



**FIRSTRAND**



# INTRODUCTION

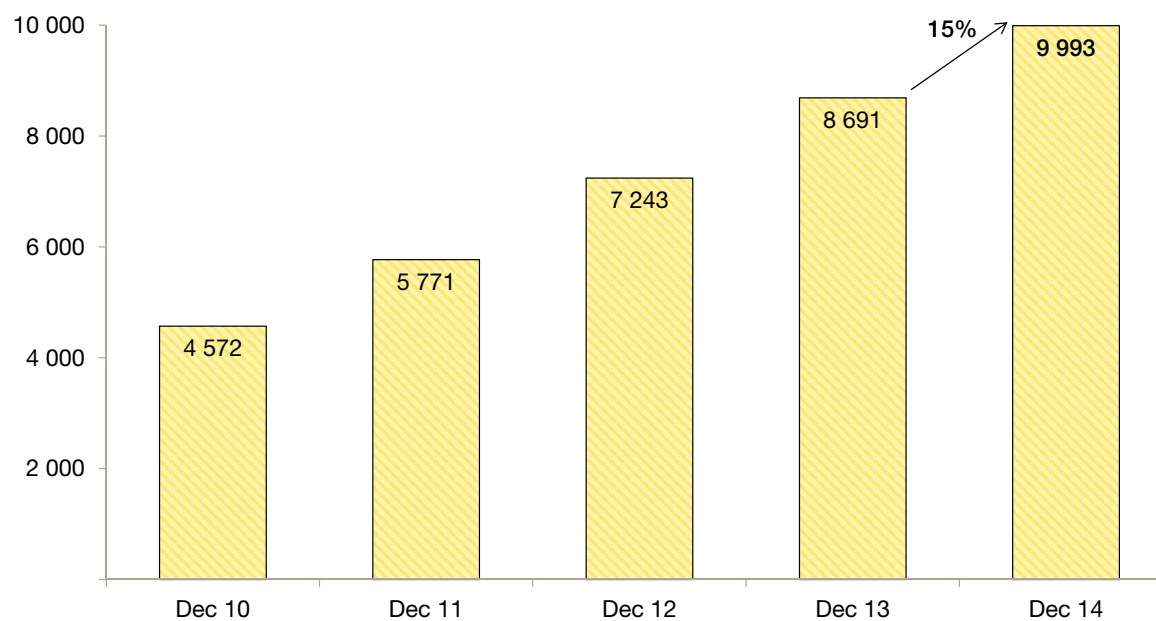


FIRSTRAND

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

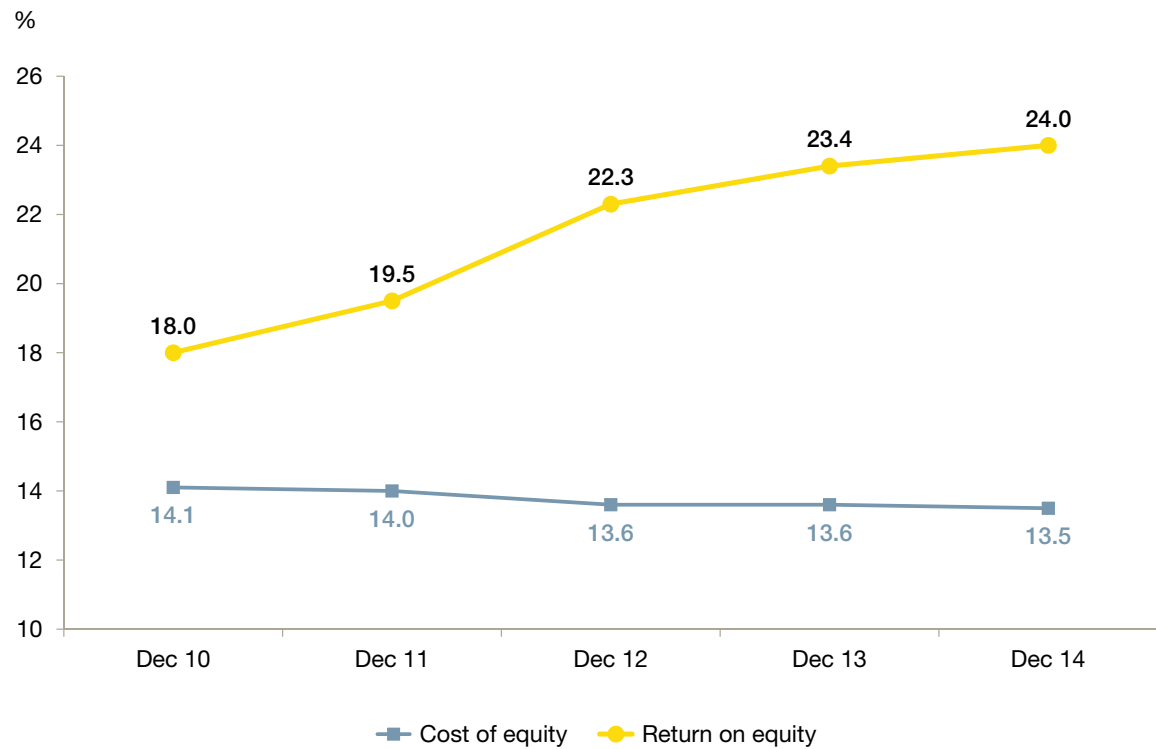


Normalised earnings\* (R million)



\* Normalised earnings shown on a continuing normalised basis 2010-2011.

## Growing shareholder value



## Franchises performed well despite increasing headwinds

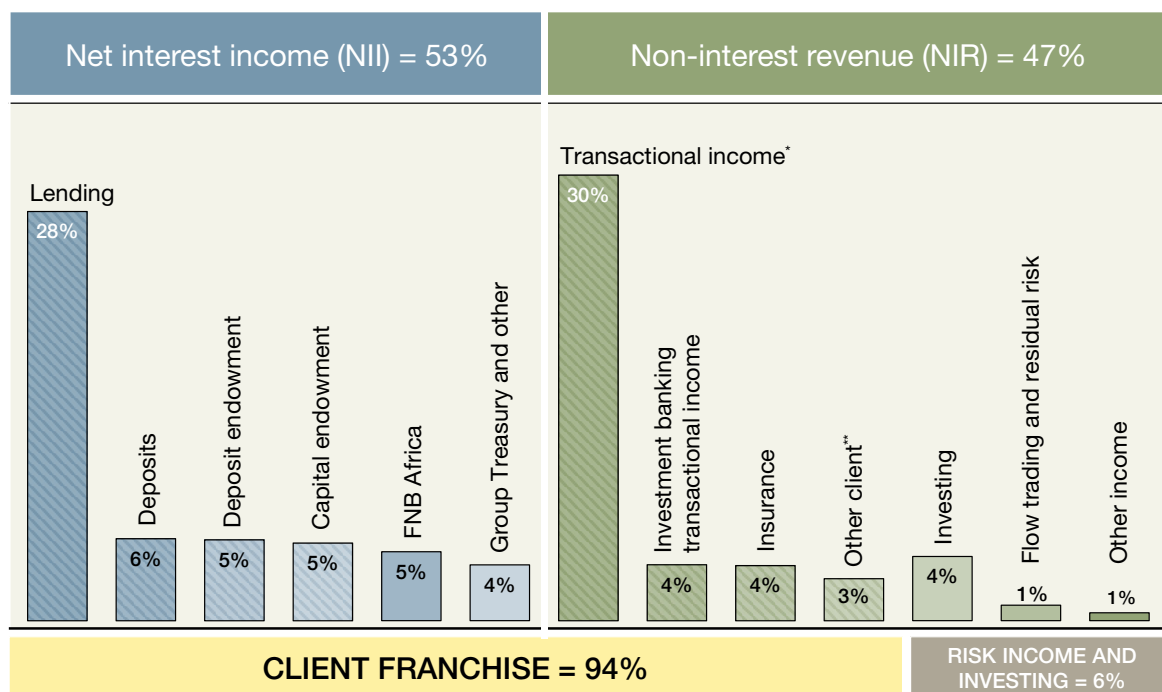
Normalised profit before tax (R million)	Dec 14	Dec 13	% change
FNB	8 470	7 248	17 ▲
RMB	3 569	3 313	8 ▲
WesBank	2 282	2 149	6 ▲

# OVERVIEW AND KEY THEMES



FIRSTRAND

## Client franchise contributes 94% of gross revenue



\* From retail, commercial and corporate banking.  
 \*\* Includes WesBank associates.

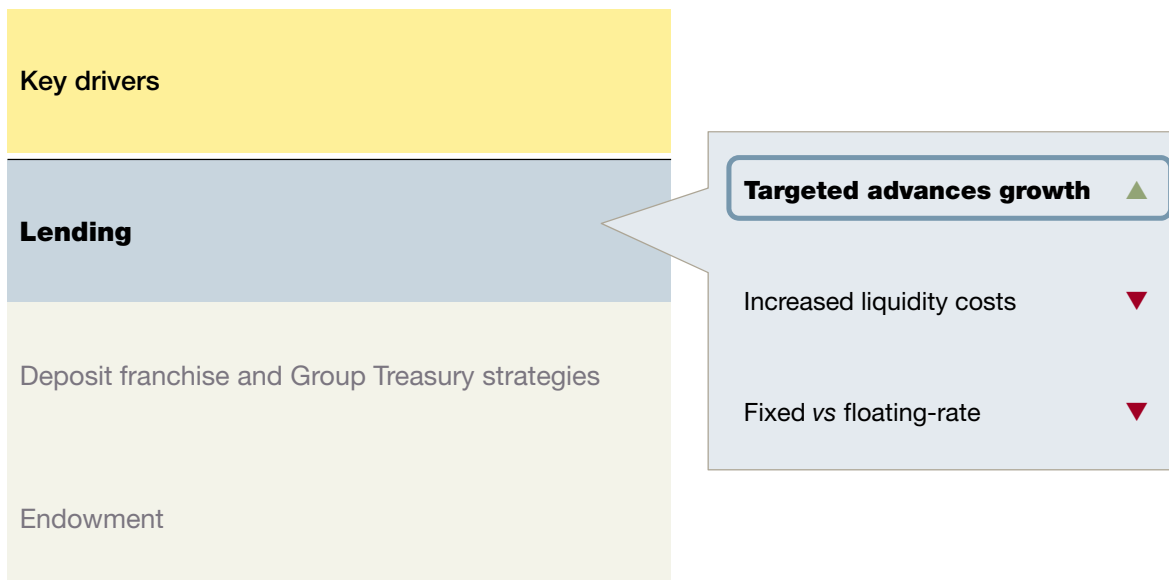
## Performance highlights

	Dec 14	Dec 13	Change
Net interest income before bad debts (R million)	19 048	16 397	16% ▲
Net interest margin (%)	5.26	5.13	▲
Bad debts (R million)	(3 086)	(2 445)	26% ▲
Credit loss ratio (%)	0.86	0.77	▲
Non-interest revenue* (R million)	16 856	14 965	13% ▲
Cost-to-income ratio (%)	50.8	51.9	▼
Return on assets (%)	2.07	1.97	▲
Return on equity (%)	24.0	23.4	▲
NIACC (R million)	4 383	3 645	20% ▲
CET1 ratio** (%)	13.8	13.7	▲
Dividend per share (cents)	93.0	77.0	21% ▲

\* Normalised non-interest revenue includes post-tax share of profits from associates and JVs.

