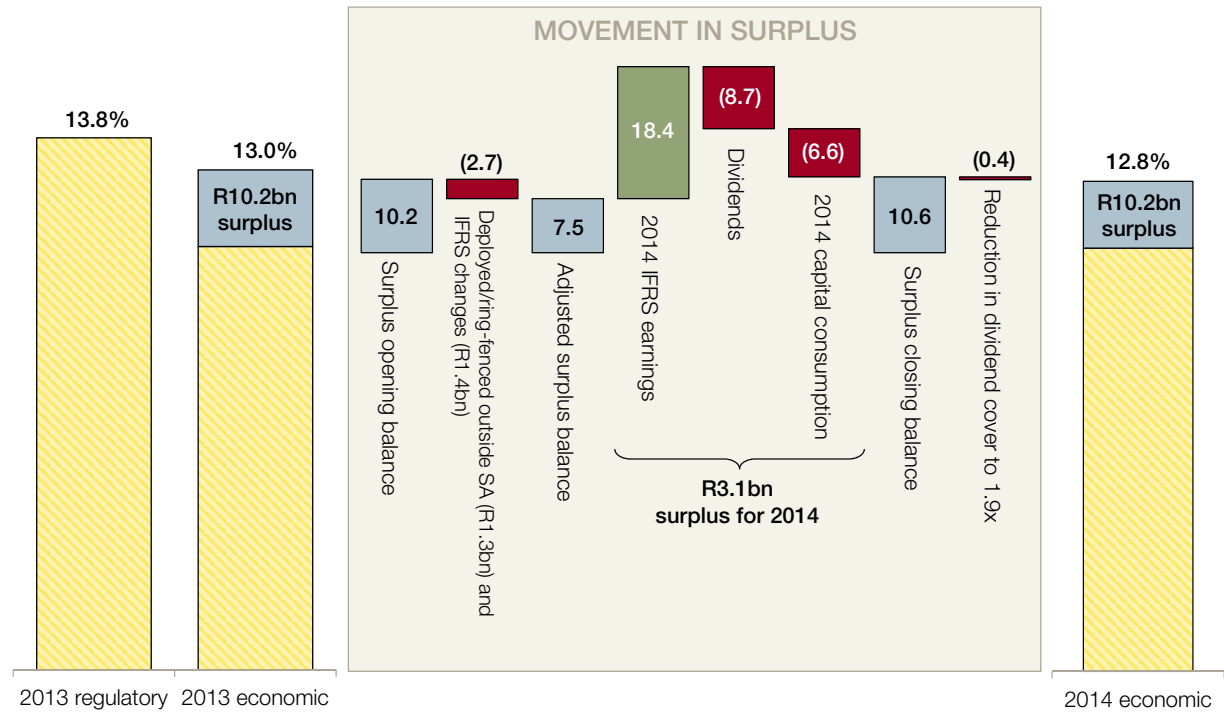
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## Strong capital position and expansion buffer maintained



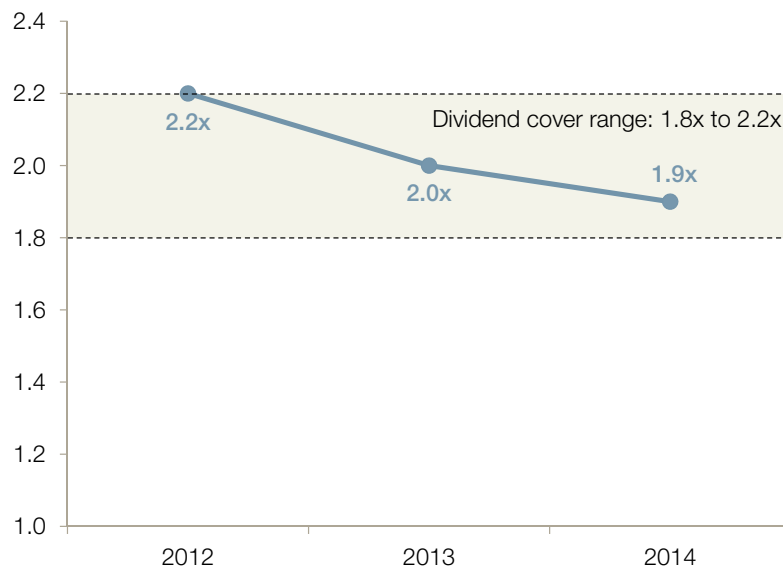
... and comfortably exceeds SARB leverage requirement of 4%

## Strong capital generation reflected in lower dividend cover



## Introduced cover range to protect shareholders against dividend volatility

Dividend cover (times)



The board will annually review dividend cover, considering:

- Actual performance
- Demand for capital
- Macroeconomic conditions
- Regulatory changes

Dividend cover of 1.9x for this year appropriate given strong performance

# FINANCIAL REVIEW



## Performance highlights



	2014	2013	Change
Normalised earnings (R million)	<b>18 663</b>	15 420	21% ▲
Diluted EPS (cents)	<b>331.0</b>	273.5	21% ▲
Normalised net asset value per share (cents)	<b>1 447.2</b>	1 289.4	12% ▲
Dividend per share (cents)	<b>174.0</b>	136.0	28% ▲
Net income after capital charge (R million)	<b>8 172</b>	6 169	32% ▲
Return on equity (%)	<b>24.2</b>	22.7	▲

## Key performance ratios



%	2014	2013	Change
Return on equity	24.2	22.7	▲
Return on assets	2.06	1.89	▲
Credit loss ratio*	0.84	0.95	▼
Cost-to-income ratio	51.1	51.5	▼
Tier 1 ratio**	14.8	14.8	-
Common Equity Tier 1 ratio**	13.9	13.8	▲
Net interest margin	5.11	4.97	▲

\* Excludes impact of merchant acquiring event in 2013.

\*\* 2013 capital ratios not restated for IFRS changes.

## Normalised income statement



Normalised (R million)	2014	2013	Movement	Change
Net interest income before impairment of advances	33 362	28 100	5 262	19% ▲
Impairment of advances	(5 519)	(5 700)	181	(3%) ▼
Net interest income after impairment of advances	27 843	22 400	5 443	24% ▲
Non-interest revenue*	31 757	27 821	3 936	14% ▲
Income from operations	59 600	50 221	9 379	19% ▲
Operating expenses	(33 276)	(28 817)	(4 459)	15% ▲
Income before tax	26 324	21 404	4 920	23% ▲
Taxation**	(6 326)	(4 835)	(1 491)	31% ▲
NCNR preference share dividends and minorities	(1 335)	(1 149)	(186)	16% ▲
<b>Normalised earnings</b>	<b>18 663</b>	<b>15 420</b>	<b>3 243</b>	<b>21% ▲</b>

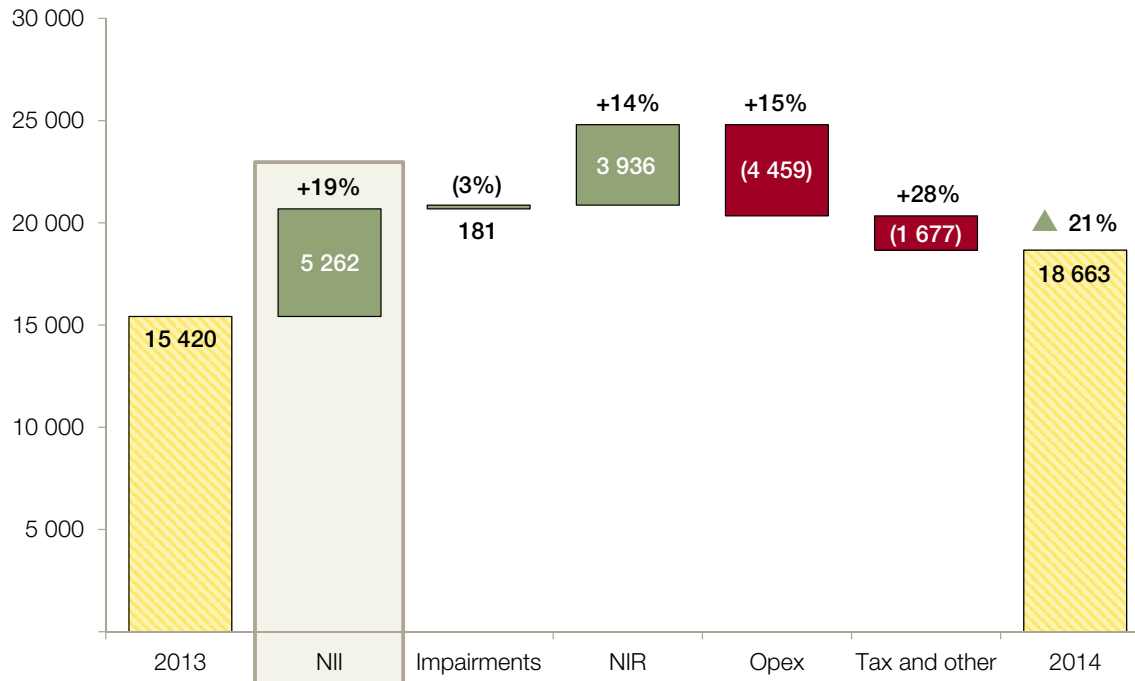
\* Includes post-tax share of profit from associates and joint ventures.

\*\* Includes direct and indirect tax.

## Strong topline drives earnings growth



Normalised earnings (R million)



## Lending and deposit franchises delivering NII growth



Net interest income* (R million)	2014	2013	Movement	% change
Lending	18 830	16 153	2 677	17
Deposits	4 046	3 748	298	8
Deposit endowment	2 704	2 295	409	18
Capital endowment	2 833	2 463	370	15
African subsidiaries**	2 858	2 335	523	22
Group Treasury and other	2 091	1 106	985	89
<b>Total net interest income</b>	<b>33 362</b>	<b>28 100</b>	<b>5 262</b>	<b>19</b>

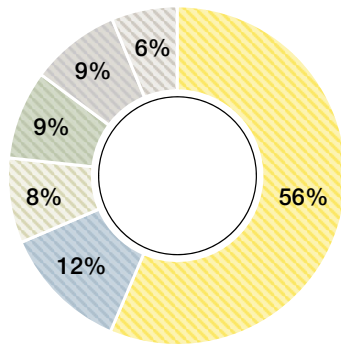
\* After taking funds transfer pricing into account.

\*\* Reflects legal entity view.

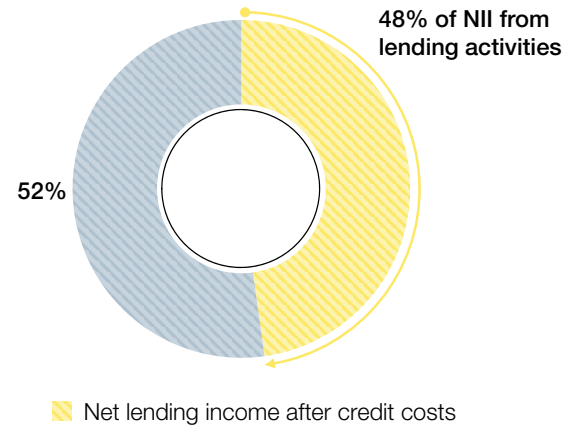
## Lending still dominates NII...



**NII breakdown**



- Lending
- Deposits
- Deposit endowment
- Capital endowment
- African subsidiaries\*
- Group Treasury and other



...but after risk cost a more balanced picture

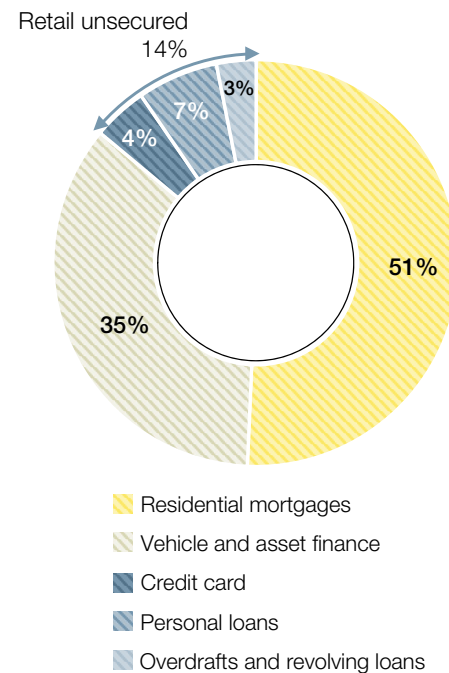
\* Reflects legal entity view.

## Robust retail advances growth...



R million	2014	2013	% change
Residential mortgages	170 677	163 046	5
Vehicle and asset finance	119 120	100 565	18
Credit card	14 634	13 001	13
Personal loans	21 670	20 185	7
– Mass segment (FNB)	4 219	4 987	(15)
– Consumer segment	17 451	15 198	15
FNB	8 297	7 898	5
WesBank loans	9 154	7 300	25
Transactional account-linked overdrafts and revolving term loans	10 596	6 909	53
<b>RETAIL ADVANCES</b>	<b>336 697</b>	<b>303 706</b>	<b>11</b>

**Retail advances breakdown**



## ...but within origination risk appetite

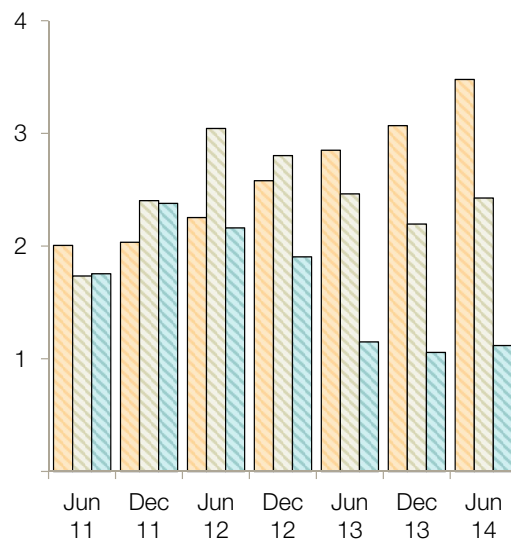


RETAIL			
Mortgages	Affordable housing	SA VAF	UK VAF (MotoNovo)
<p>Remain conservative with focus on low-risk FNB customers; gradual improvement in demand</p>	<p>Continued strong demand and credit performance</p>	<p>Gradual reduction of higher-risk with volumes tracking vehicle sales and coming off a high base</p>	<p>Strengthening market position and benefiting from economic recovery</p>
Card	Personal loans	Rest of Africa	Other
<p>Conservative, but growing in line with FNB customer base and transactional spend growth</p>	<p>Cut back risk in 2011 and 2012 and tightened affordability as lower-income segment is highly geared</p>	<p>Strong growth across all markets focusing on FNB-banked customers</p>	<p>Risk neutral, strongly targeting FNB customer base as currently under-represented</p>

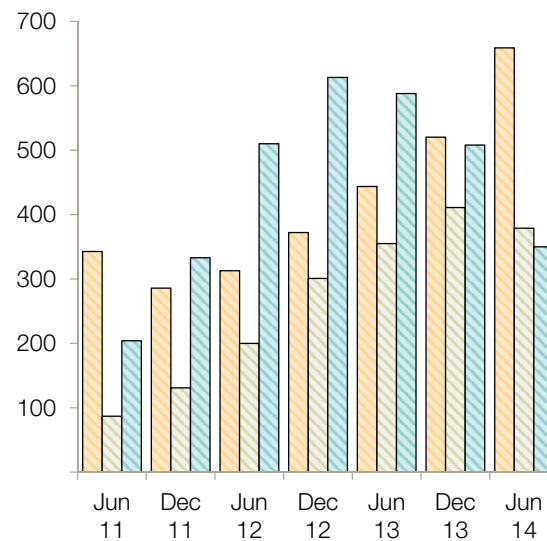
## Structure of personal loans portfolio reflects segment strategy



New business origination (R billion)



NPLs (R million)

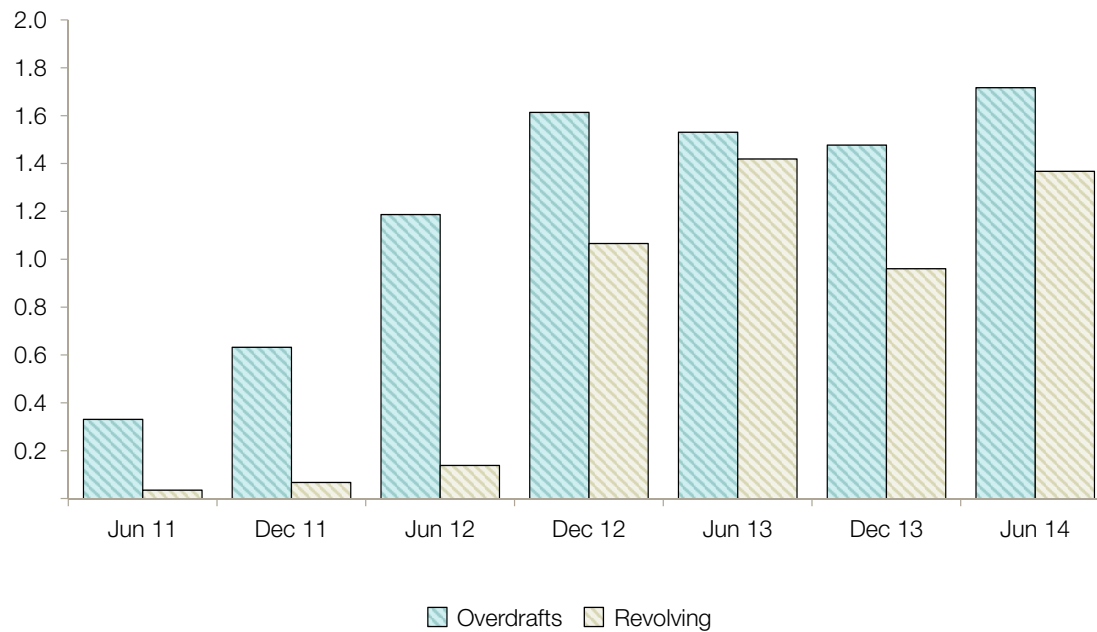


■ WesBank consumer loans 
 ■ FNB consumer loans 
 ■ FNB mass loans

## Growth in overdrafts and revolving term loans linked to retail transactional strategy



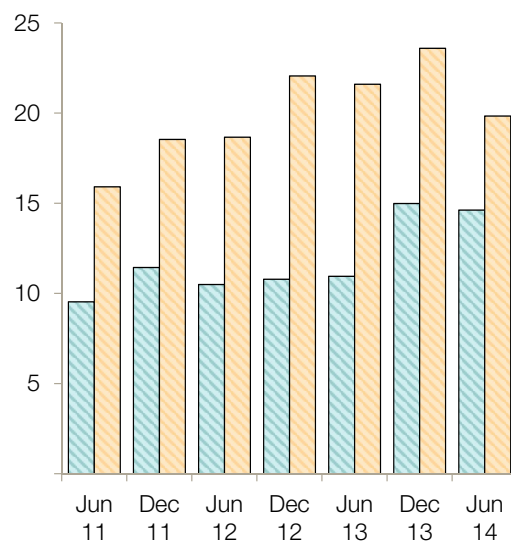
New business origination (R billion)



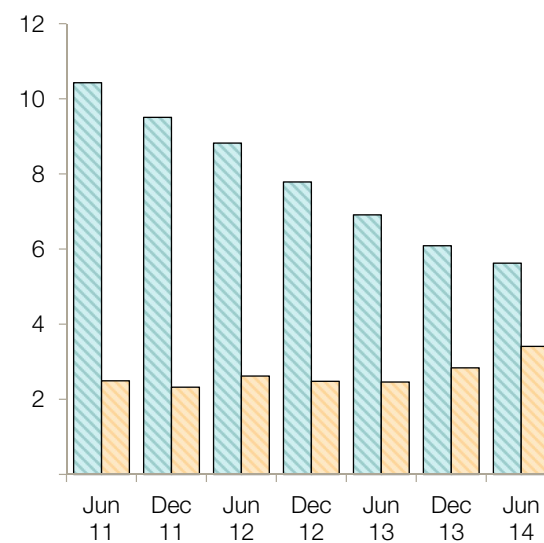
## Retail secured portfolios reflect differing demand dynamics



New business origination (R billion)



NPLs (R billion)



FNB residential mortgages WesBank local retail VAF

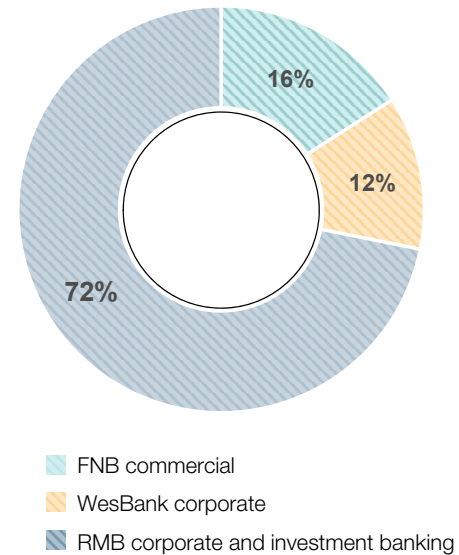


## Successful lending strategies in RMB investment banking and FNB commercial...



R million	2014	2013	% change
RMB core South Africa	160 509	129 941	24
RMB core cross-border	28 502	19 121	49
<b>RMB IB core advances</b>	<b>189 011</b>	<b>149 062</b>	<b>27</b>
Repurchase agreements	32 753	40 502	(19)
<b>RMB investment banking</b>	<b>221 764</b>	<b>189 564</b>	<b>17</b>
RMB corporate banking	6 441	5 101	26
WesBank corporate	38 763	34 293	13
FNB commercial	50 642	42 834	18
<b>CORPORATE ADVANCES</b>	<b>317 610</b>	<b>271 792</b>	<b>17</b>

Corporate advances breakdown



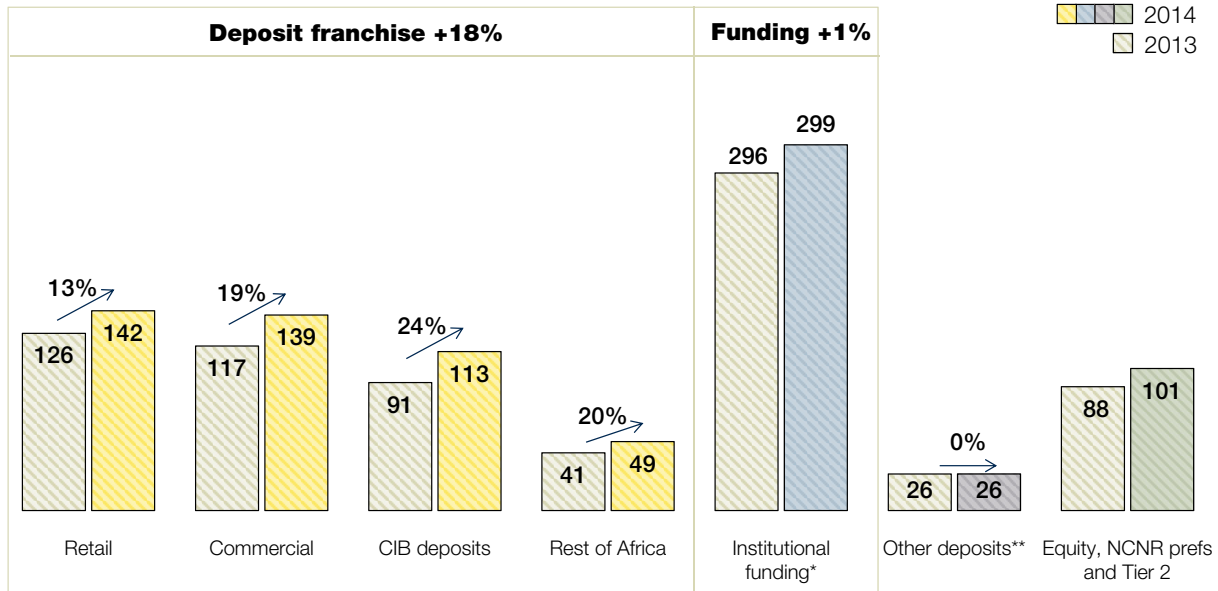
## ... reflecting origination risk appetite



COMMERCIAL				
Commercial property finance	Agri finance	Asset-backed finance	Small businesses (SMEs)	Rest of Africa and India
Focus remains on banked owner-occupied and selective multi-tenanted deals	Continued to diversify exposure across commodities and geographically	Growth focus on banked customers across targeted industries	Cross-sell to relationship base (low credit product penetration)	Continue to target Africa-India corridor clients and introduce specialised product offerings
CORPORATE				
Working capital finance	Infrastructure finance	Cross-border rest of Africa	South African corporates	
Tracking nominal SA GDP	SA renewable energy projects with strong drawdown pipeline projected	Primarily resource finance and structured financing in hard and soft commodities in strategic countries in the rest of Africa	Lead arranger of the larger acquisition, leveraged finance and listed property transactions	

## NII benefited from good growth in deposit franchise...

Equity and liabilities (R billion)

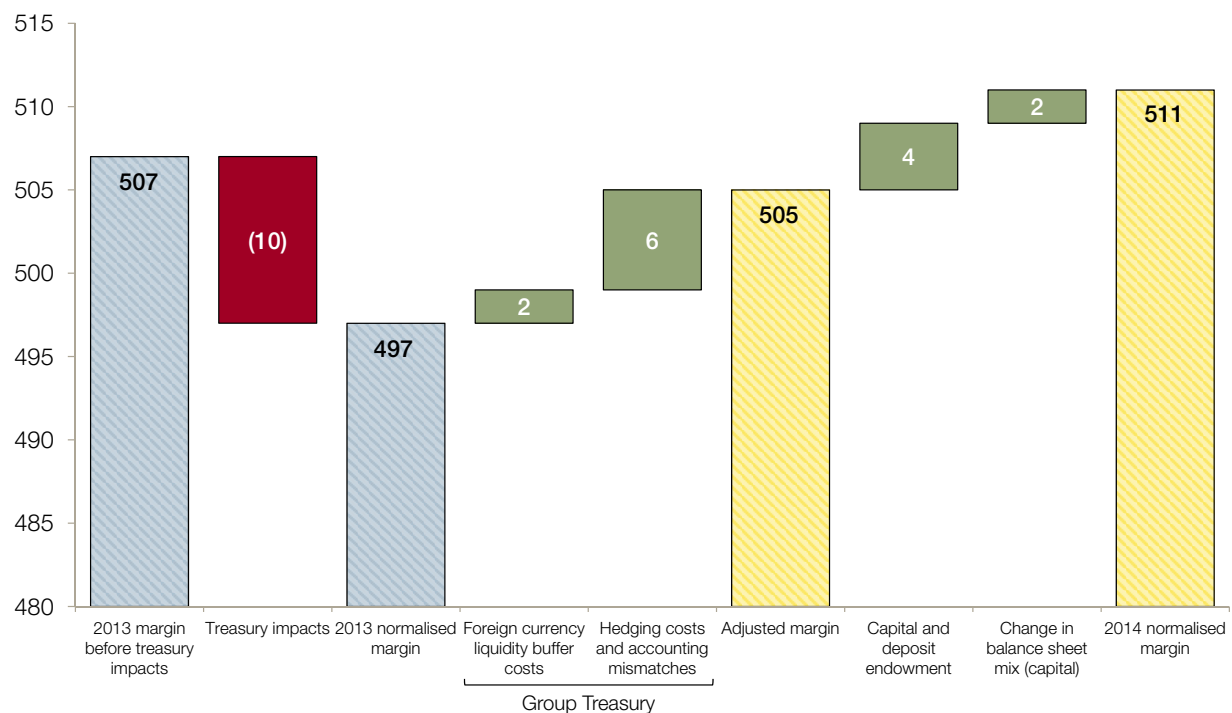


\* Includes CIB institutional funding.

\*\* Includes liabilities relating to conduits and securitisations.