\*\* Includes unappropriated profits.

## Various strategies drive growth in net interest income



## Retail advances growth reflects origination strategies

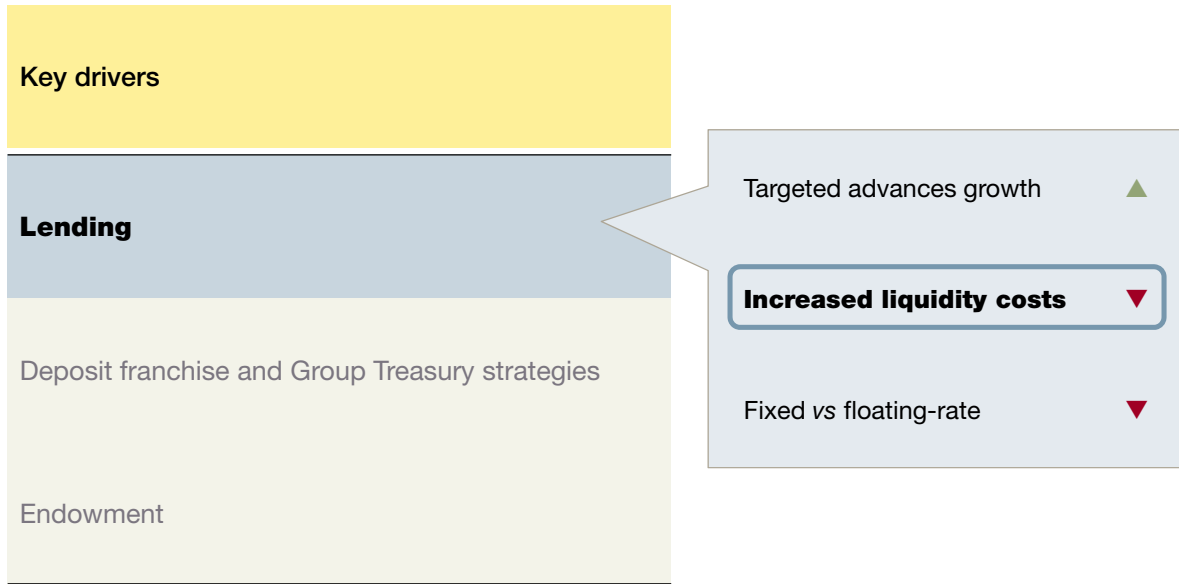
Retail advances			
Mortgages	Affordable housing	SA VAF	UK VAF (MotoNovo)
Remain conservative with focus on low-risk FNB customers; gradual improvement in demand	Continued strong demand and credit performance	Gradual reduction of higher-risk with volumes tracking vehicle sales and coming off a high base	Strengthening market position and benefiting from economic recovery
Card	Personal loans	Rest of Africa	Other
Strong growth in line with FNB customer base and transactional spend growth	Steady risk appetite after significant cutbacks of 2011/12	Strong growth across all markets focusing on FNB-banked customers	Risk neutral, strongly targeting FNB customer base as currently under-represented

## Targeted approach resulted in strong corporate and commercial advances growth

Commercial advances				
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 with some tightening on new-to-bank and higher-risk business	Continue to target Africa-India corridor clients and introduce specialised product offerings
Corporate advances				
Working capital finance	Infrastructure finance	Cross-border rest of Africa	South African corporates	
Tracking nominal SA GDP	SA renewable energy projects still drawing down	Growth in telecom, FI, energy and infrastructure whereas resource finance contained given market stress	Lead arranger of the larger acquisition, leveraged finance and listed property transactions	

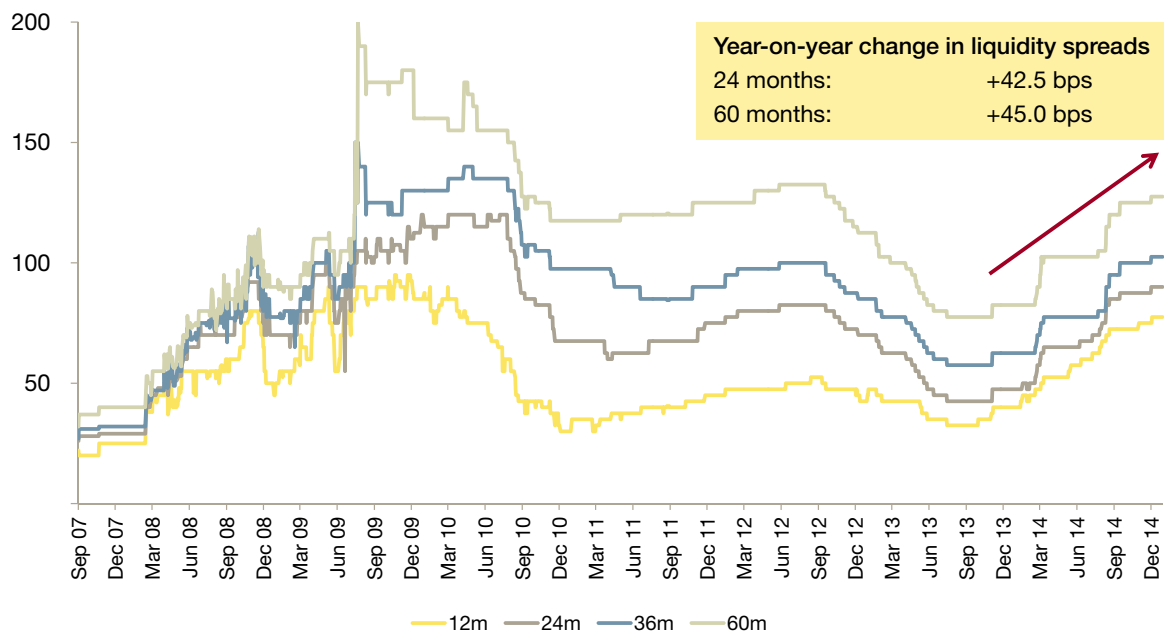
Commercial includes all advances to commercial clients across FNB and WesBank. Corporate includes advances to corporate and public sector customers across RMB, FNB and WesBank.

## Various strategies drive growth in net interest income



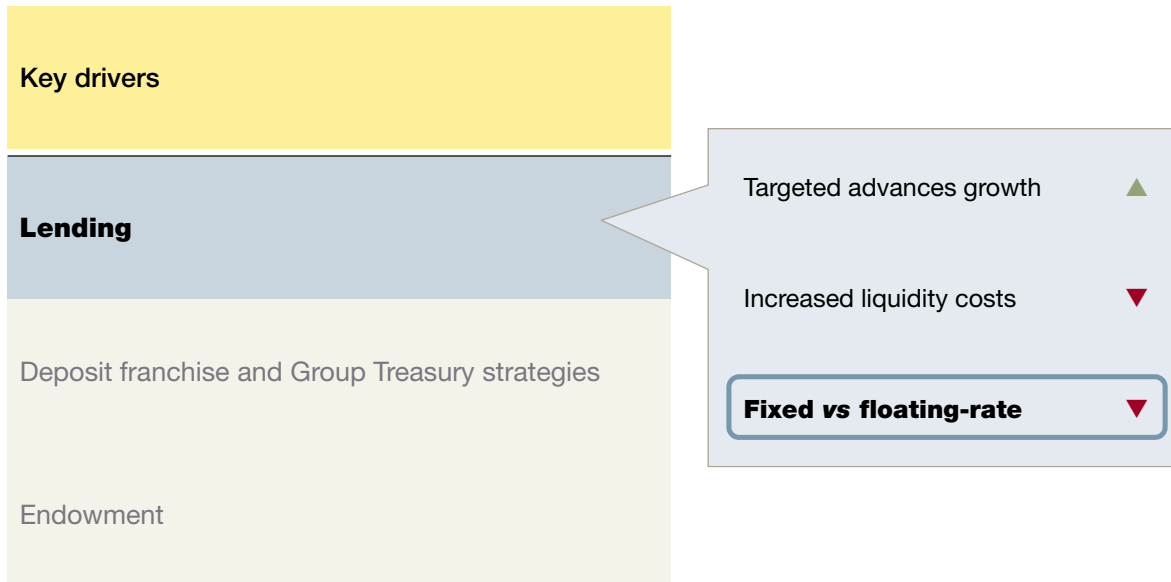
## Asset margins impacted by increased market liquidity spreads

FirstRand funding spreads (bps)