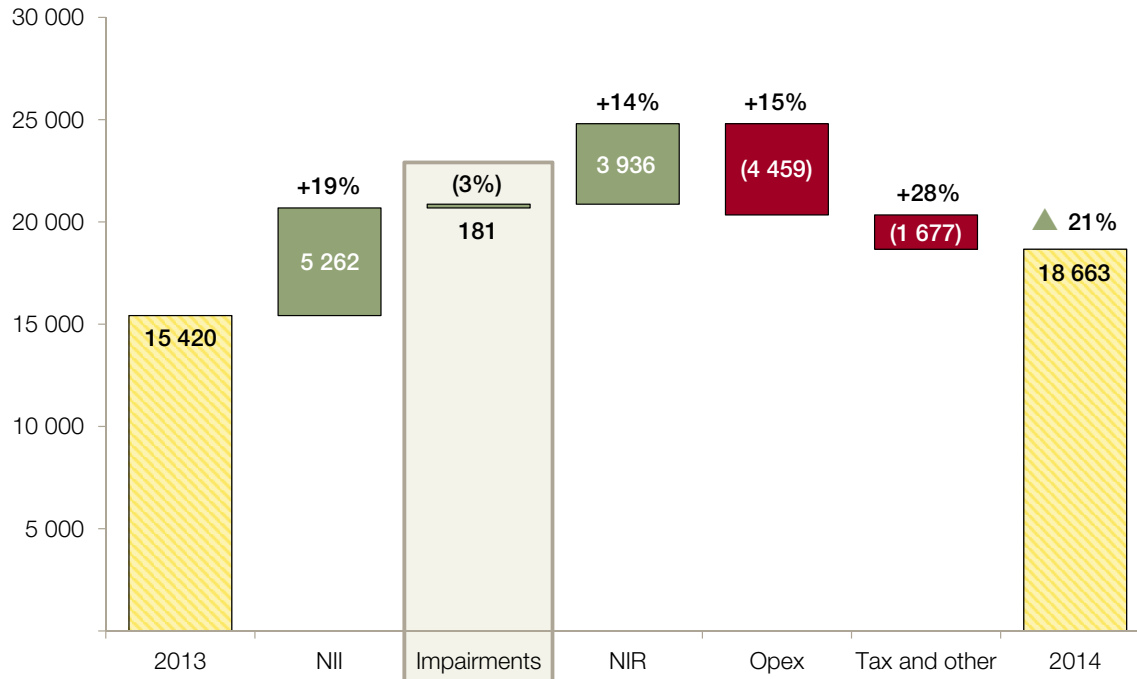
## ... and margin from positive endowment impact

Margin (bps)



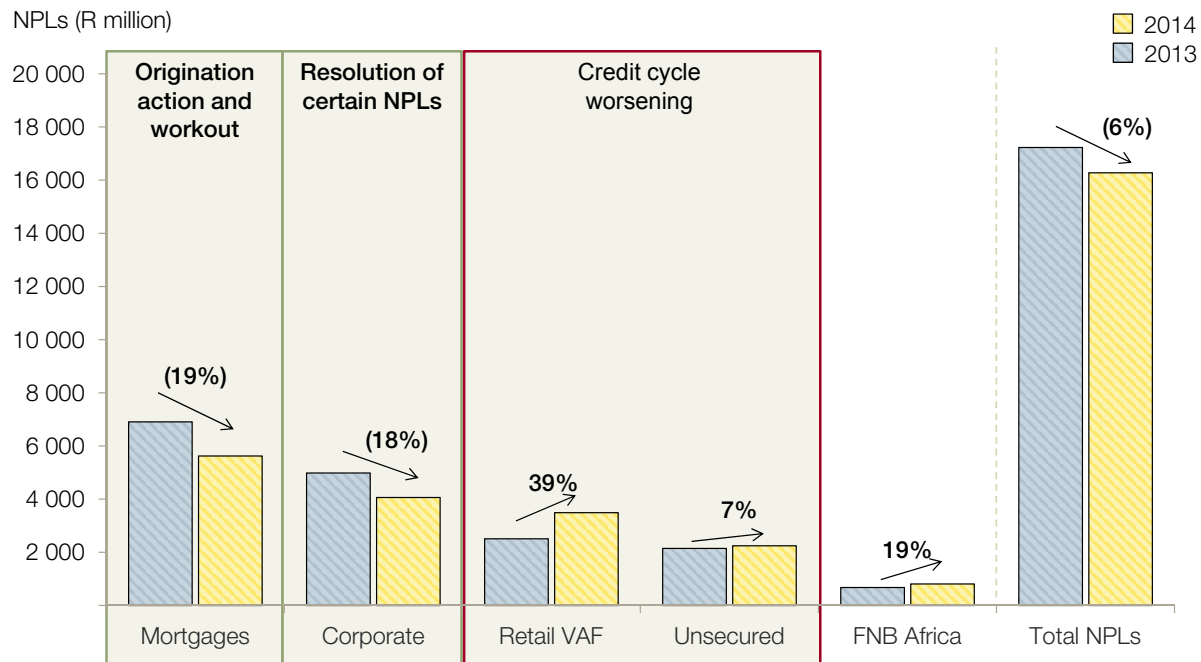
## Strong topline drives earnings growth

Normalised earnings (R million)



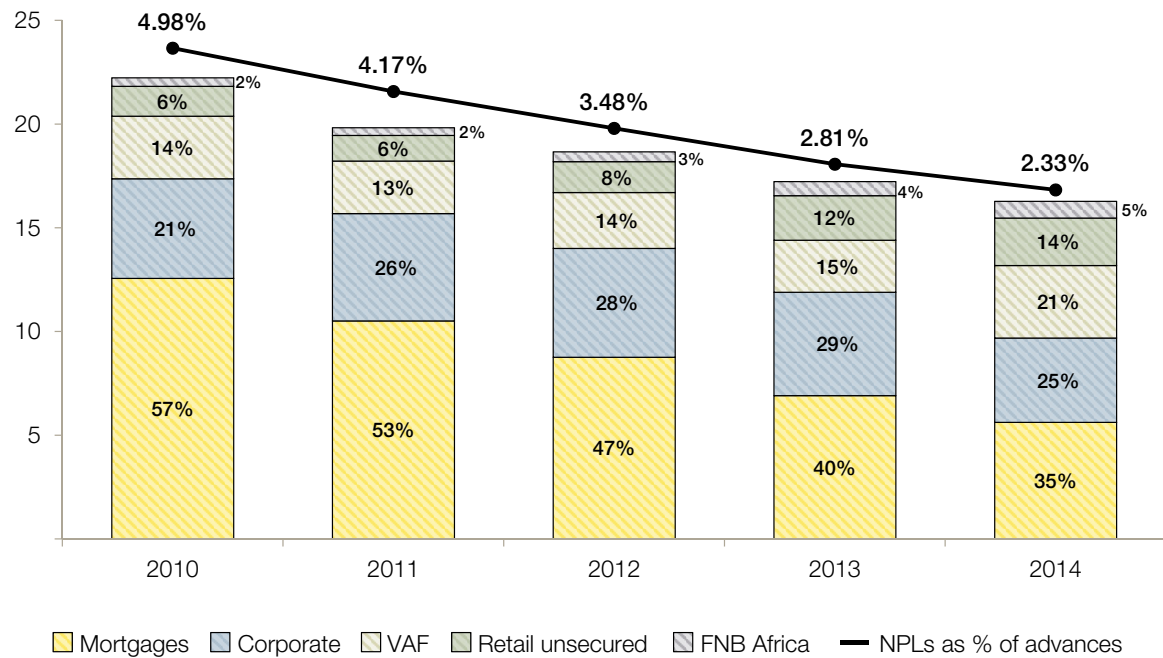
## Lower mortgage and corporate NPLs offset new inflows in other portfolios...

NPLs (R million)



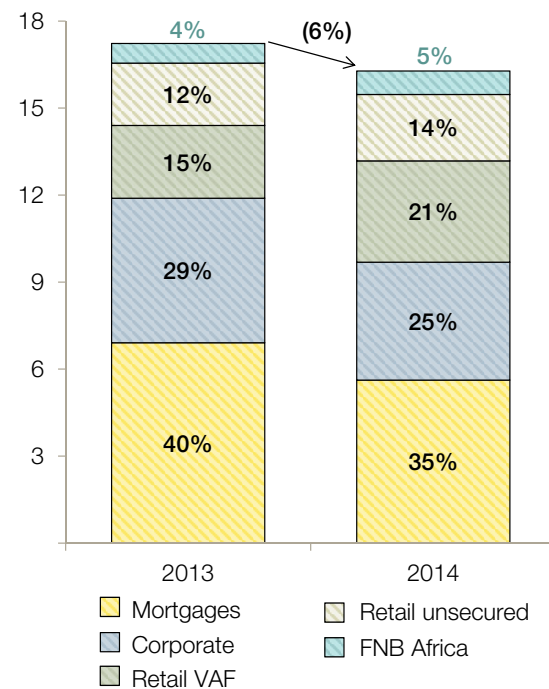
## ... driving continued reduction in overall NPLs

NPLs (R billion)



## Portfolio impairments result in higher coverage ratio, despite lower NPLs

NPLs (R billion)

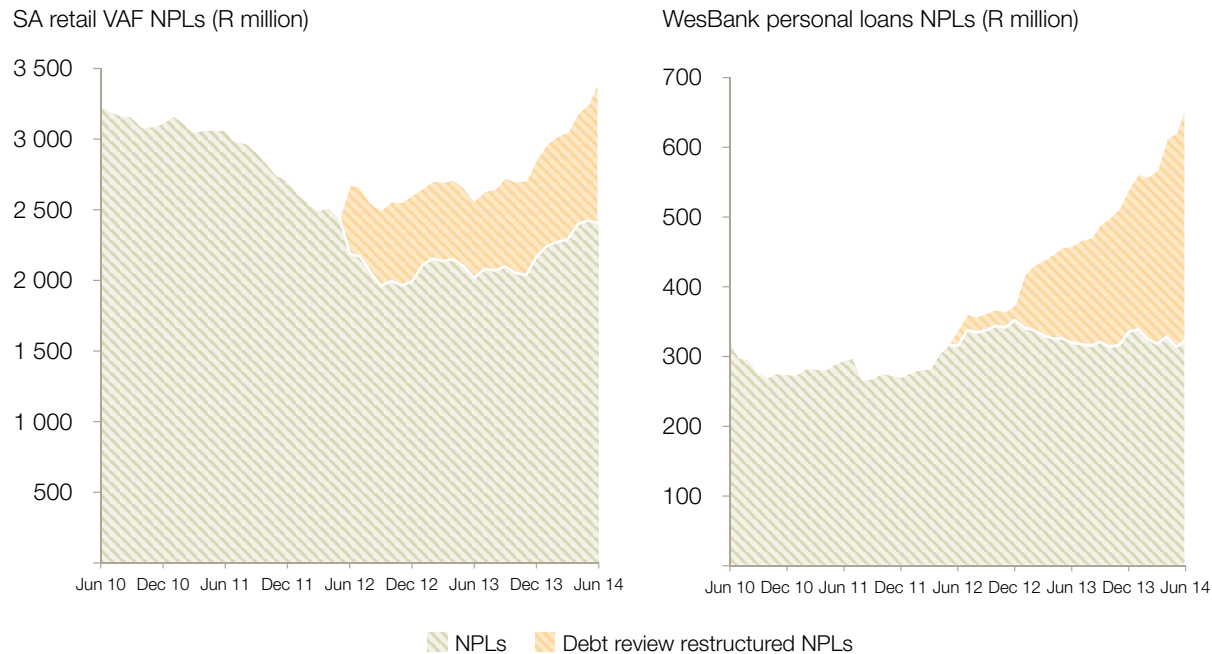


Coverage ratios (%)	2014	2013
Retail – secured	24.0	25.3
Residential mortgages	19.9	21.7
VAF	30.6	35.0
Retail – unsecured	68.7	75.5
Credit card	73.0	71.9
Personal loans*	65.9	74.5
Retail – other	73.1	80.8
Corporate	63.3	52.9
FNB Africa	37.5	39.1
Specific impairments	40.8	40.1
Portfolio impairments**	44.6	33.5
<b>Total coverage ratio</b>	<b>85.4</b>	<b>73.6</b>

\* Includes FNB and WesBank loans.

\*\* Includes portfolio overlays.

## WesBank NPLs include growing proportion of debt review accounts...



Paying customers in debt review results in lower coverage ratio

## Appropriate provisioning given emergence of credit cycle



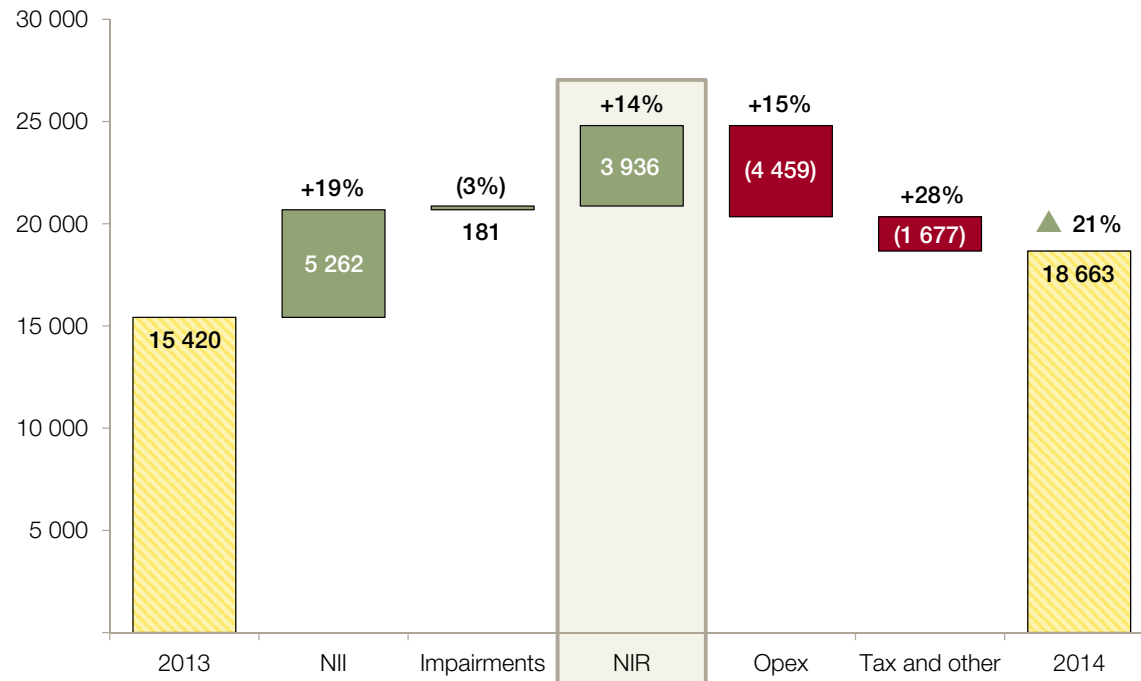
Credit loss ratio (%)	2014	2013
Retail – secured	0.54	0.62
Residential mortgages	0.09	0.32
VAF	1.22	1.14
Retail – unsecured	5.20	6.19
Credit card	0.64	0.19
Personal loans**	7.56	9.67
Retail – other	6.76	7.47
Total retail	1.18	1.32
Corporate and commercial	0.31	0.58
FNB Africa	0.72	0.65
Franchise impairment charge	0.75	0.95
Central portfolio overlay	0.09	–
<b>Total credit loss ratio*</b>	<b>0.84</b>	<b>0.95</b>

\* 2013 credit loss ratio excludes impact of merchant acquiring event.

\*\* Includes FNB loans and WesBank loans.

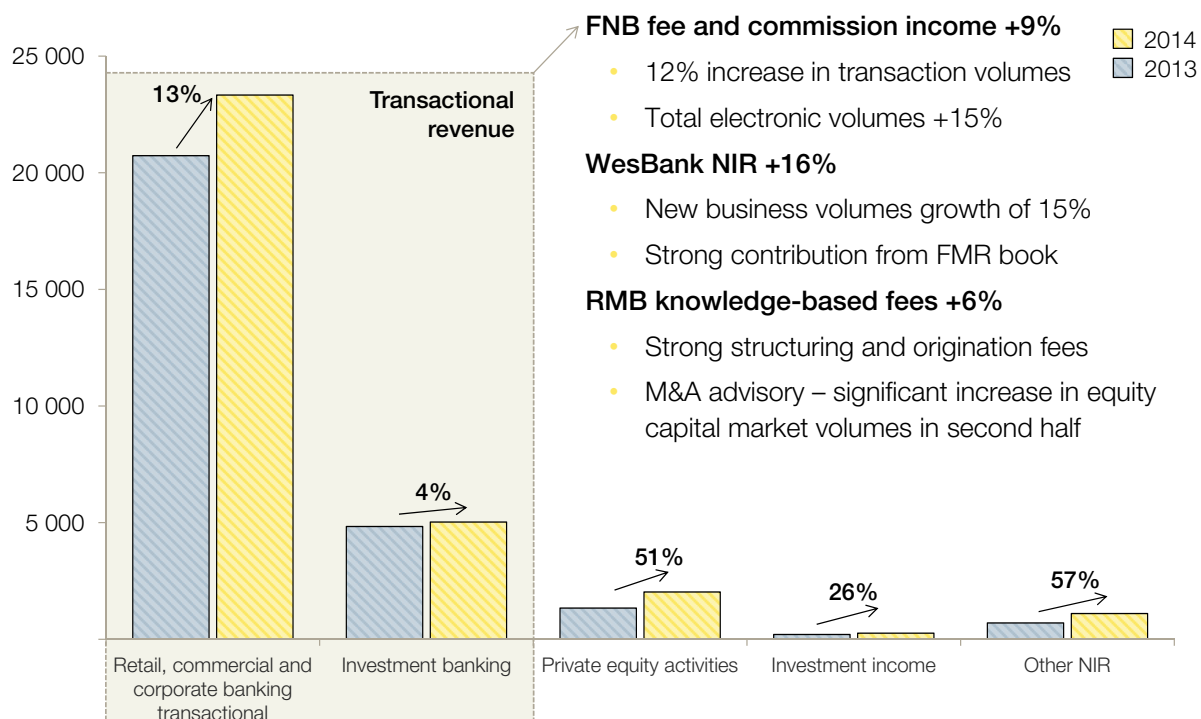
## Strong topline drives earnings growth

Normalised earnings (R million)



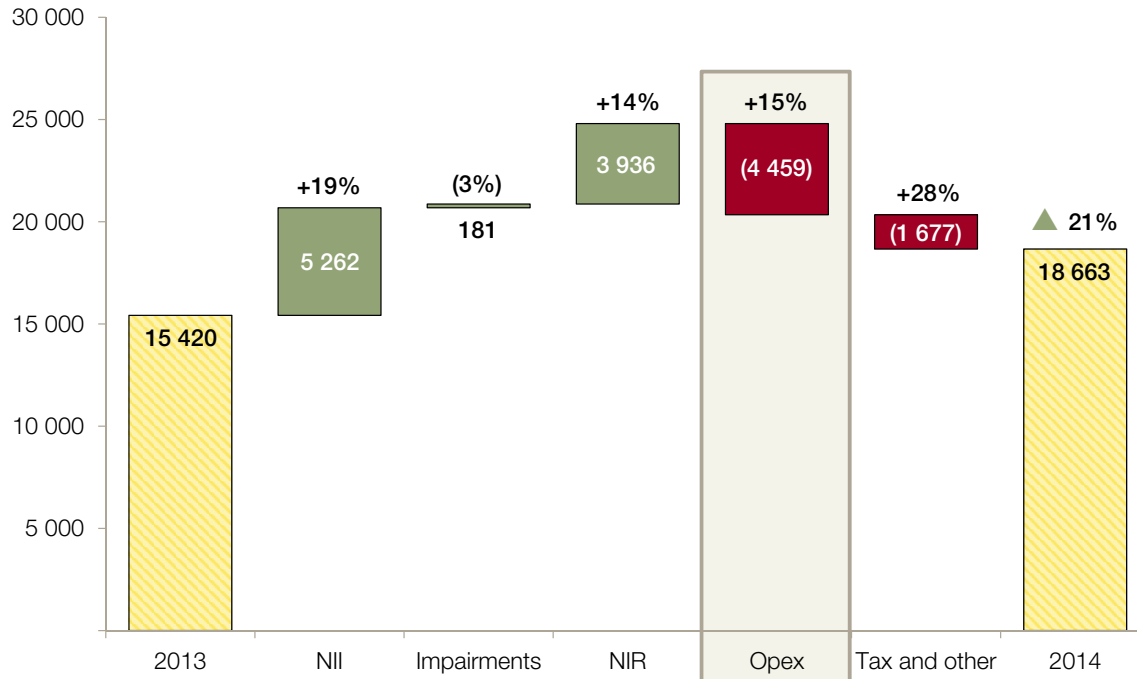
## Non-interest revenue driven by client franchise strategies

R million

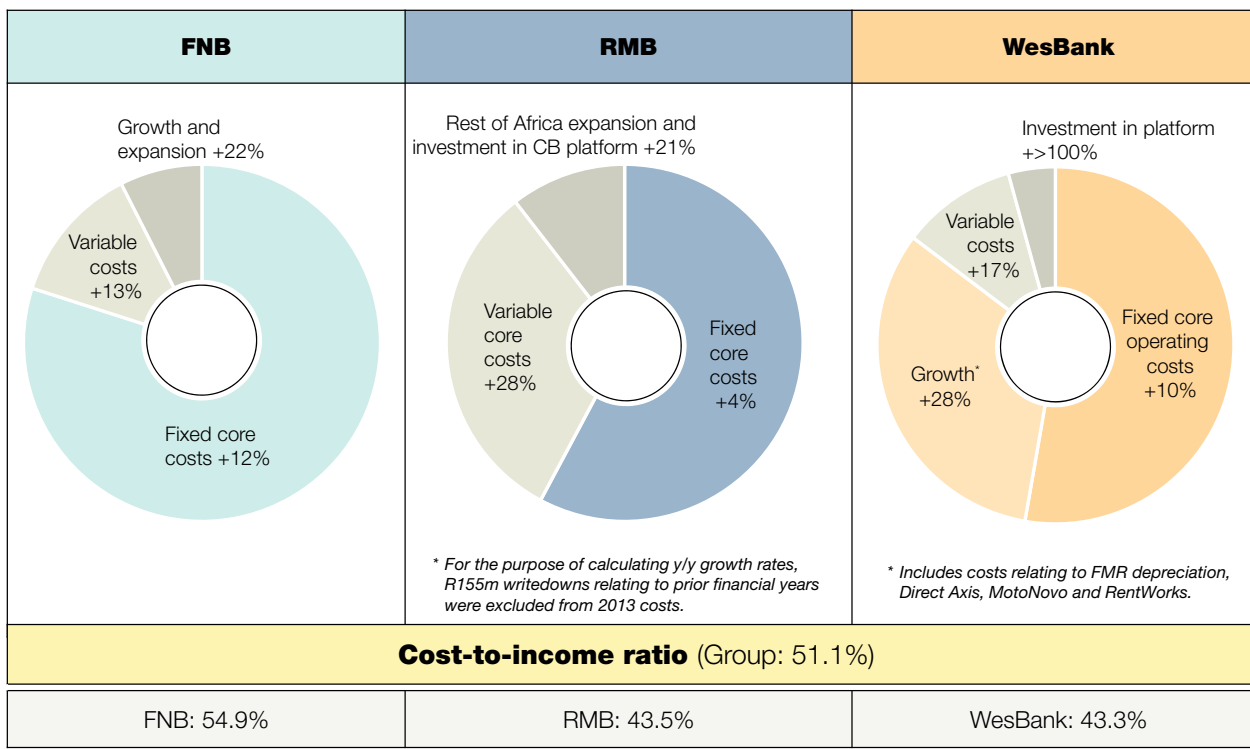


## Strong topline drives earnings growth

Normalised earnings (R million)

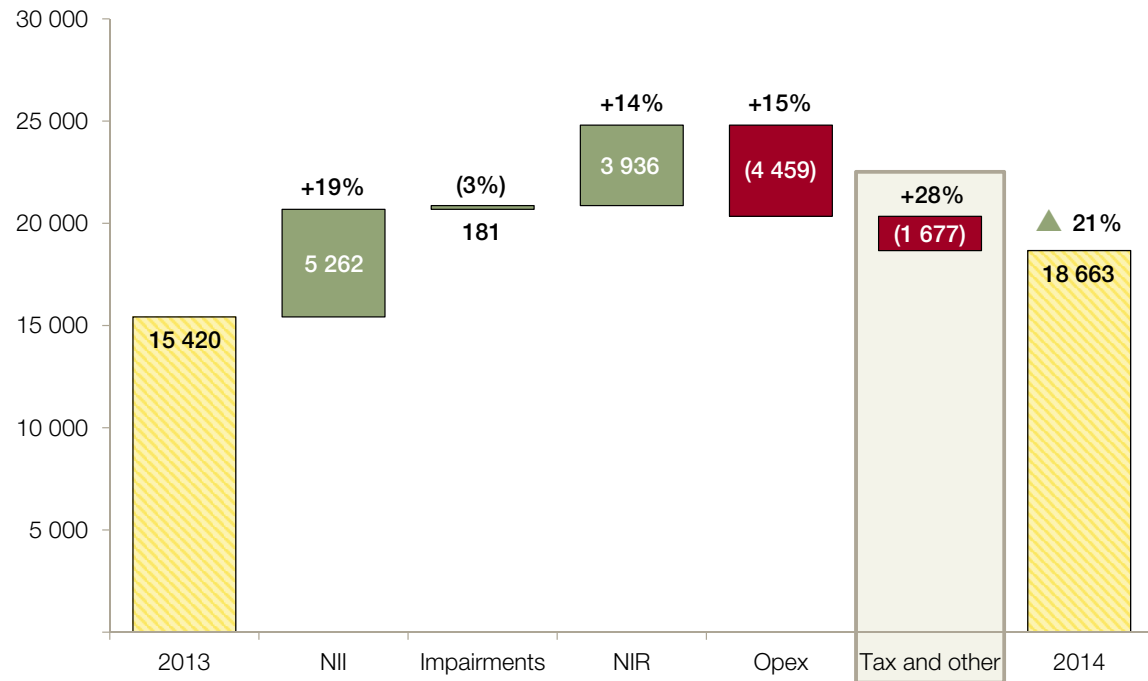


## Core costs well controlled, overall cost base can be flexed if required



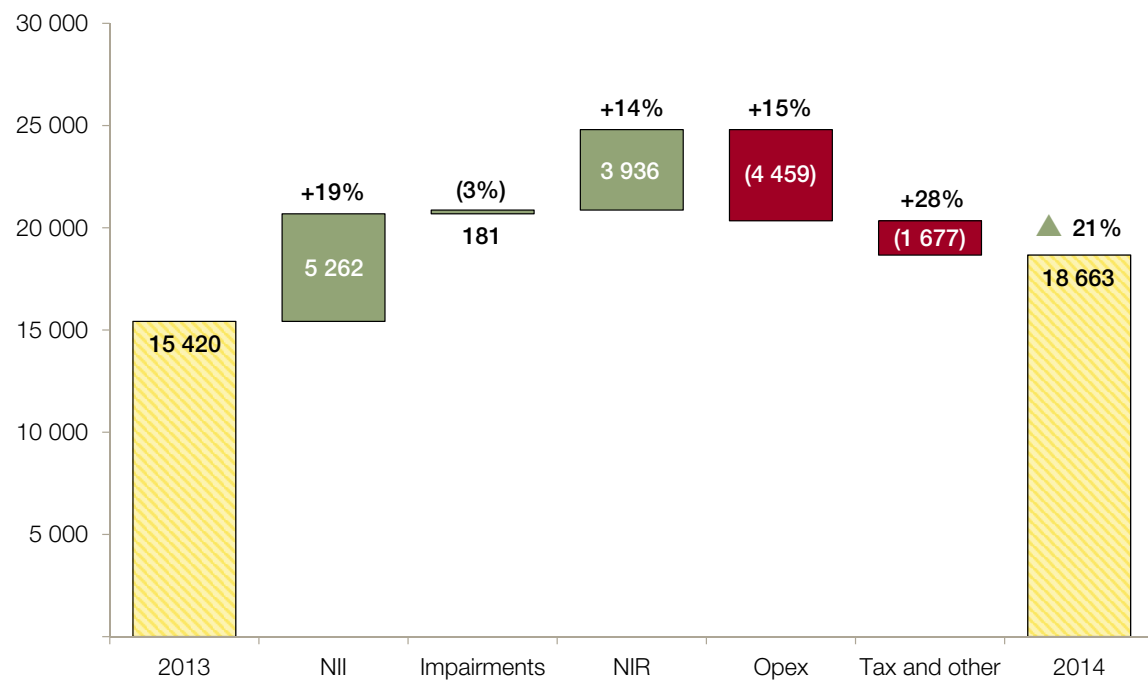
## Strong topline underpins earnings growth

Normalised earnings (R million)



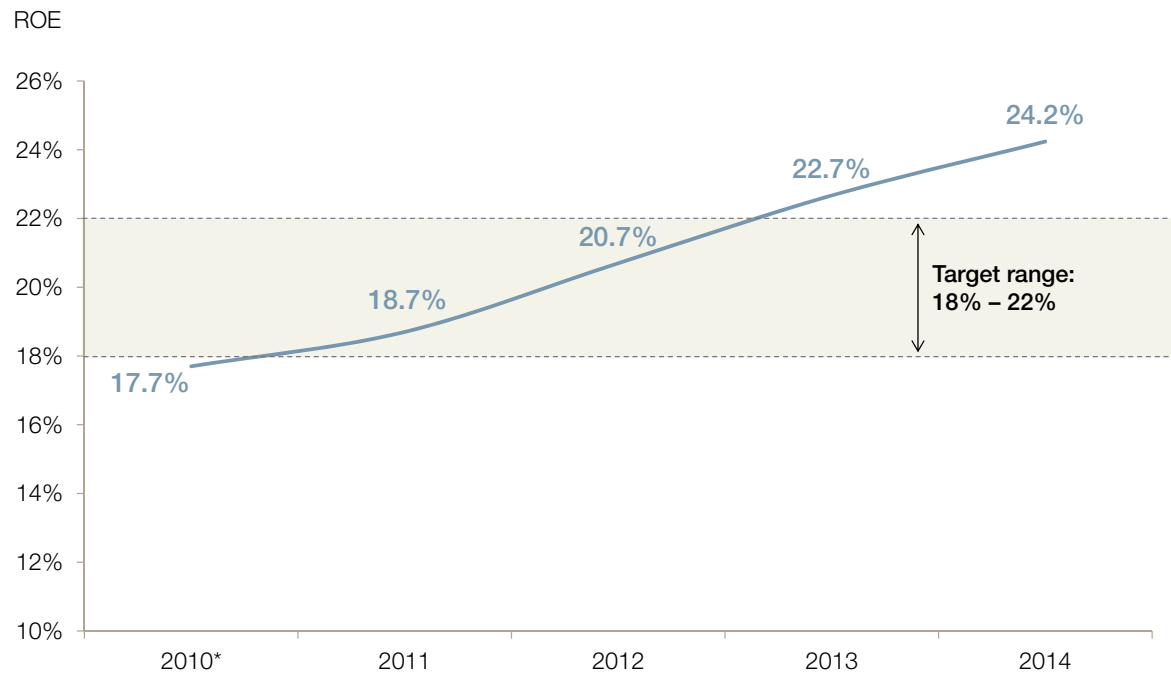
## In conclusion – resilient, high quality earnings...