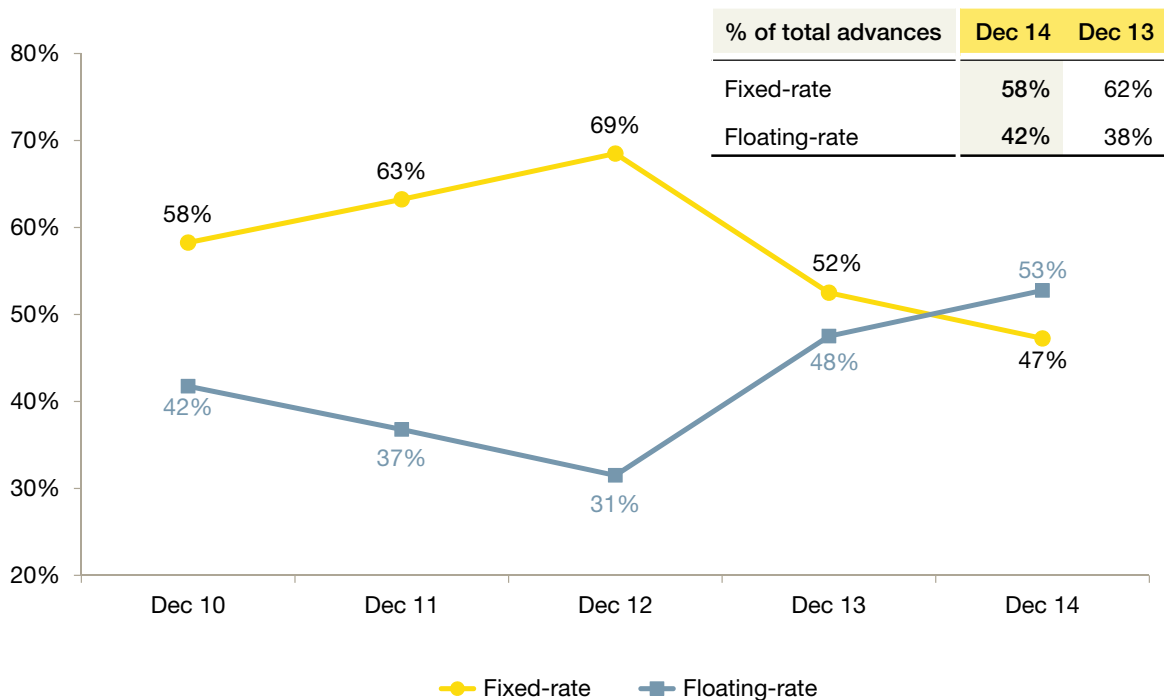


## Various strategies drive growth in net interest income

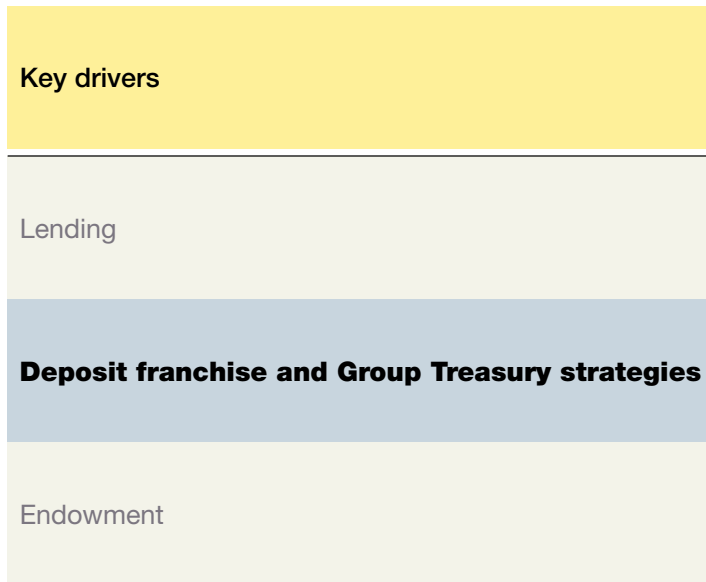


## Margin pressure from shift in rate mix in WesBank's VAF book

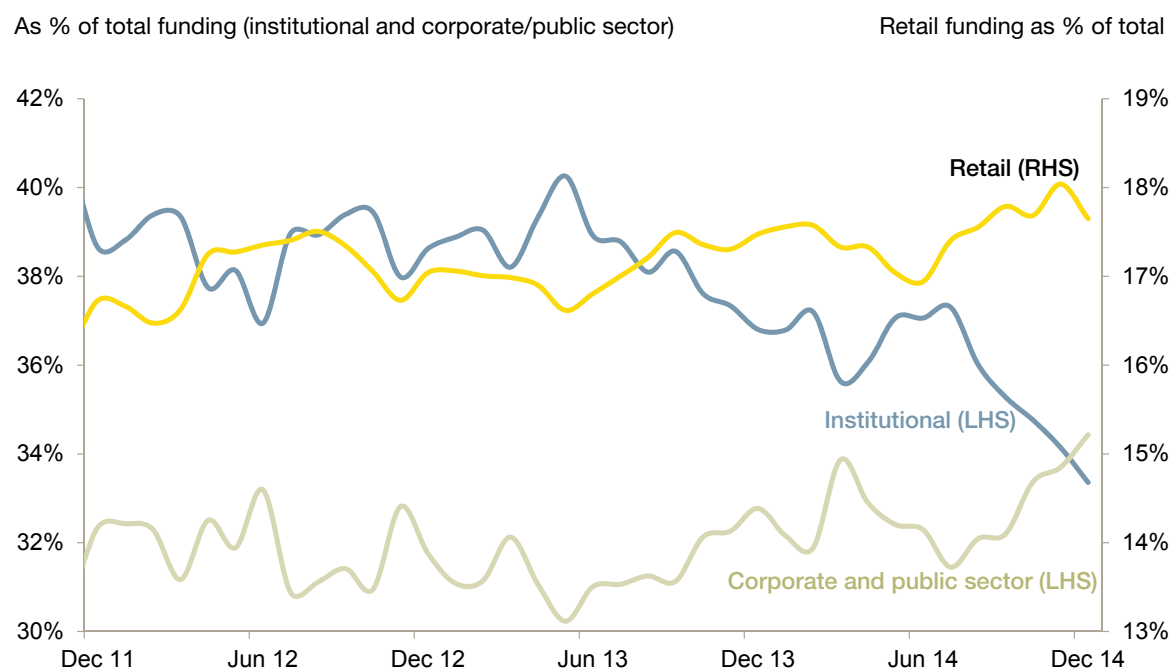
Proportion of SA retail VAF new business



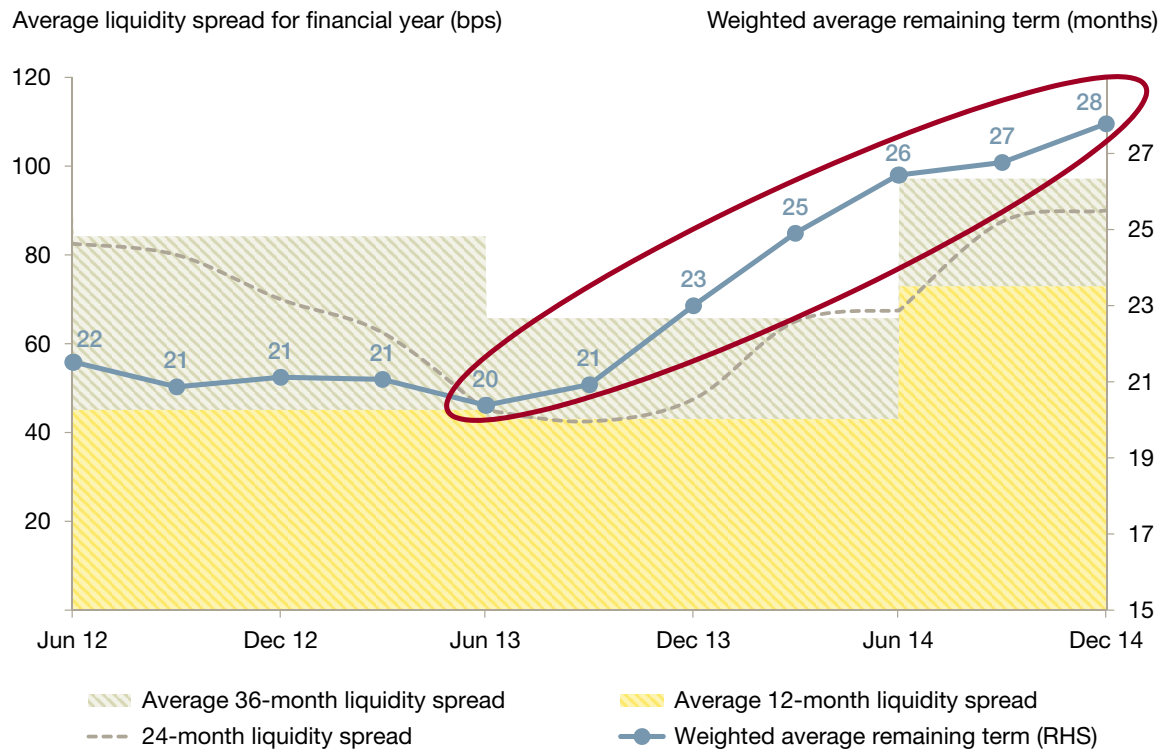
## Various strategies drive growth in net interest income



## Funding strategies result in improved profile



## Pre-emptive lengthening of institutional term funding



## Various strategies drive growth in net interest income

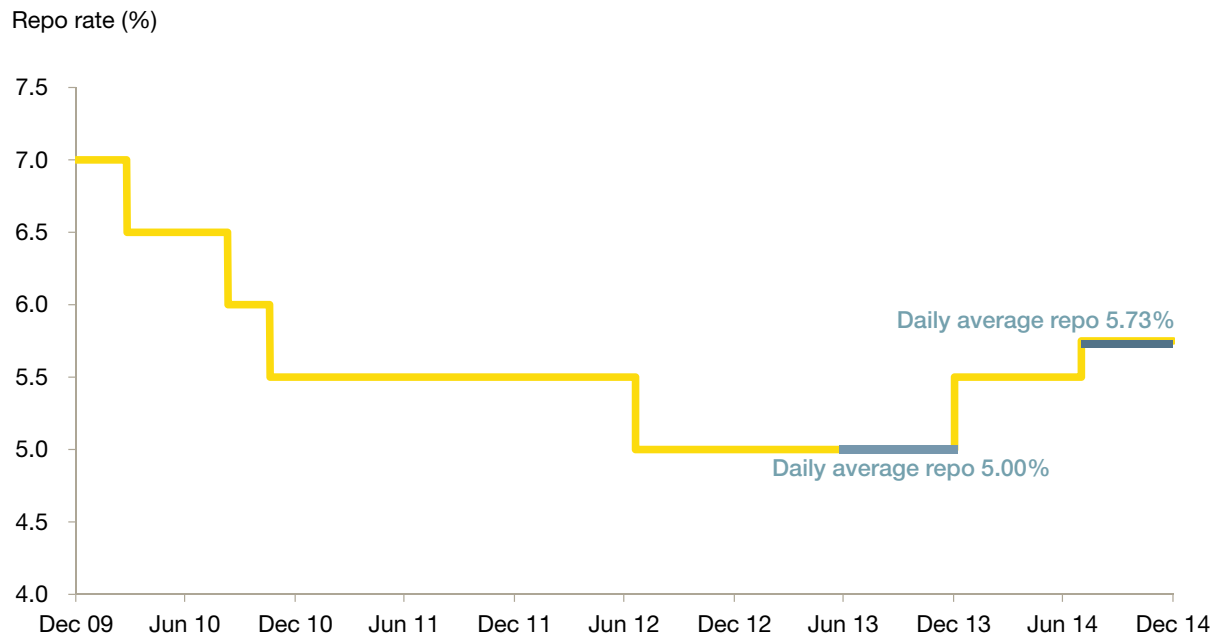
### Key drivers

Lending

Deposit franchise and Group Treasury strategies

**Endowment**

## Positive endowment impact of R482 million



Average endowment book = R131 billion

## Performance highlights

	Dec 14	Dec 13	Change
Net interest income before bad debts (R million)	19 048	16 397	16% ▲
Net interest margin (%)	5.26	5.13	▲
Bad debts (R million)	(3 086)	(2 445)	26% ▲
Credit loss ratio (%)	0.86	0.77	▲
Non-interest revenue <sup>†</sup> (R million)	16 856	14 965	13% ▲
Cost-to-income ratio (%)	50.8	51.9	▼
Return on assets (%)	2.07	1.97	▲
Return on equity (%)	24.0	23.4	▲
NIACC (R million)	4 383	3 645	20% ▲
CET1 ratio <sup>**</sup> (%)	13.8	13.7	▲
Dividend per share (cents)	93.0	77.0	21% ▲

<sup>†</sup> Normalised non-interest revenue includes post-tax share of profits from associates and JVs.

<sup>\*\*</sup> Includes unappropriated profits.