Normalised earnings (R million)





## ... and good return profile



\* 2010 comparative is for FirstRand Banking Group.

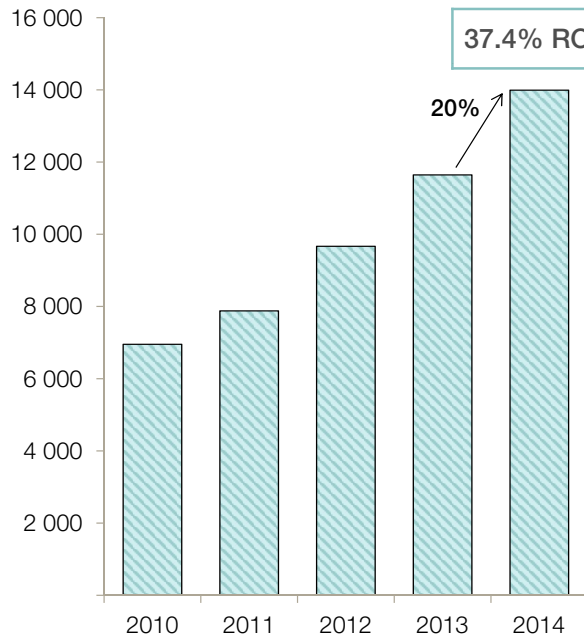
## FNB OPERATING REVIEW



## FNB performance reflects success of strategy



Normalised profit before tax (R million)

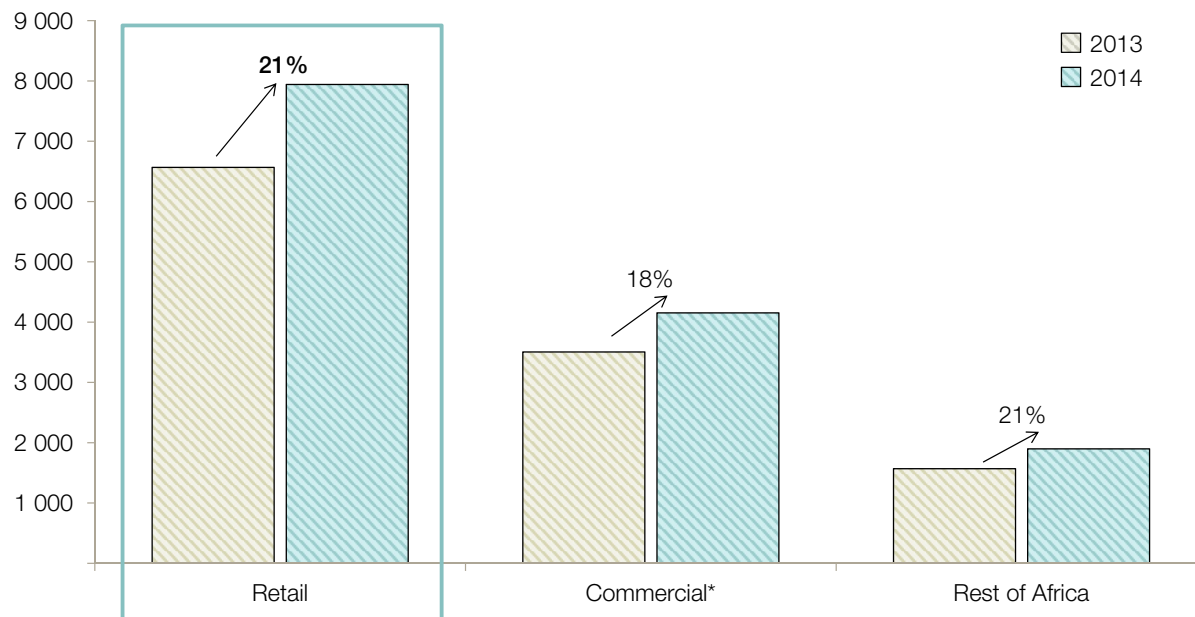


- Strong topline growth
  - NII +15%
  - NIR +10%
- Robust balance sheet growth
  - Advances +10%
  - Deposits +17%
- Transactional volume growth driven by increased customer activity
- Cross-sell benefit from client acquisition
- Continued improvement in NPLs
- Costs contained despite investment in technology, the rest of Africa and India

## Strong growth across all segments



Normalised profit before tax (R million)

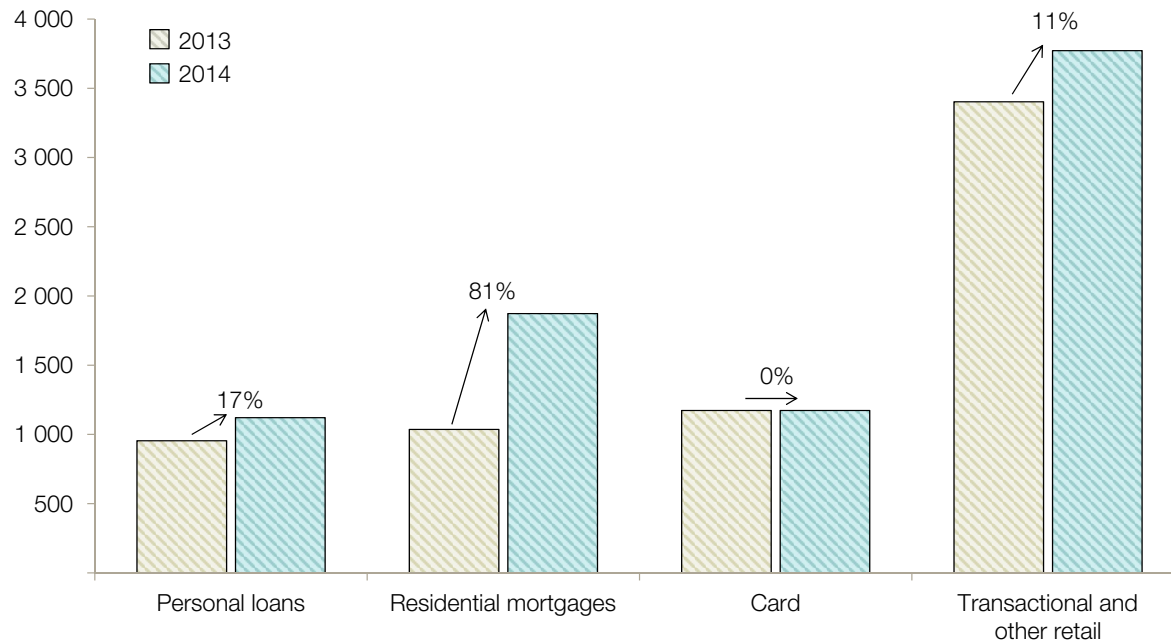


\* Commercial includes business banking, public sector and FRB India.

## Retail benefits from focus on core client relationships and continued improvement in lending portfolios



Normalised profit before tax (R million)

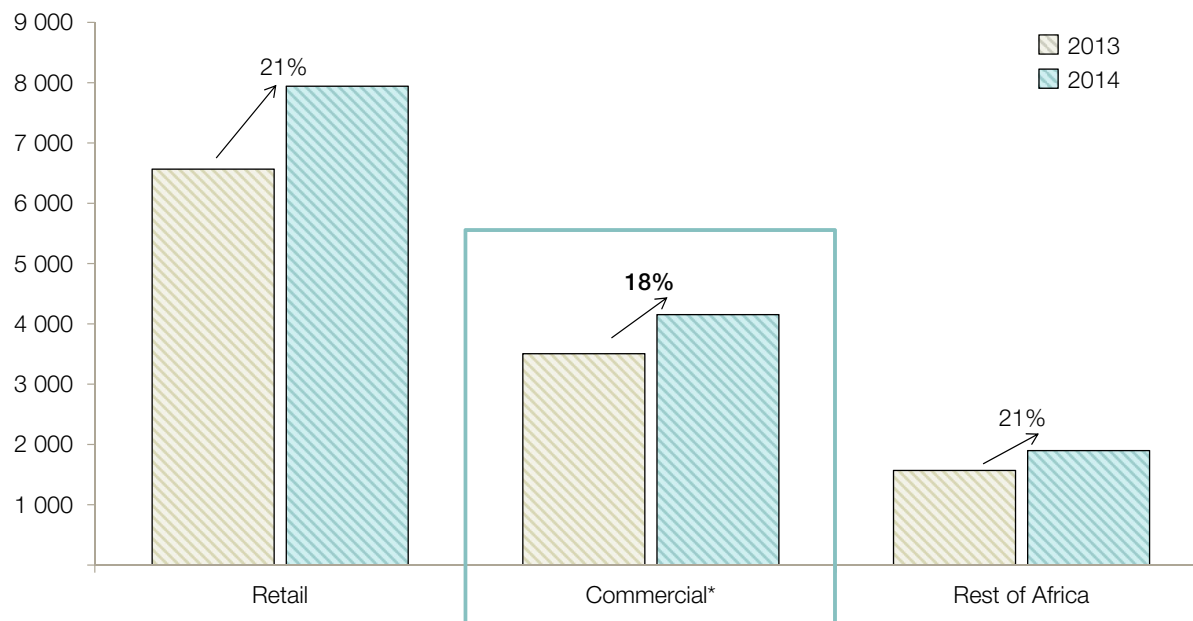


Retail includes the previous wealth, mass and consumer segments (excludes FNB Africa).

## Strong growth across all segments



Normalised profit before tax (R million)

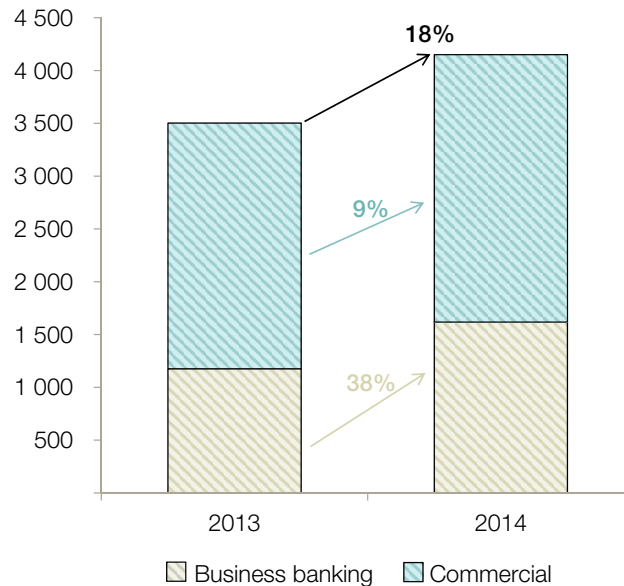


\* Commercial includes business banking, public sector and FRB India.

## Platform investment and customer proposition delivering for commercial and business segments



Normalised profit before tax (R million)



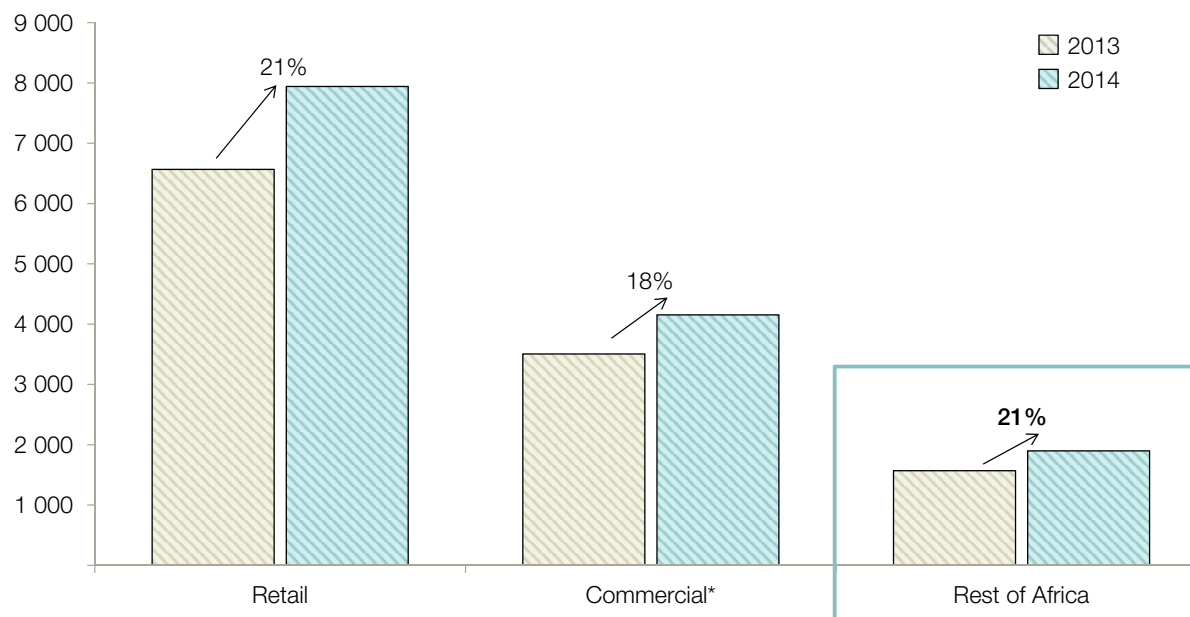
- Good performance from business segment (+38%)
- Starting to see the benefits of transitioning retail innovations into business banking
- Deployment of balance sheet resulted in:
  - Advances growth in key focus areas
  - Good growth in deposits – dedicated deposit hunters
- Continued investment in systems and infrastructure in commercial segment (PBT +9%)

\* Business banking includes FRB India. Commercial includes public sector.