## Benefits from funding strategies and endowment more than offset asset margin pressures

	Six months ended 31 December 2014		Six months ended 31 December 2013	
	Pricing relative to reference rate	Average rate %	Pricing relative to reference rate	Average rate %
Interest-earning assets	Repo + 342 bps	9.15	Repo + 358 bps	8.58
Loans/advances to customers	Repo + 410 bps	9.83	Repo + 427 bps	9.27
Other (liquid assets, cash, etc.)	n/a	4.57	n/a	4.39
Interest-bearing liabilities	Repo – 120 bps	(4.53)	Repo – 99 bps	(4.01)
Deposits due to customers	Repo – 203 bps	(3.70)	Repo – 177 bps	(3.23)
Group Treasury funding	Repo + 41 bps	(6.14)	Repo + 51 bps	(5.51)
Capital endowment and trading book	n/a	2.78	n/a	2.06
Net interest margin on average interest-earning assets		5.26		5.13

- Shift from fixed to floating
- Competitive pressures

- Deposit endowment benefit
- Growth in liability franchise and improvement in funding mix
- Group Treasury pre-emptively extended term of institutional funding

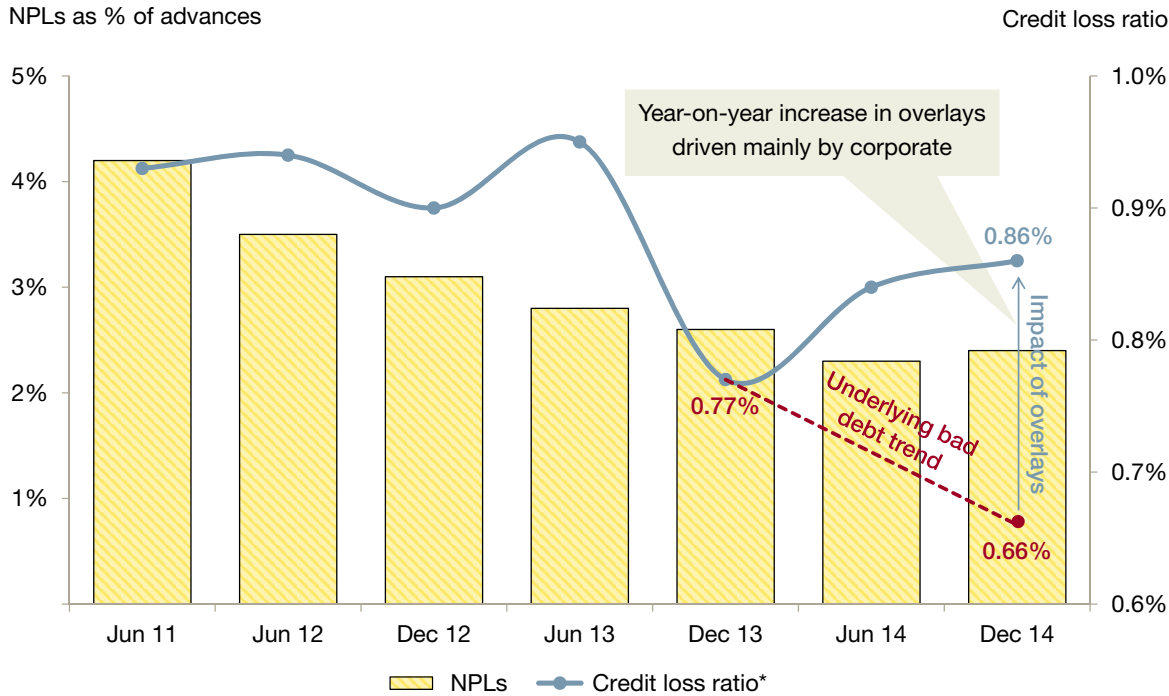
## Performance highlights

	Dec 14	Dec 13	Change
Net interest income before bad debts (R million)	19 048	16 397	16% ▲
Net interest margin (%)	5.26	5.13	▲
Bad debts (R million)	(3 086)	(2 445)	26% ▲
Credit loss ratio (%)	0.86	0.77	▲
Non-interest revenue <sup>†</sup> (R million)	16 856	14 965	13% ▲
Cost-to-income ratio (%)	50.8	51.9	▼
Return on assets (%)	2.07	1.97	▲
Return on equity (%)	24.0	23.4	▲
NIACC (R million)	4 383	3 645	20% ▲
CET1 ratio** (%)	13.8	13.7	▲
Dividend per share (cents)	93.0	77.0	21% ▲

<sup>†</sup> Normalised non-interest revenue includes post-tax share of profits from associates and JVs.

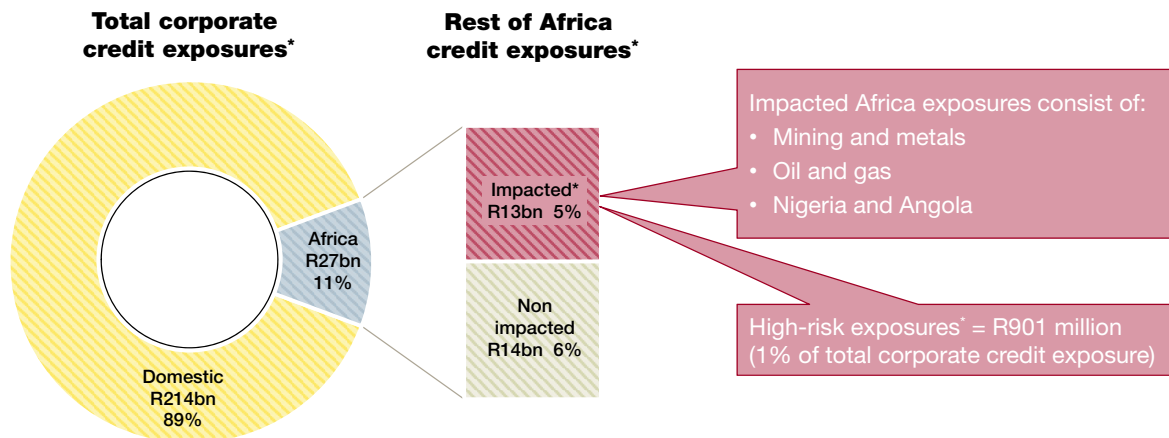
\*\*Includes unappropriated profits.

## Underlying cost of credit trended down, but proactive provisioning deemed prudent



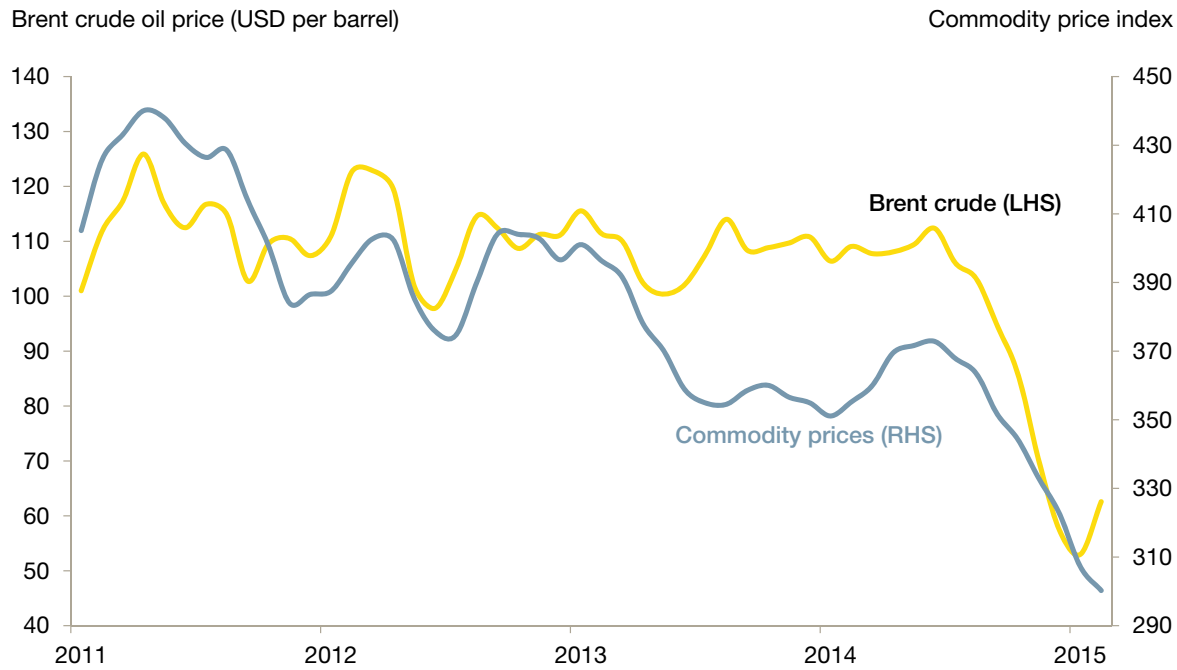
\* Excludes the impact of the merchant acquiring event.

## Not a function of defaults but reflects strengthening of balance sheet...



\* Graphs show exposure at default.

... given uncertainty on oil and gas, and mining and metals



Sources: Bloomberg, S&P, Goldman Sachs.

## Performance highlights

	Dec 14	Dec 13	Change
Net interest income before bad debts (R million)	19 048	16 397	16% ▲
Net interest margin (%)	5.26	5.13	▲
Bad debts (R million)	(3 086)	(2 445)	26% ▲
Credit loss ratio (%)	0.86	0.77	▲
Non-interest revenue <sup>†</sup> (R million)	16 856	14 965	13% ▲
Cost-to-income ratio (%)	50.8	51.9	▼
Return on assets (%)	2.07	1.97	▲
Return on equity (%)	24.0	23.4	▲
NIACC (R million)	4 383	3 645	20% ▲
CET1 ratio <sup>**</sup> (%)	13.8	13.7	▲
Dividend per share (cents)	93.0	77.0	21% ▲

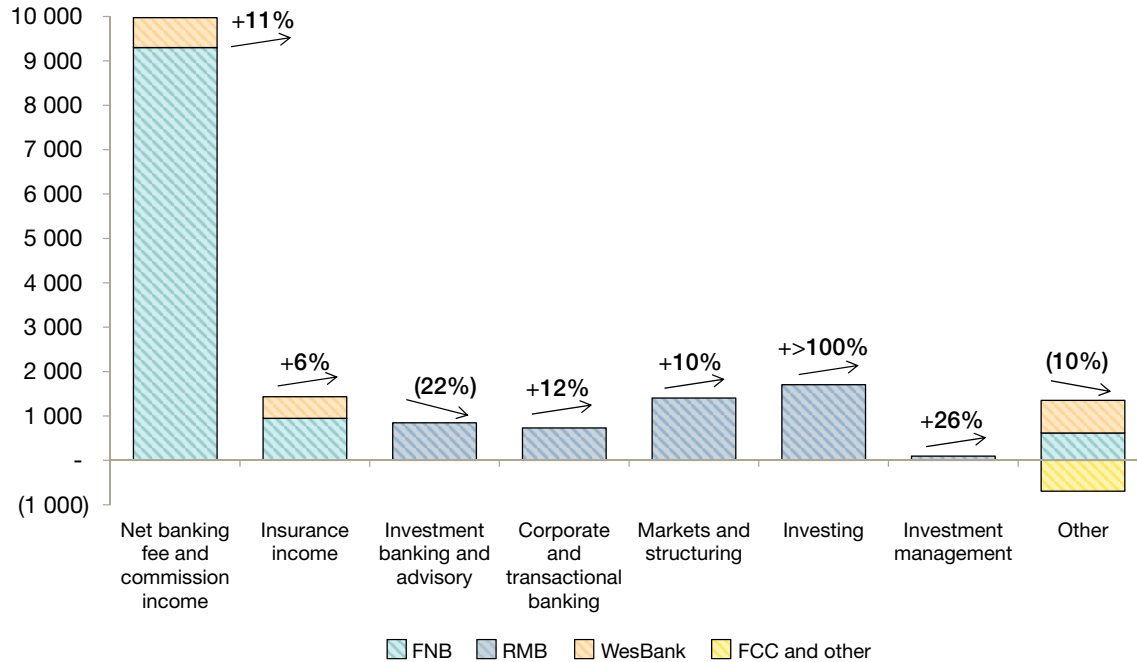
<sup>†</sup> Normalised non-interest revenue includes post-tax share of profits from associates and JVs.

<sup>\*\*</sup> Includes unappropriated profits.

## Strong growth reflects quality and diversity of NIR



Non-interest revenue for the six months ended 31 December 2014 (R million)

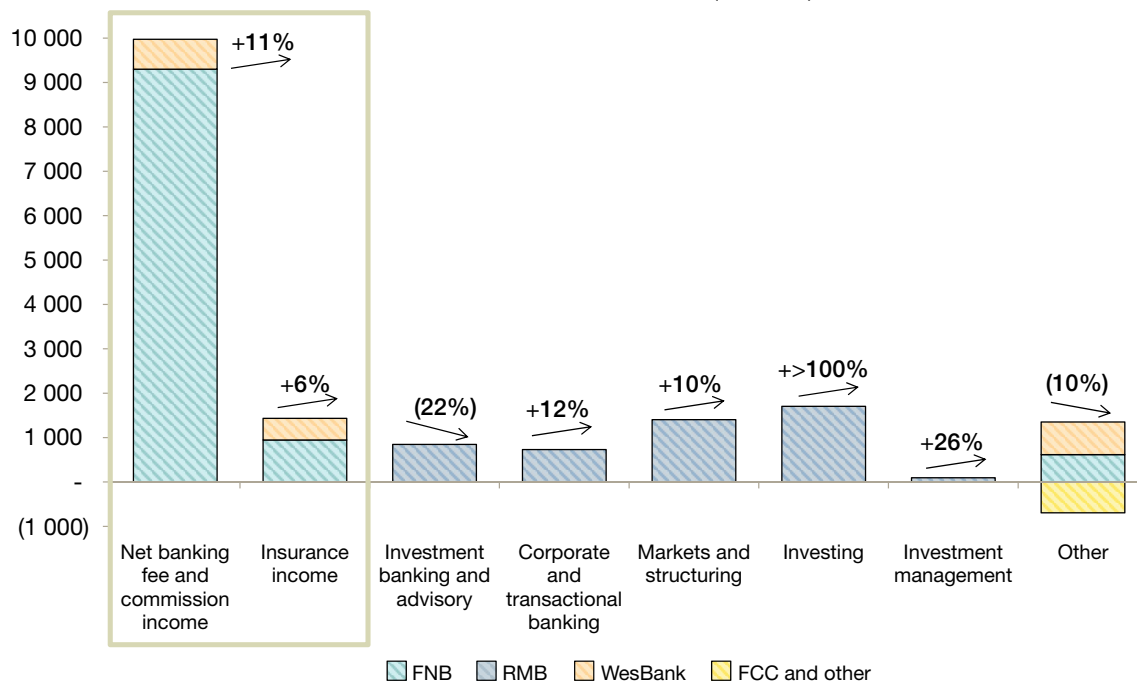


All NIR in FCC and other is shown in other category in the graph above. R184 million of RMB's Dec 13 investment management NIR has been reallocated to FCC to reflect operational performance in RMB investment management activities.

## Growth reflects success of FNB's transactional strategy



Non-interest revenue for the six months ended 31 December 2014 (R million)

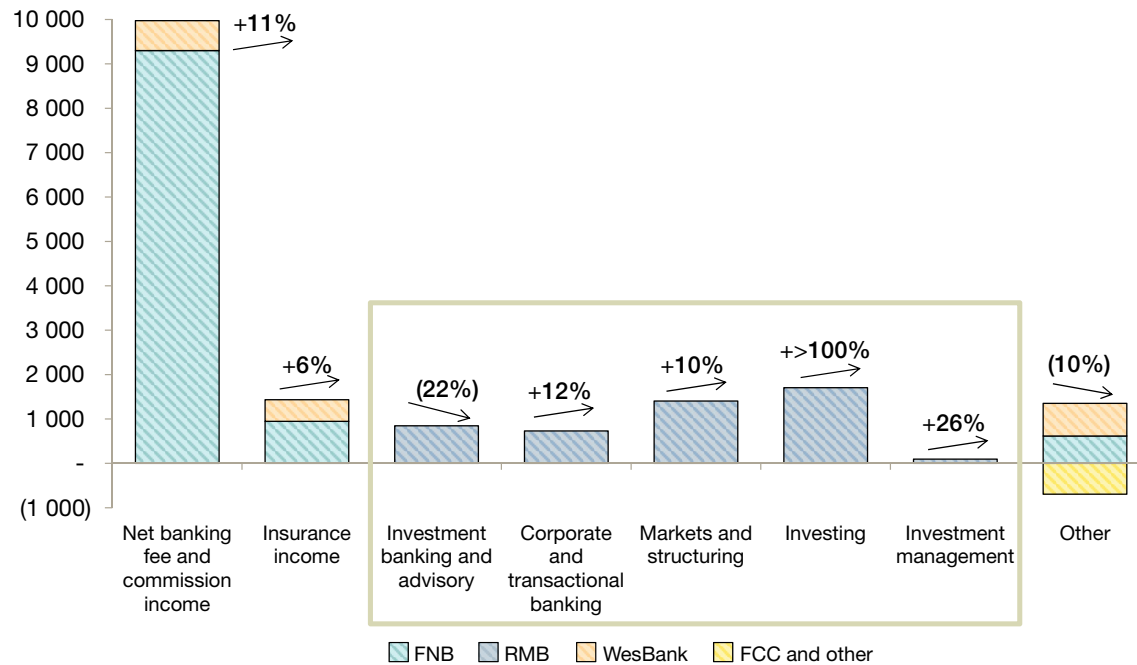


All NIR in FCC and other is shown in other category in the graph above. R184 million of RMB's Dec 13 investment management NIR has been reallocated to FCC to reflect operational performance in RMB investment management activities.



## Mix of RMB NIR as signalled

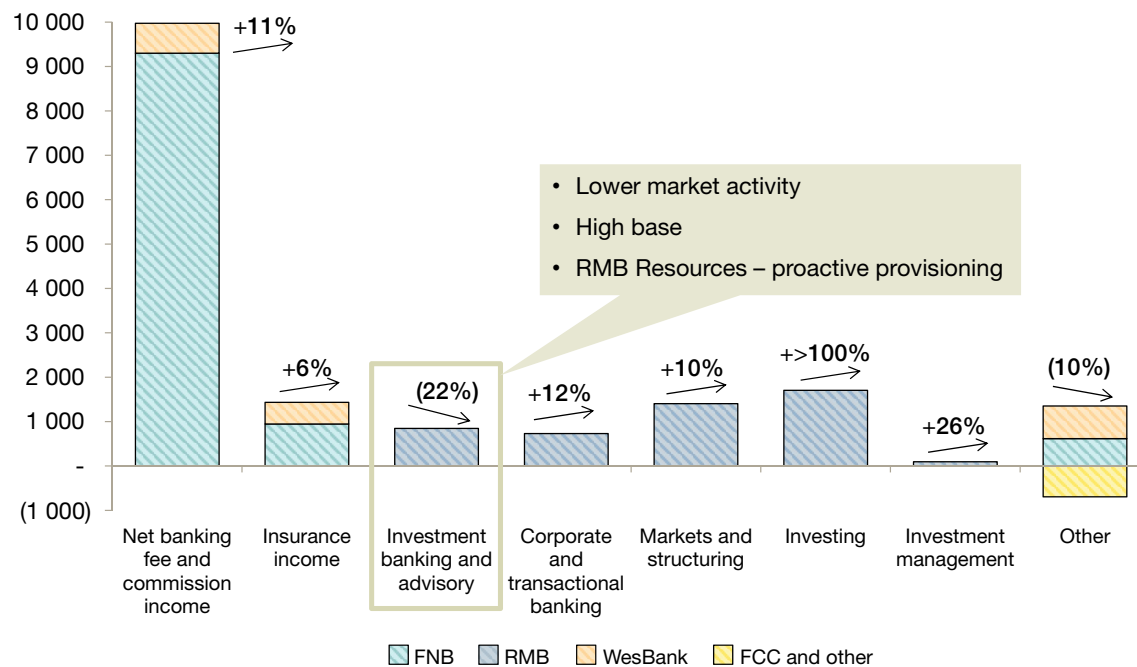
Non-interest revenue for the six months ended 31 December 2014 (R million)



All NIR in FCC and other is shown in other category in the graph above. R184 million of RMB's Dec 13 investment management NIR has been reallocated to FCC to reflect operational performance in RMB investment management activities.

## Mix of RMB NIR as signalled

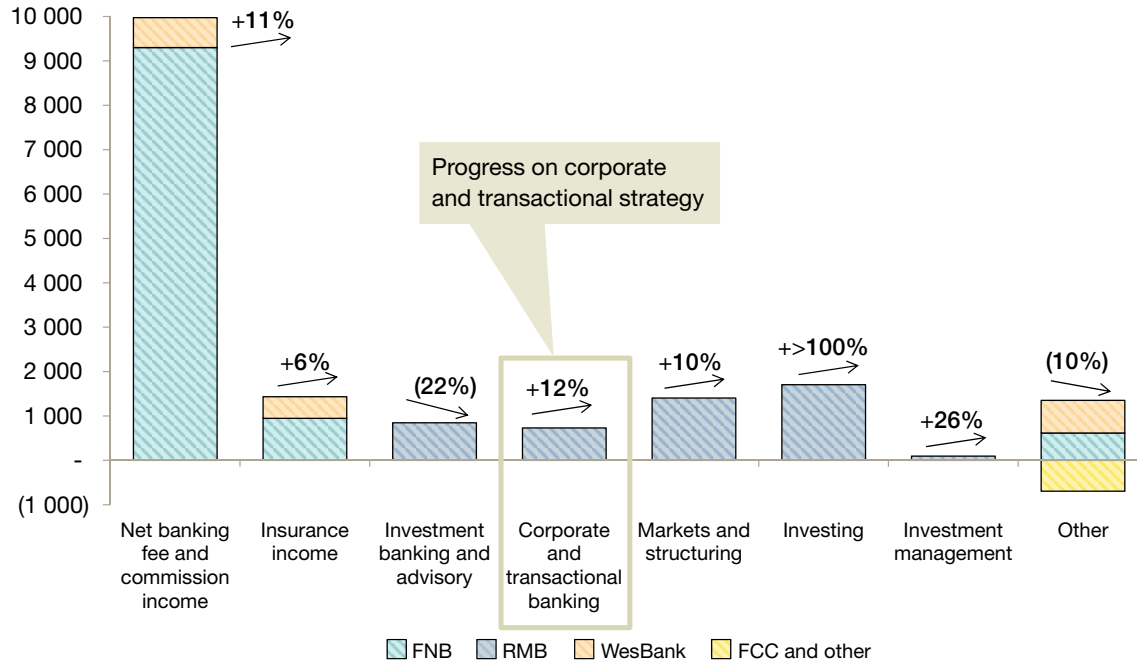
Non-interest revenue for the six months ended 31 December 2014 (R million)



All NIR in FCC and other is shown in other category in the graph above. R184 million of RMB's Dec 13 investment management NIR has been reallocated to FCC to reflect operational performance in RMB investment management activities.