## Strong growth across all segments

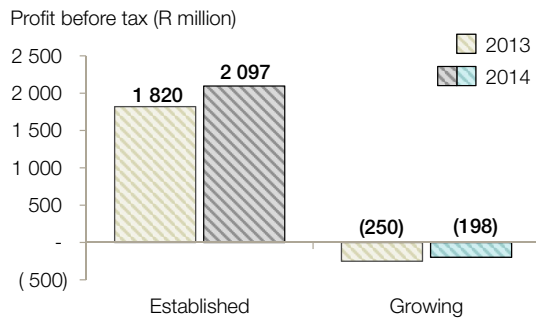
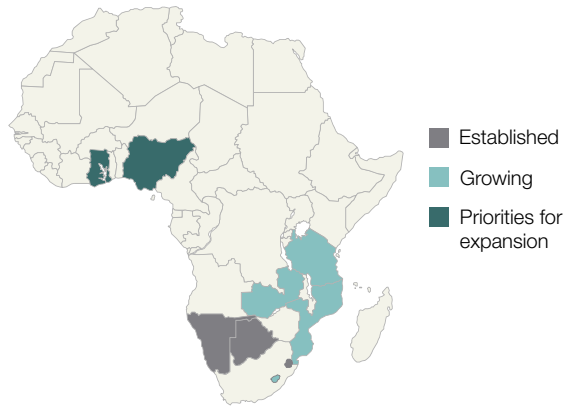


Normalised profit before tax (R million)



\* Commercial includes business banking, public sector and FRB India.

## Rest of Africa remains a key focus area

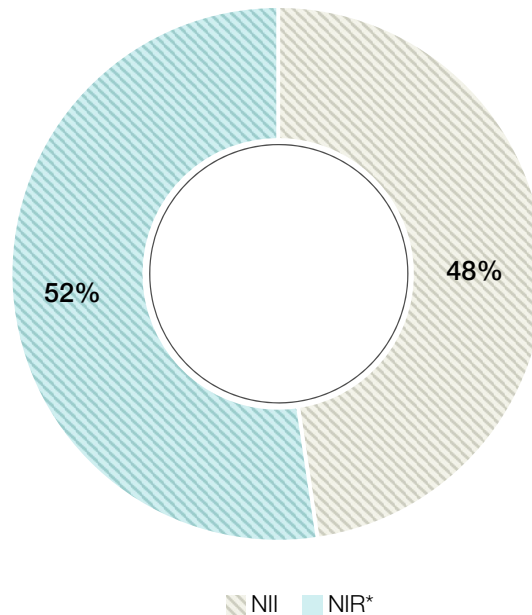


- Solid performance from established subsidiaries
  - Balance sheet growth, improved margins and increased transactional volumes
  - Particularly strong performances from Namibia (+26%) and Swaziland (+22%), growing both NII and NIR
  - Credible performance in Botswana despite macros
- Growing subsidiaries
  - Mozambique and Zambia turned profitable
  - Excellent NIR growth up >60%
    - Investment in digital channels
    - Build-out of operating footprint
- Priorities for expansion
  - Ghana and Nigeria

## Appropriate revenue mix given strategy



Gross revenue split

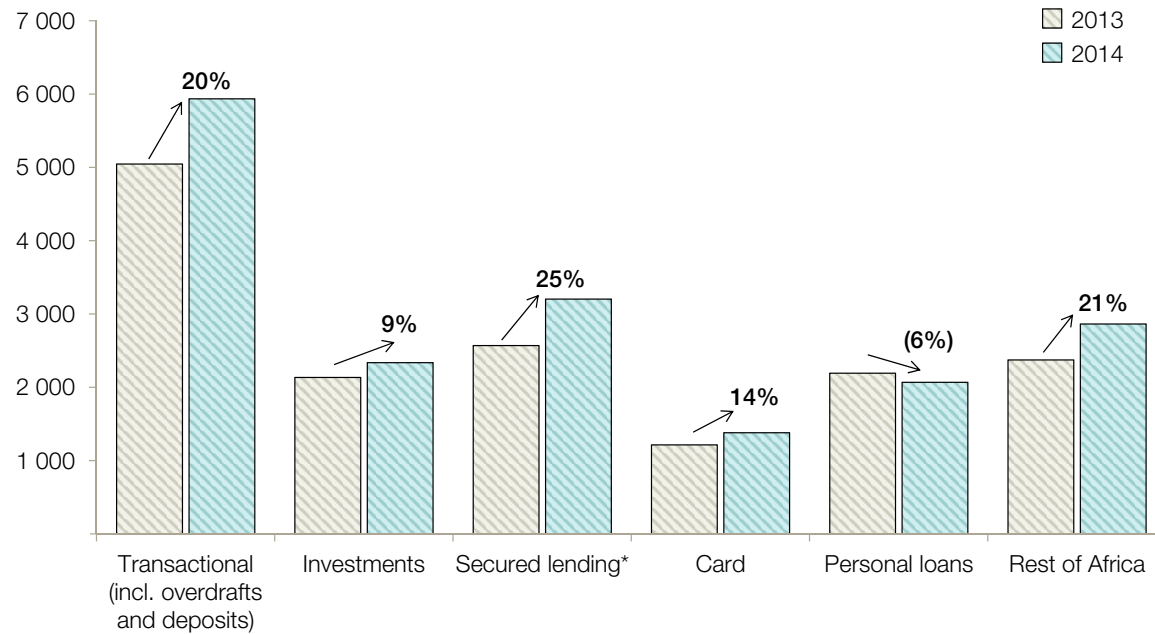


\* Includes post-tax share of profit from associates and joint ventures.

## Diversified asset and deposit franchise



Total FNB NII (R million)

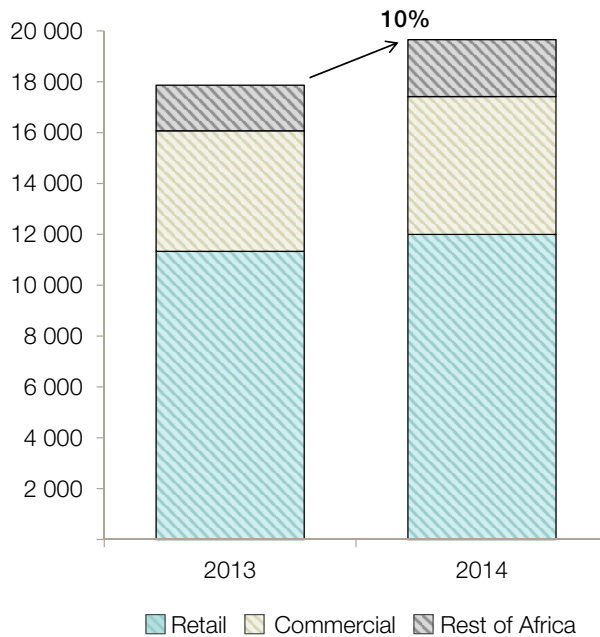


\* Secured lending includes HomeLoans, housing finance, wealth lending and commercial asset-backed mortgages.

## Value proposition still delivering account growth and volumes



Total FNB NIR (R million)

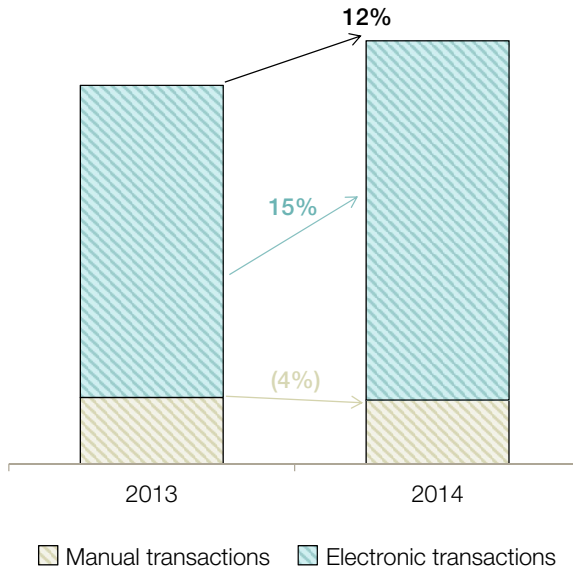


- Enhanced client proposition focused on client retention and acquisition and delivering:
  - Strong ongoing growth in electronic channel volumes
  - Improved primary bank relationships
  - Increased product cross-sell to clients

## Growth in volumes driven by electronic channels



Transactions processed



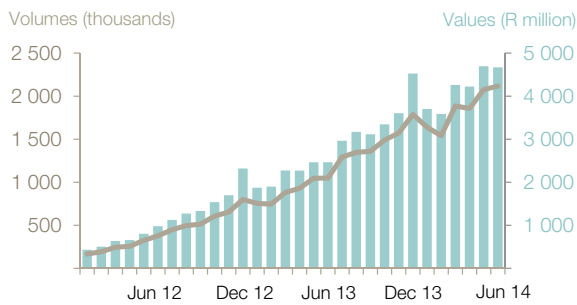
- Continued shift to electronic channels
  - Manual transactions down 4%
  - Electronic transactions up 15%
- Banking app volumes up >100%
- Mobile and internet show sustainable growth at 14%
- Point-of-sale transactions increased 22%
- ATM cash deposit transactions up 17%

Manual transactions – cash, cheques, ATMs. Electronic transactions – online, card, mobile, etc.

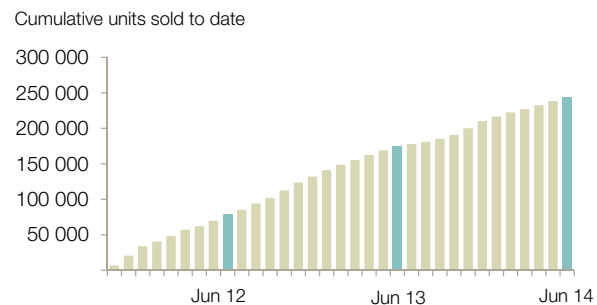
## Innovation key to customer and volume growth



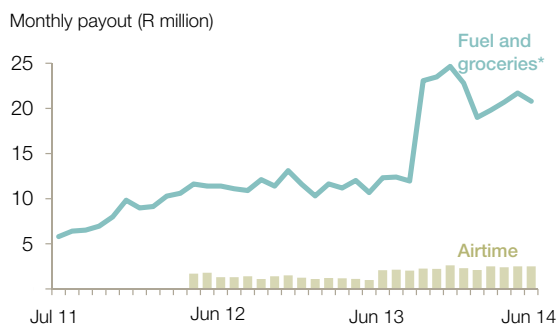
### FNB banking app transactions



### FNB smart device sales

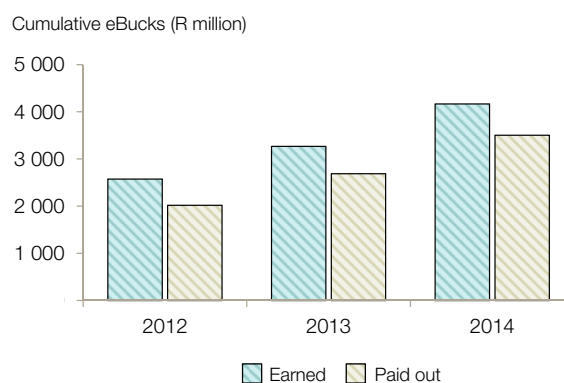


### Rewards



\* Grocery rewards launched in October 2013.

### eBucks spend



Note: Charts based on FNB SA numbers.

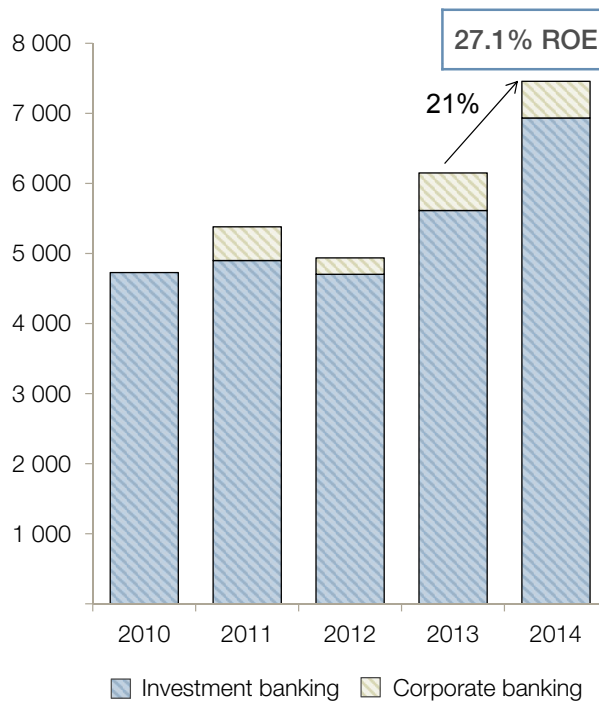
# RMB OPERATING REVIEW



## Strong performance from RMB



Normalised profit before tax (R million)



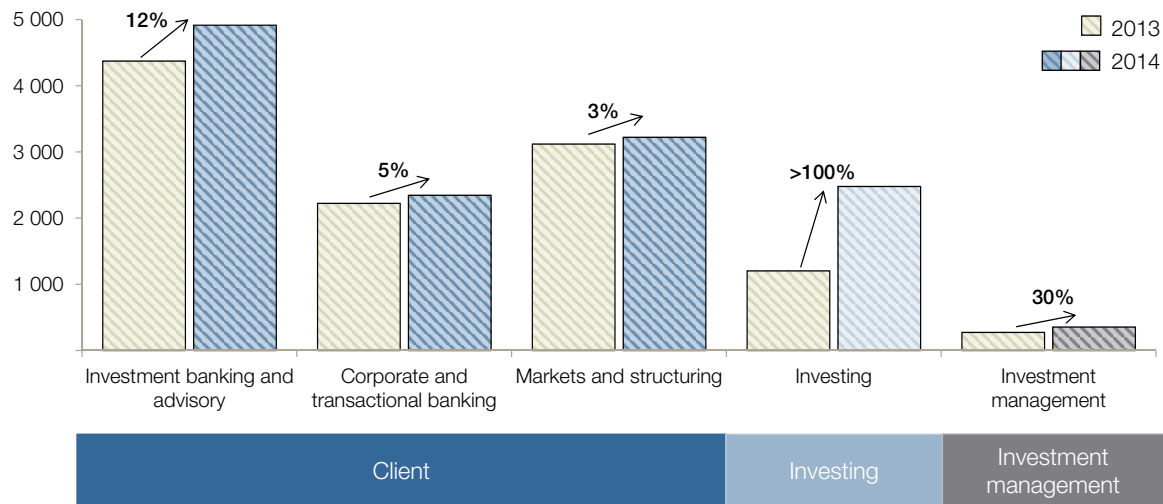
- Strong balance sheet growth and lower impairments
- Investment realisations
- Growth in equity-accounted earnings from private equity portfolio
- Increased contribution from activities in rest of Africa



## Client and investing activities drive revenue growth



Gross income\* (R million)

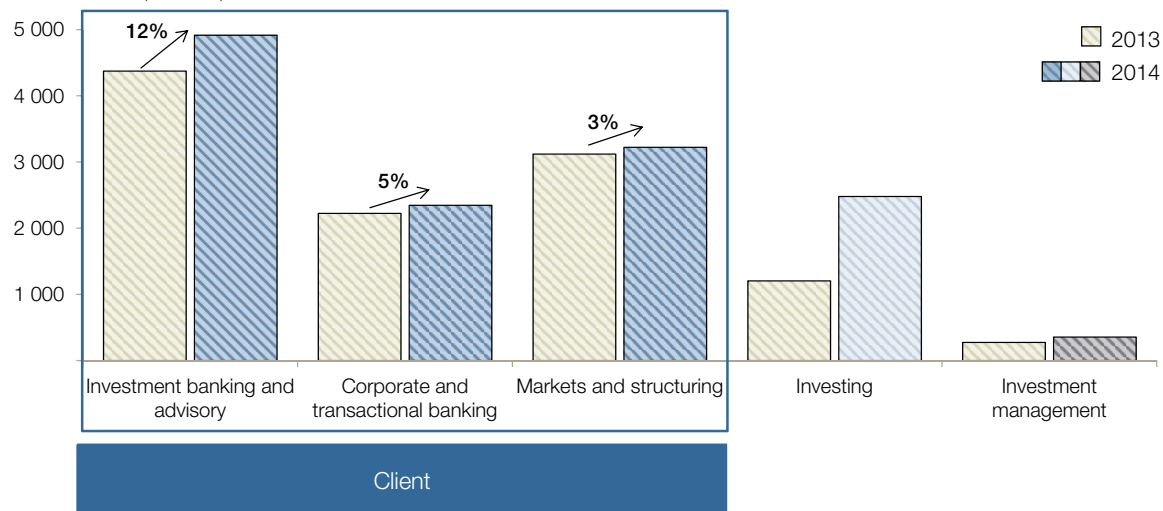


\* Includes RMB corporate banking, but excludes legacy and head office.