## Mix of RMB NIR as signalled

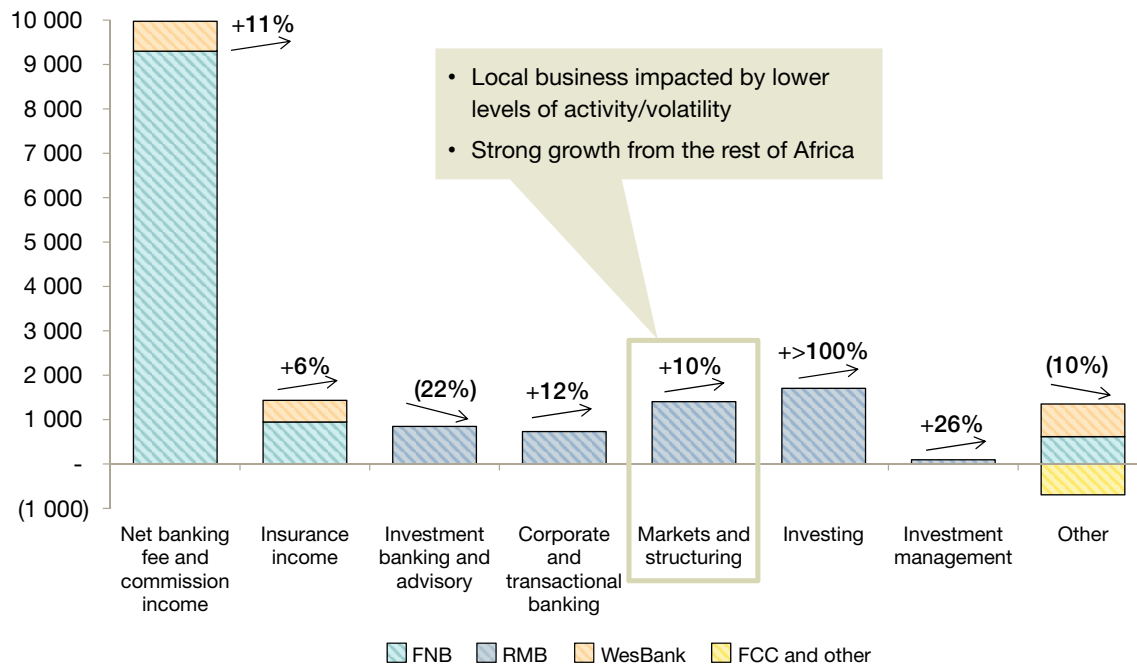
Non-interest revenue for the six months ended 31 December 2014 (R million)



All NIR in FCC and other is shown in other category in the graph above. R184 million of RMB's Dec 13 investment management NIR has been reallocated to FCC to reflect operational performance in RMB investment management activities.

## Mix of RMB NIR as signalled

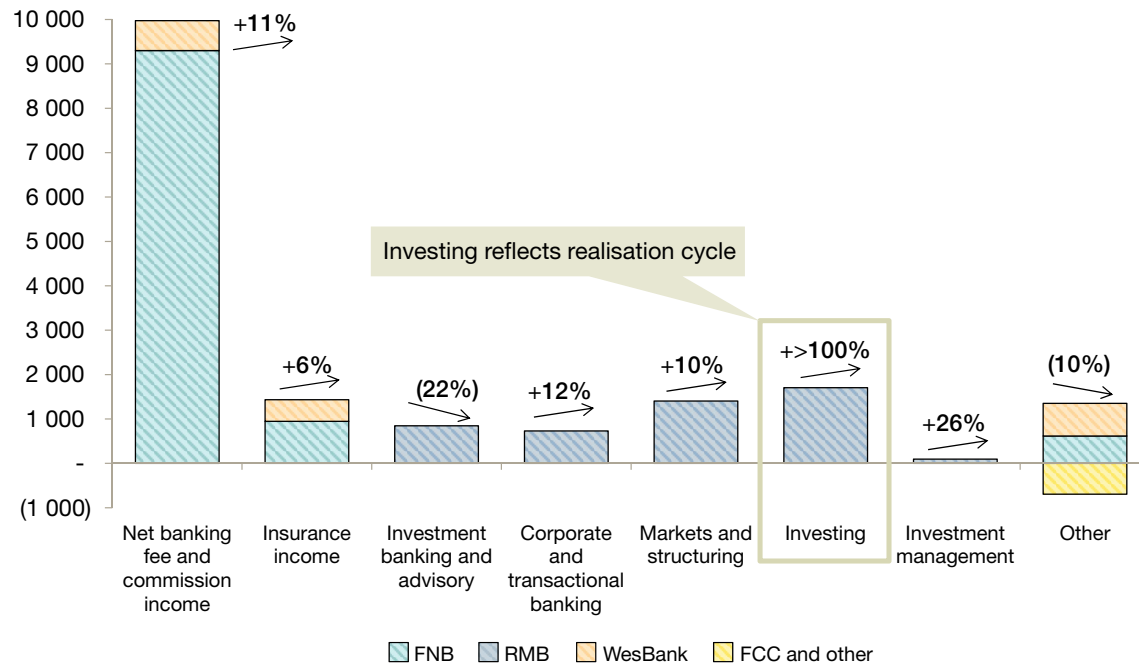
Non-interest revenue for the six months ended 31 December 2014 (R million)



All NIR in FCC and other is shown in other category in the graph above. R184 million of RMB's Dec 13 investment management NIR has been reallocated to FCC to reflect operational performance in RMB investment management activities.

## Mix of RMB NIR as signalled

Non-interest revenue for the six months ended 31 December 2014 (R million)

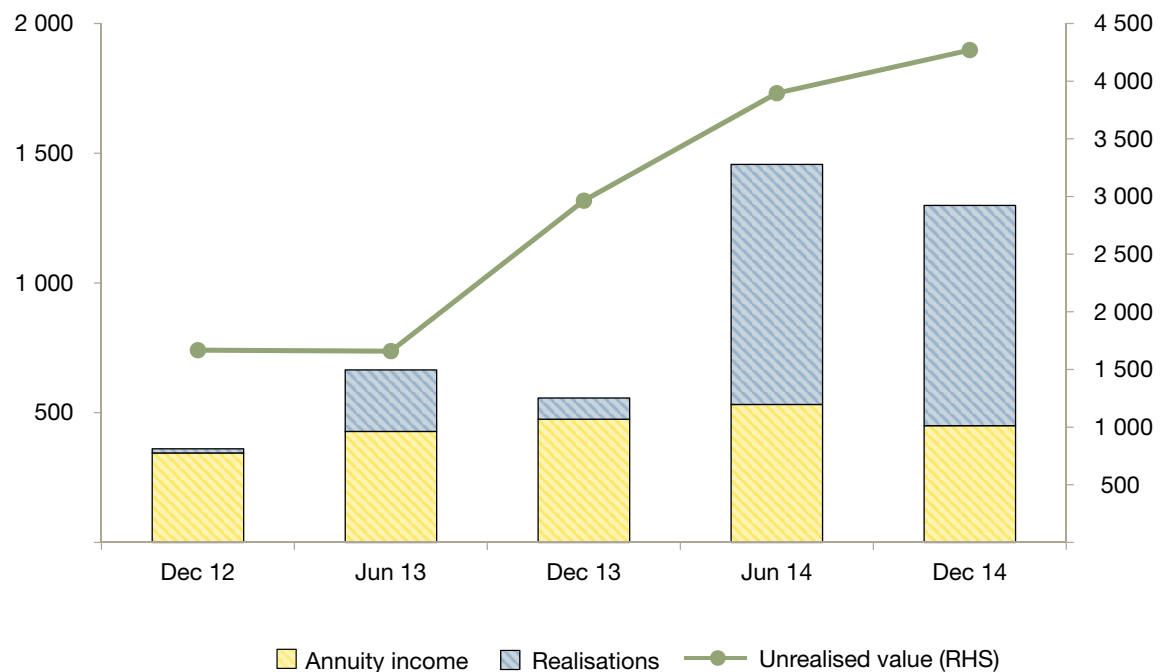


All NIR in FCC and other is shown in other category in the graph above. R184 million of RMB's Dec 13 investment management NIR has been reallocated to FCC to reflect operational performance in RMB investment management activities.

## Private Equity unrealised value reflects sustainability

Gross income (R million)

Unrealised value (R million)



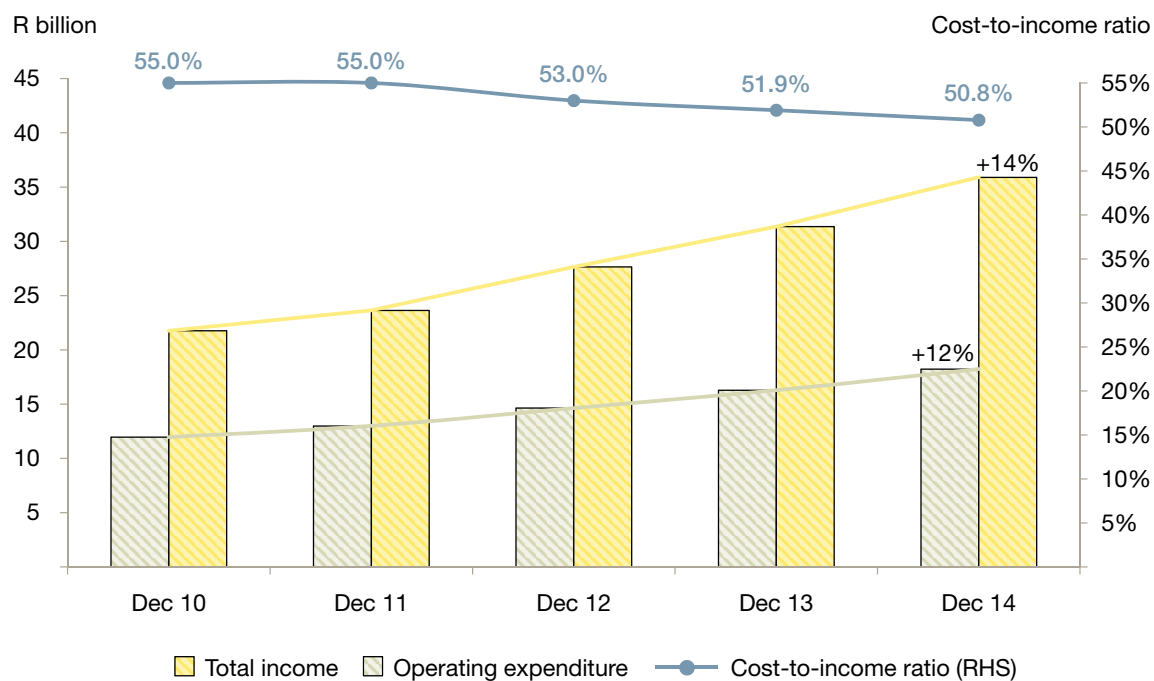
## Performance highlights

	Dec 14	Dec 13	Change
Net interest income before bad debts (R million)	19 048	16 397	16% ▲
Net interest margin (%)	5.26	5.13	▲
Bad debts (R million)	(3 086)	(2 445)	26% ▲
Credit loss ratio (%)	0.86	0.77	▲
Non-interest revenue* (R million)	16 856	14 965	13% ▲
Cost-to-income ratio (%)	50.8	51.9	▼
Return on assets (%)	2.07	1.97	▲
Return on equity (%)	24.0	23.4	▲
NIACC (R million)	4 383	3 645	20% ▲
CET1 ratio** (%)	13.8	13.7	▲
Dividend per share (cents)	93.0	77.0	21% ▲

\* Normalised non-interest revenue includes post-tax share of profits from associates and JVs.

\*\* Includes unappropriated profits.