## Revenues from client activities remain strong



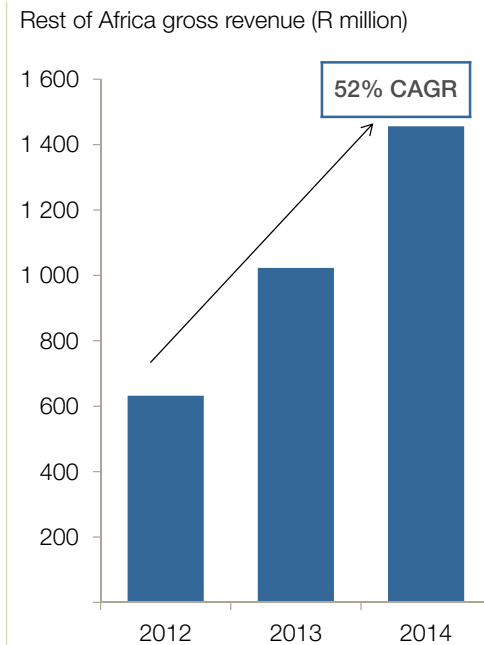
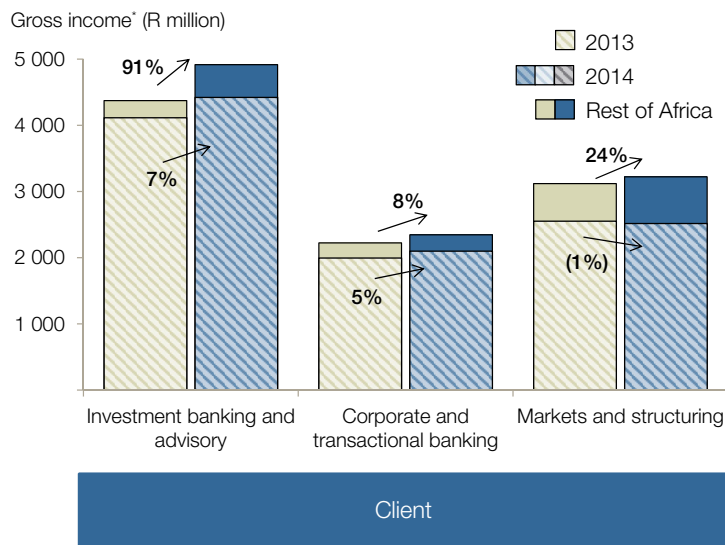
Gross income\* (R million)



- Strong advances growth, improved portfolio quality and lower impairments
- Steady progress in transactional activities
- Growth in markets and structuring activities predominantly from the rest of Africa

\* Includes RMB corporate banking, but excludes legacy and head office.

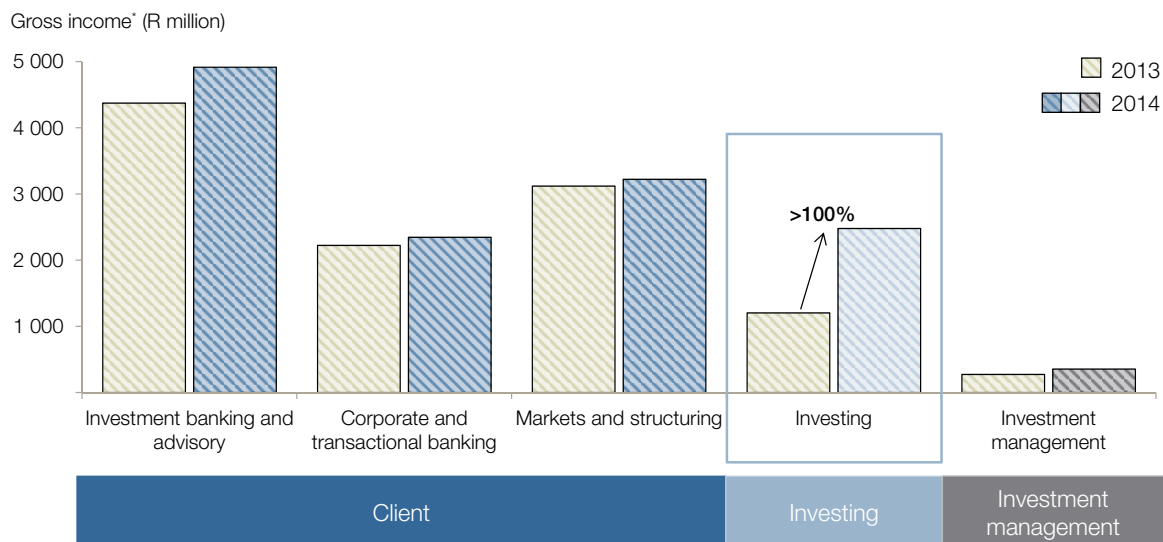
## Contribution from rest of Africa increasing



- Strong growth in currency business
- Strong balance sheet growth in Angola, Kenya, Nigeria and Zambia

\* Includes RMB corporate banking, but excludes legacy and head office.

## Realisation profits boosted investing activities



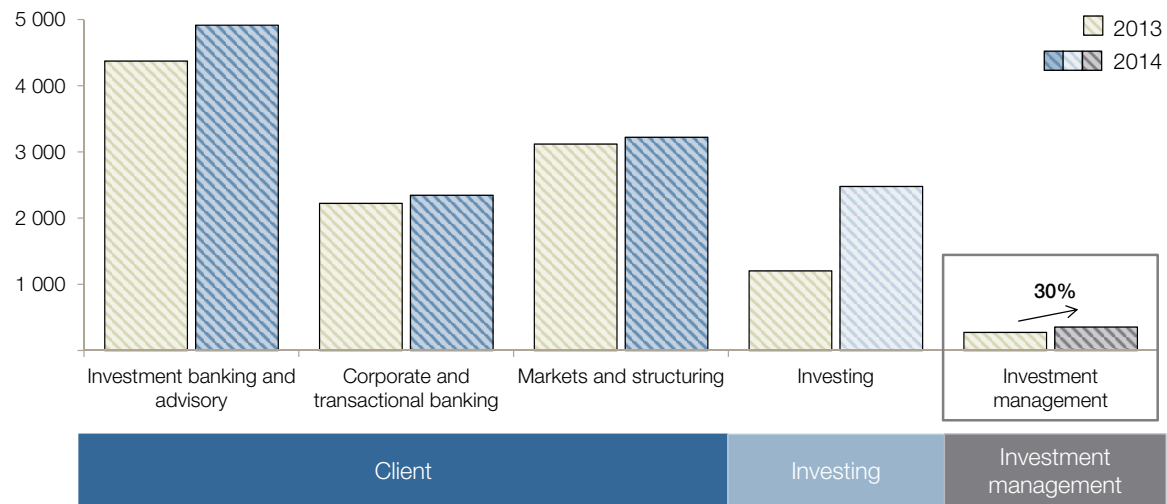
- Strong contribution from investing activities
  - Includes a significant investment realisation
  - Growth in equity-accounted earnings
  - Growth in unrealised value in portfolios to R3.9bn (2013: R1.7bn)

\* Includes RMB corporate banking, but excludes legacy and head office.

## Contribution from investment management growing



Gross income\* (R million)



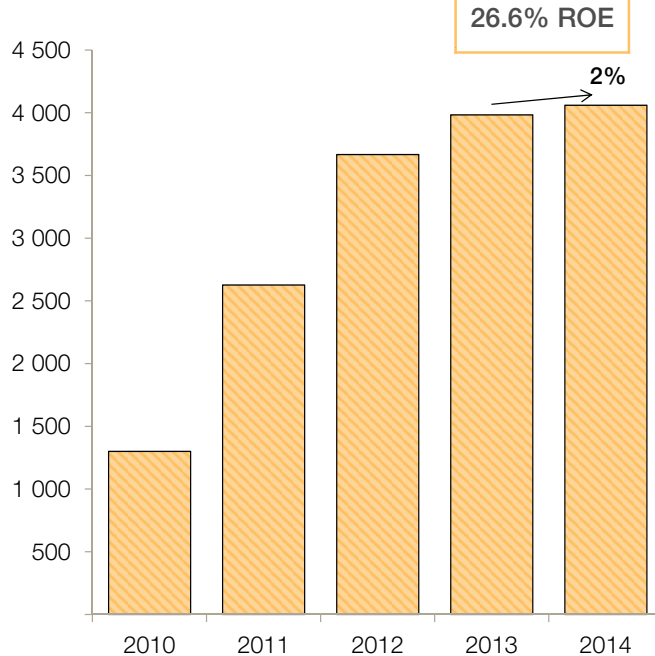
\* Includes RMB corporate banking, but excludes legacy and head office.

## WESBANK OPERATING REVIEW

## WesBank's profit growth and return profile resilient



Normalised profit before tax (R million)



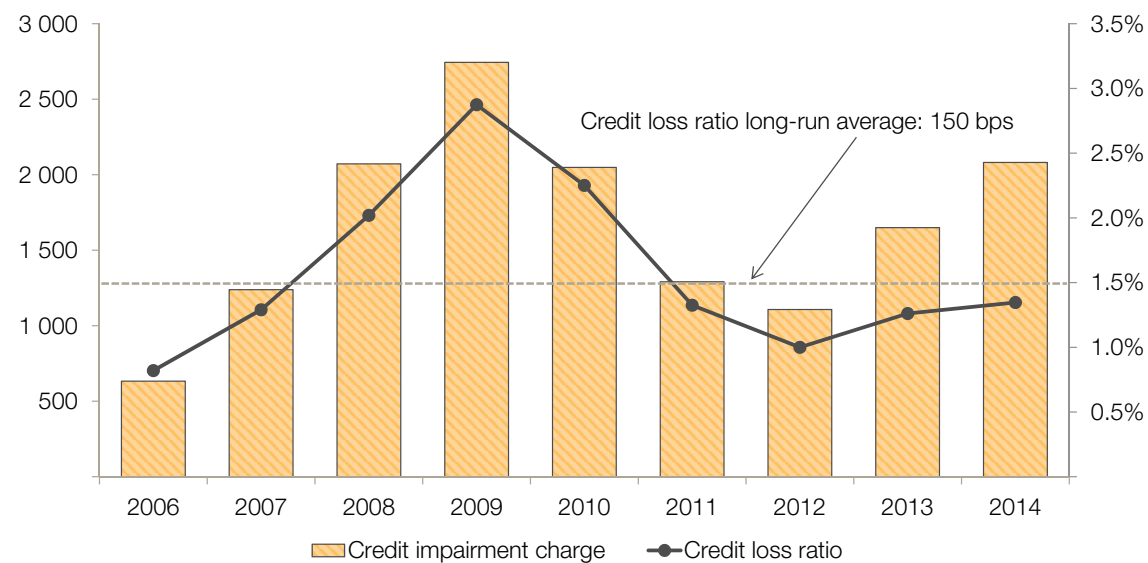
- New business origination resilient
- Interest margin pressure
- Good core operational cost management
- Excellent performance from MotoNovo
- Increasing retail arrears and impairments, but within expectations

## Credit performance within expectations



Credit impairment charge (R million)

Credit loss ratio

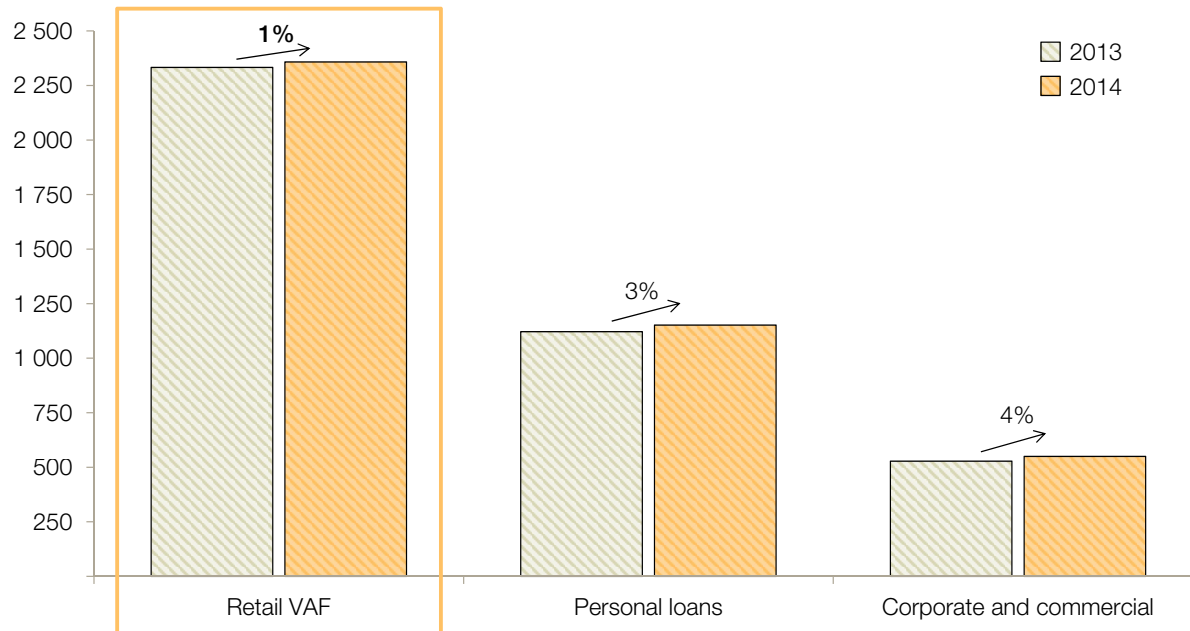


- Upward pressure on arrears as credit cycle turns
- Within expectations and below long-run average

## Where the profits came from



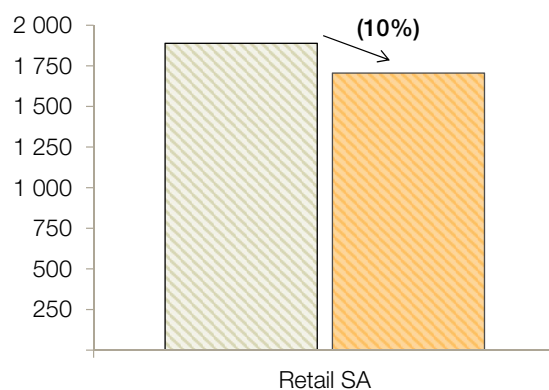
Normalised profit before tax (R million)



## Domestic VAF performance reflecting cycle, strong performance from MotoNovo

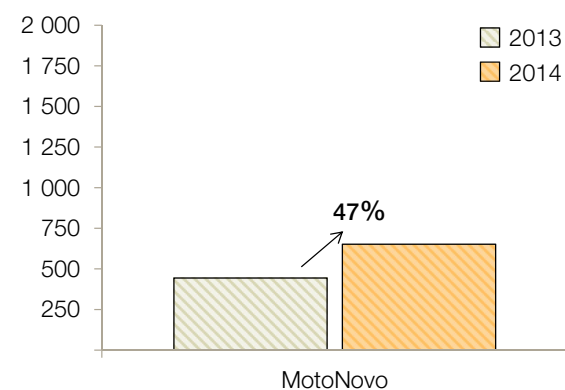


Normalised profit before tax (R million)



- New business growth slowed
- Margins under pressure
- Bad debts trending up in line with expectations
- Investment in strategic initiatives

Normalised profit before tax (R million)

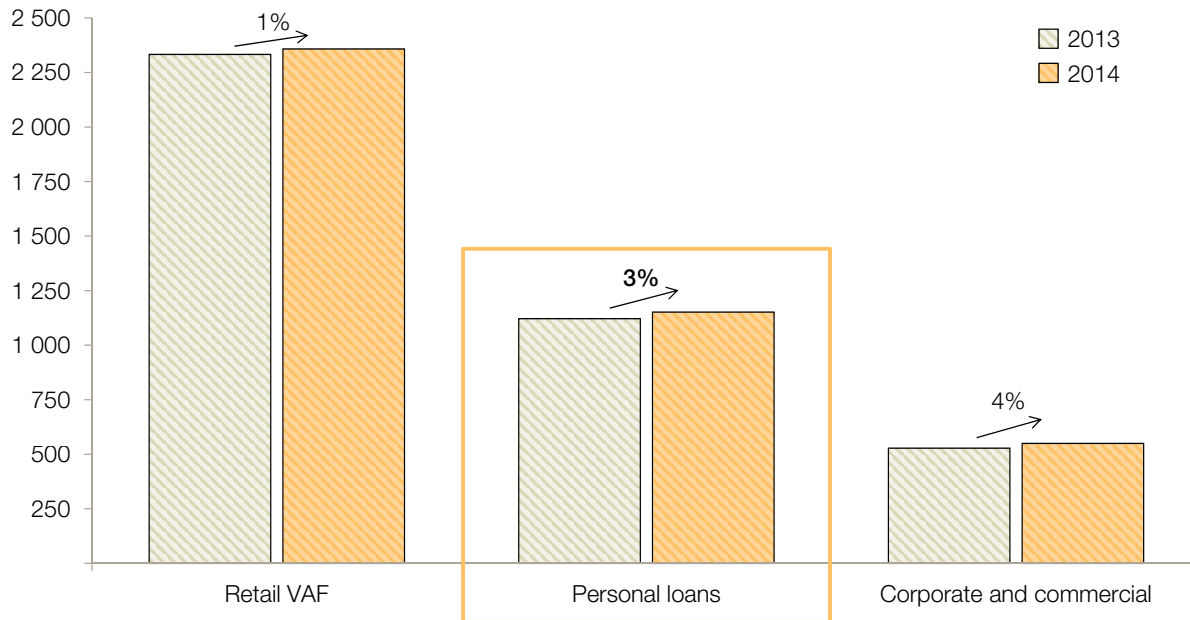


- Profit growth of 20% in GBP terms
- Strong new business growth at good margins
- Disciplined origination profile
- Cost management and economies of scale

## Where the profits came from



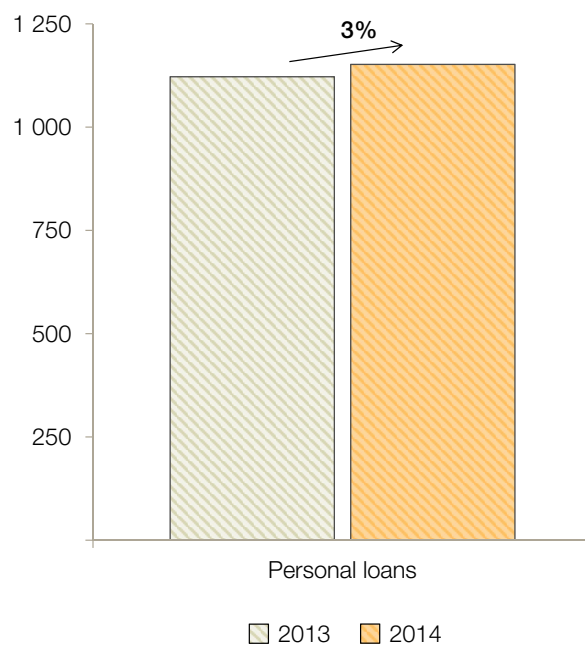
Normalised profit before tax (R million)



## Personal loans performing as expected



Normalised profit before tax (R million)

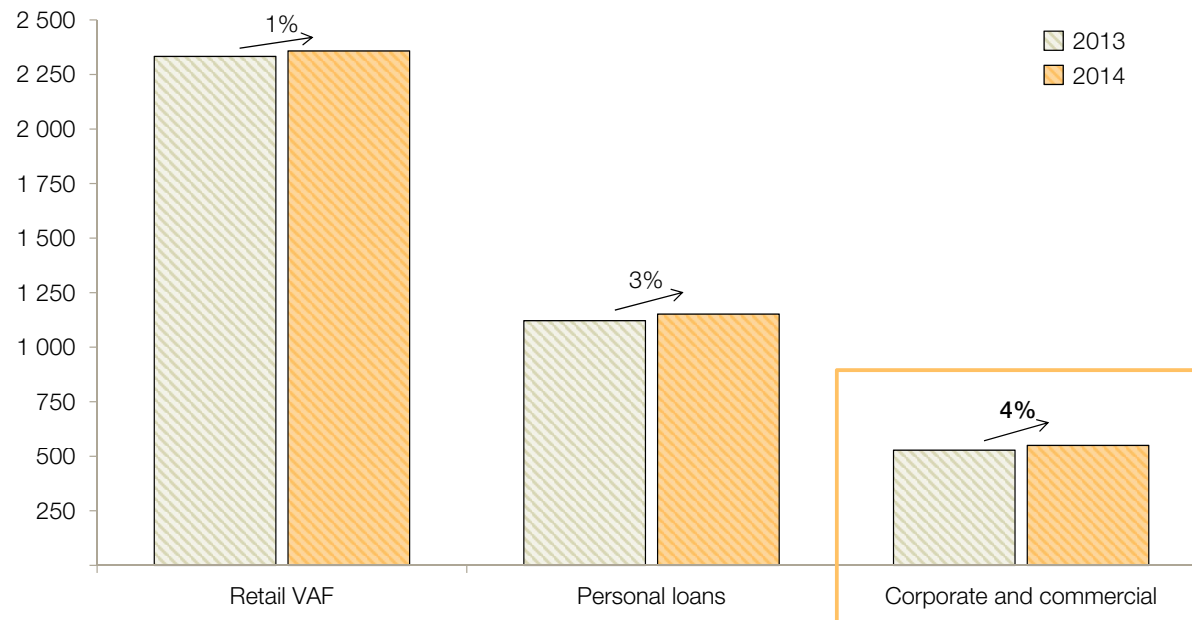


- Targets mid to upper market customers
- New business volumes growth slowed to 14% year-on-year, excluding new alliances
- New alliances contributed additional growth of 30% in new business volumes
- Risk profile remains conservative and within credit appetite
- Increase in impairments from 6.48% to 7.32%, still below through-the-cycle expectations

## Where the profits came from



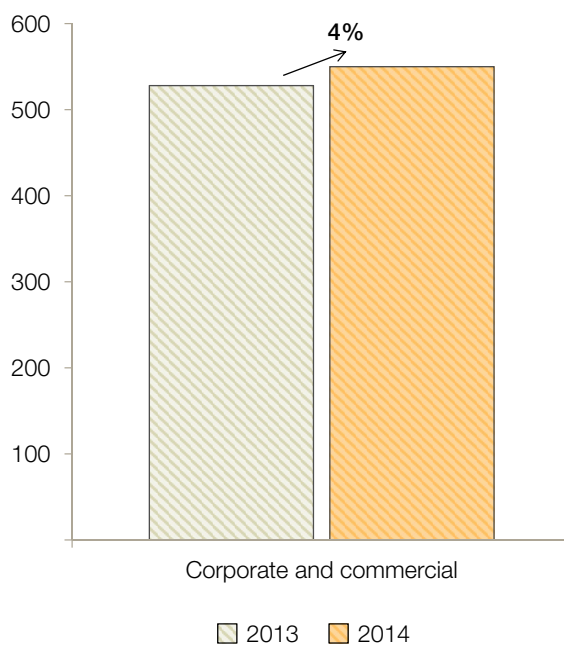
Normalised profit before tax (R million)



## Corporate and commercial secured lending gaining traction



Normalised profit before tax (R million)



- New business production up 10%

- Asset-backed finance, FMR

- Decrease in provisions from 0.53% to 0.37%

- Increased write offs and slower reduction in NPL inflows

- Portfolio quality improved

# ASHBURTON INVESTMENTS OPERATING REVIEW



## Ashburton organic growth plans on track

A

- Continuing to build platforms, systems and skills
- Switched on LISP platform to internal channels
- Changes to investment process in traditional offering showing benefits
- Good traction on non-traditional strategy – represents 41% of AUM
  - Inflation-linked bonds
  - Private equity
  - Corporate credit
- Total AUM increased 14% since launch



# PROSPECTS



FIRSTRAND

## Franchises in good shape...



- **FNB**
  - Domestic franchise should continue to outperform
    - Customer acquisition across targeted segments
    - Cross-sell remains a focus
    - Electronic channels will drive volumes
    - Targeted advances growth
    - Deposit franchise expected to show strong growth
- Rest of Africa
  - Established subsidiaries projecting strong growth in balance sheet volumes

## Franchises in good shape...



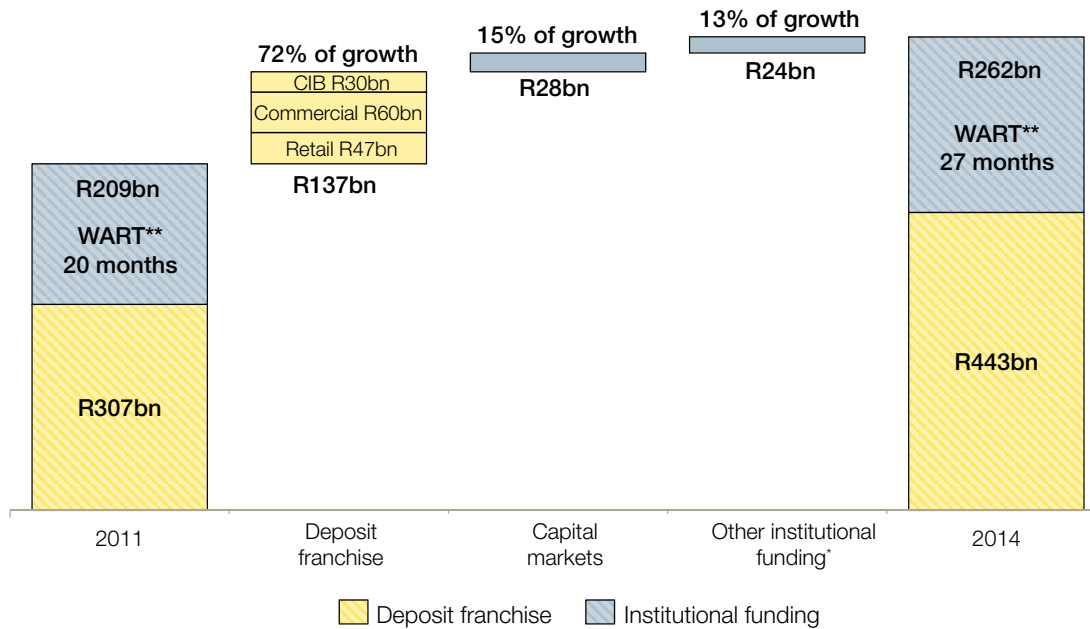
- **RMB**
  - Domestic client franchise positioned to capture higher share of market
  - Rest of Africa activities should continue to grow
  - Investment portfolios expected to contribute going forward
  - Reap benefits from integrated CIB offering
- **WesBank**
  - MotoNovo expected to show good growth
  - Corporate (including FMR) – focus on growing market share
  - Domestic retail advances and profit growth expected to slow
  - Cost of credit will continue to trend up to long-run average
  - Discipline continues to be exercised in origination

## APPENDIX



**FIRSTRAND**

## 87% of liability growth attributed to better source and term



\* Includes NCD, structured funding and other deposits.

\*\* WART = Weighted average remaining term of institutional funding.

## Breakdown of NPLs illustrates coverage is appropriate

### RESIDENTIAL MORTGAGES

Type	R million	Specific coverage ratio
Property sold	278	23.7%
Litigation	1 990	21.4%
Debt review	844	19.5%
Deceased	290	19.5%
Non-debt review paying	1 439	19.7%
Other (new NPLs)	784	15.9%
<b>Total</b>	<b>5 625</b>	<b>19.9%</b>



## Breakdown of NPLs illustrates coverage is appropriate

### VAF

Type	R million	Specific coverage ratio
Other (includes absconded, insurance and alienations)	244	59.1%
Repossession	194	49.2%
Legal action for repossession	384	41.9%
Not restructured debt review	457	39.6%
Arrears 3+ months	1 208	36.6%
Restructured debt review	1 005	13.4%
<b>Total</b>	<b>3 492</b>	<b>30.6%</b>





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