## Equal focus on growth and efficiency



## Performance highlights

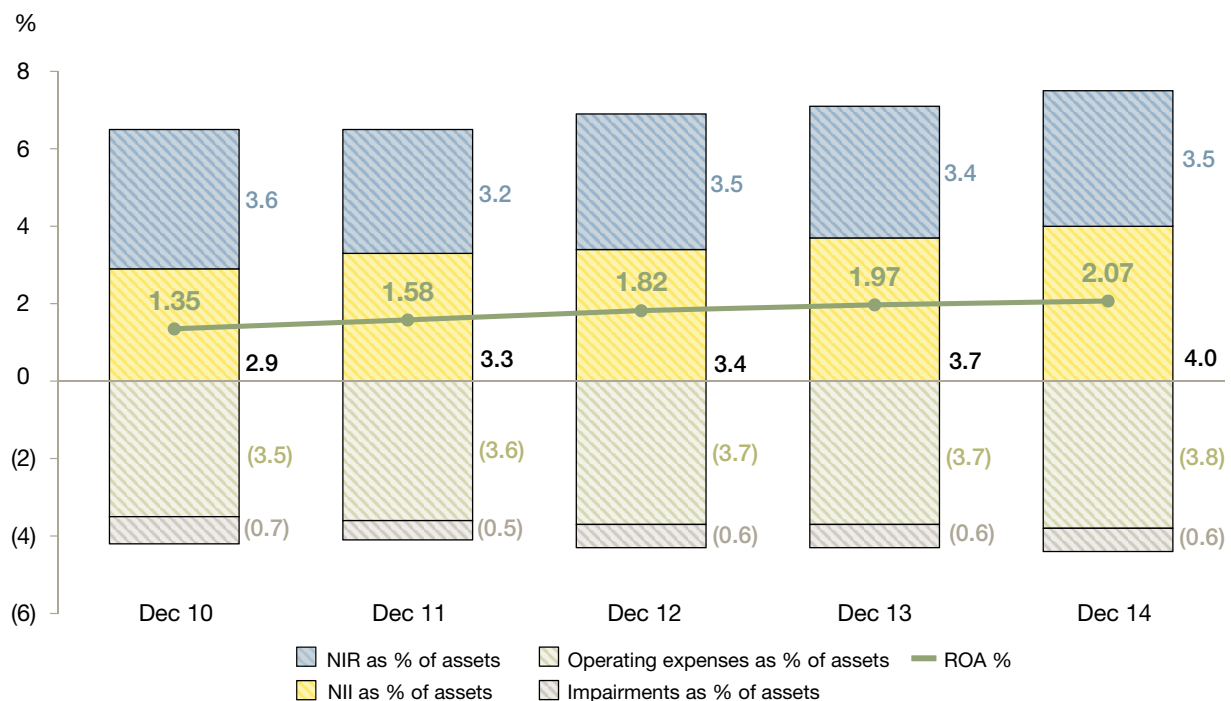


	Dec 14	Dec 13	Change
Net interest income before bad debts (R million)	19 048	16 397	16% ▲
Net interest margin (%)	5.26	5.13	▲
Bad debts (R million)	(3 086)	(2 445)	26% ▲
Credit loss ratio (%)	0.86	0.77	▲
Non-interest revenue* (R million)	16 856	14 965	13% ▲
Cost-to-income ratio (%)	50.8	51.9	▼
Return on assets (%)	2.07	1.97	▲
Return on equity (%)	24.0	23.4	▲
NIACC (R million)	4 383	3 645	20% ▲
CET1 ratio** (%)	13.8	13.7	▲
Dividend per share (cents)	93.0	77.0	21% ▲

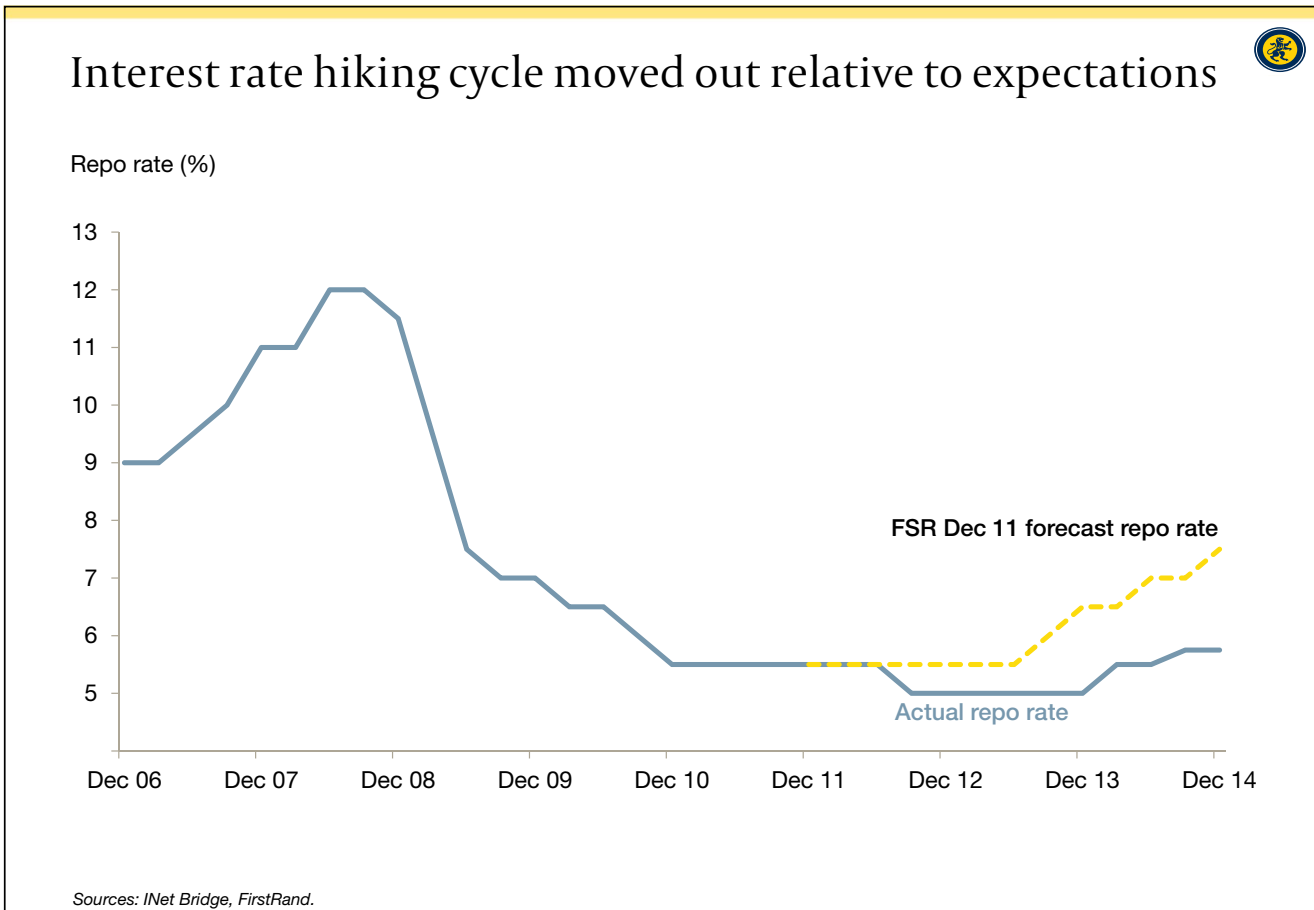
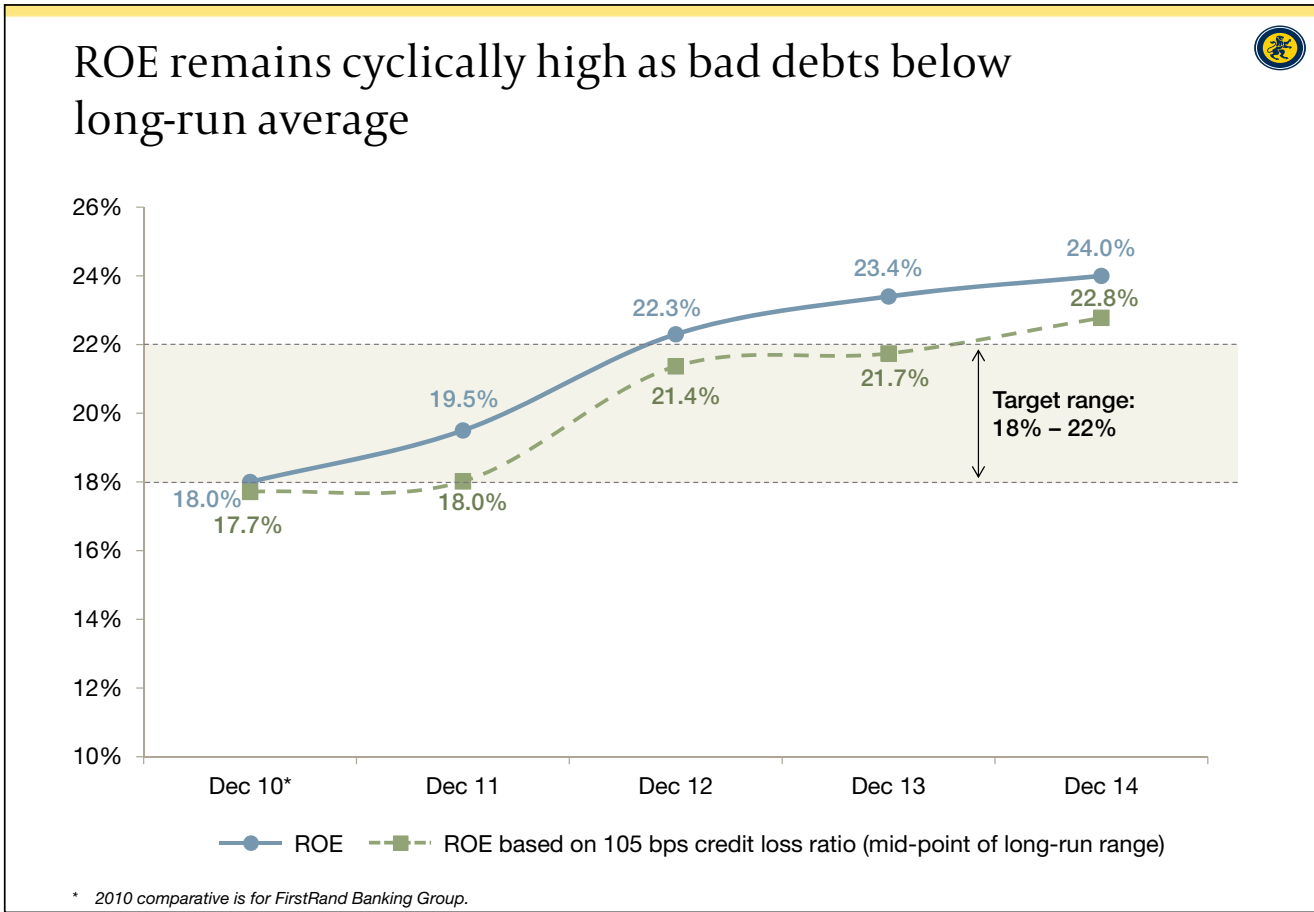
\* Normalised non-interest revenue includes post-tax share of profits from associates and JVs.

\*\* Includes unappropriated profits.

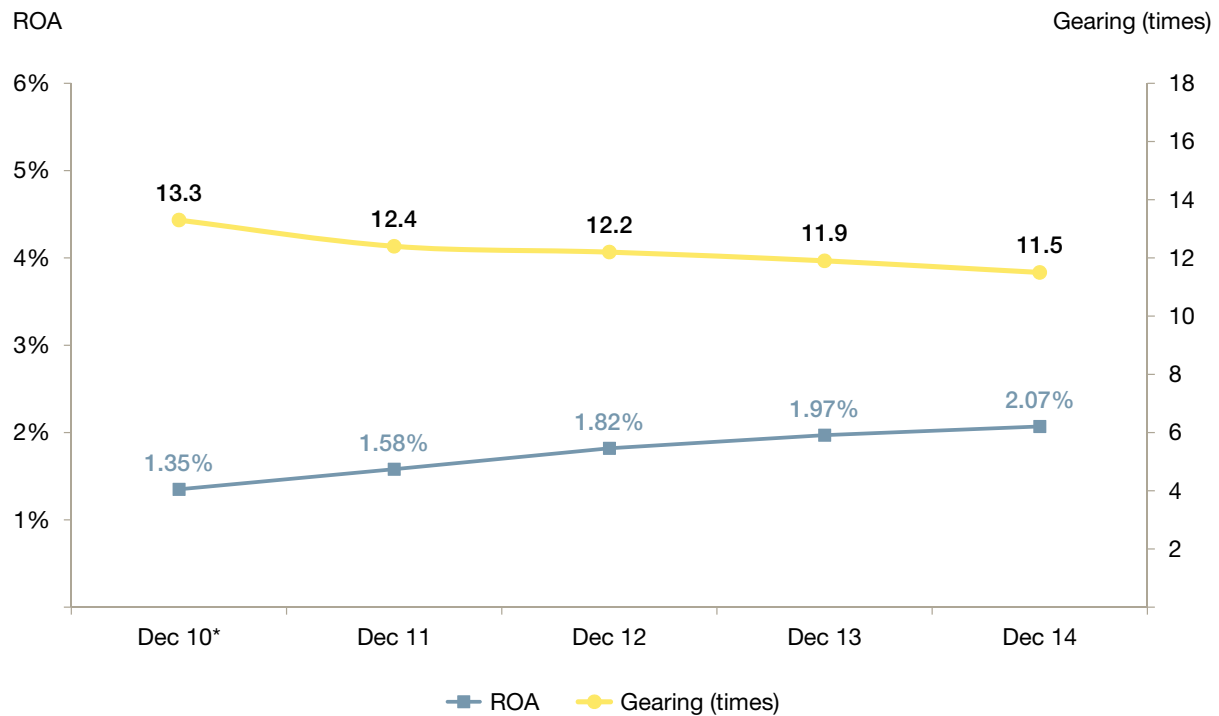
## ROA composition reflects quality of earnings, but still cyclically high



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.

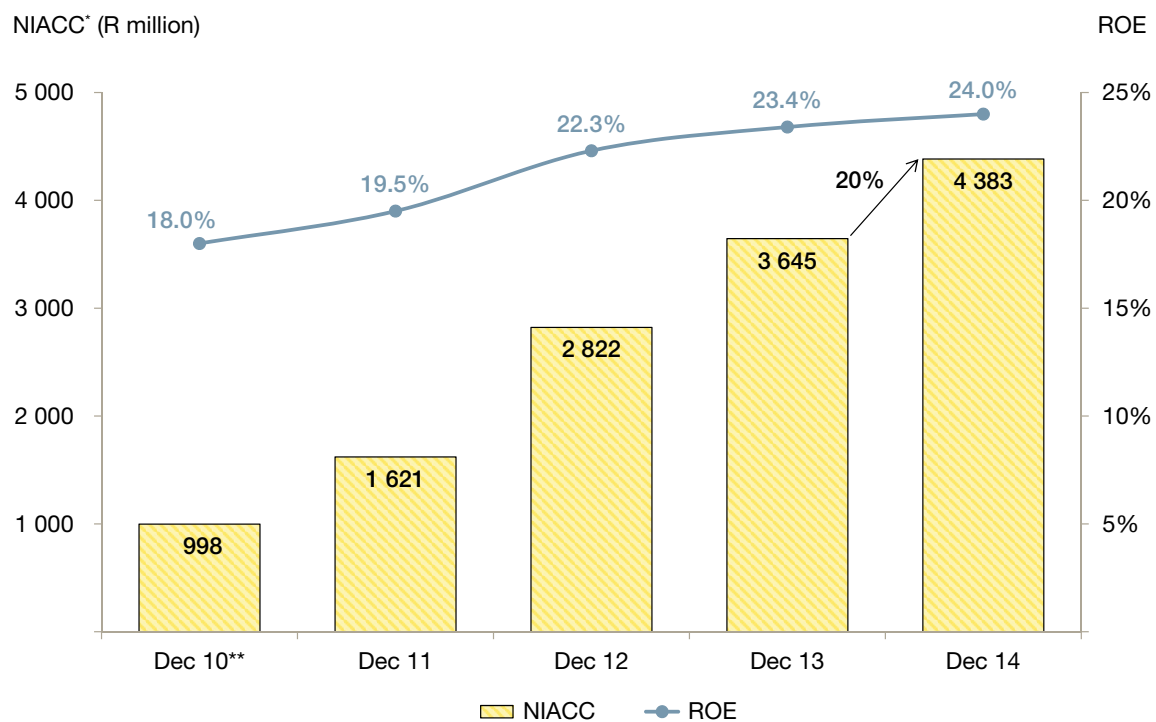


## Returns continue to be driven by ROA not gearing



\* 2010 comparatives are for FirstRand Banking Group.

## Economic profit reflects superior shareholder value creation



\* Net income after capital charge.

\*\* 2010 comparatives are for FirstRand Banking Group.

## Performance highlights

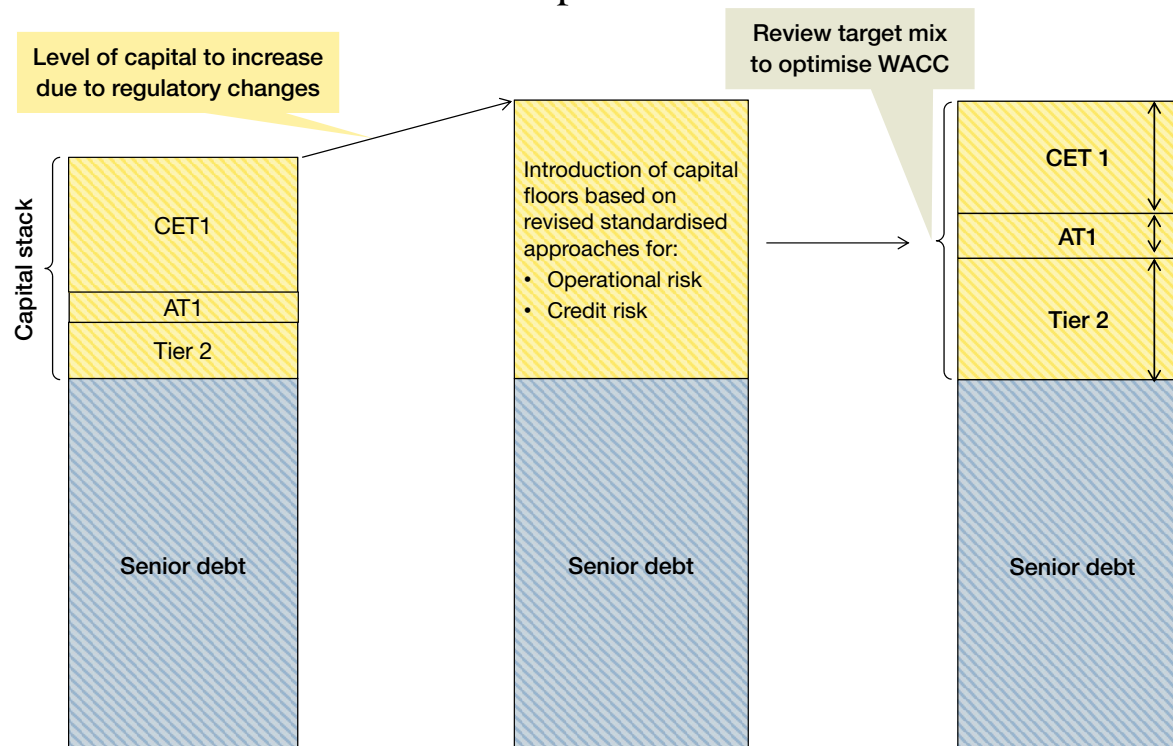


	Dec 14	Dec 13	Change
Net interest income before bad debts (R million)	19 048	16 397	16% ▲
Net interest margin (%)	5.26	5.13	▲
Bad debts (R million)	(3 086)	(2 445)	26% ▲
Credit loss ratio (%)	0.86	0.77	▲
Non-interest revenue* (R million)	16 856	14 965	13% ▲
Cost-to-income ratio (%)	50.8	51.9	▼
Return on assets (%)	2.07	1.97	▲
Return on equity (%)	24.0	23.4	▲
NIACC (R million)	4 383	3 645	20% ▲
CET1 ratio** (%)	13.8	13.7	▲
Dividend per share (cents)	93.0	77.0	21% ▲

\* Normalised non-interest revenue includes post-tax share of profits from associates and JVs.

\*\* Includes unappropriated profits.

## Regulatory and market developments will require higher level but different mix of capital





## Performance highlights

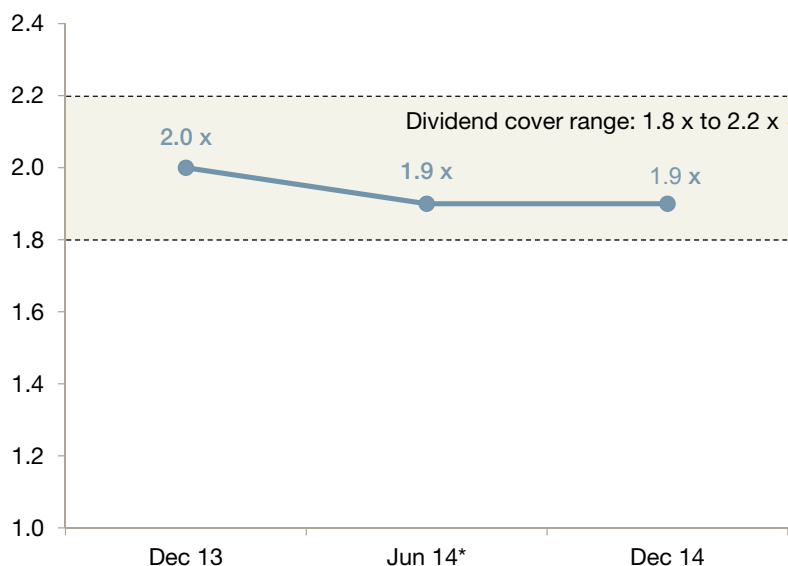
	Dec 14	Dec 13	Change
Net interest income before bad debts (R million)	19 048	16 397	16% ▲
Net interest margin (%)	5.26	5.13	▲
Bad debts (R million)	(3 086)	(2 445)	26% ▲
Credit loss ratio (%)	0.86	0.77	▲
Non-interest revenue* (R million)	16 856	14 965	13% ▲
Cost-to-income ratio (%)	50.8	51.9	▼
Return on assets (%)	2.07	1.97	▲
Return on equity (%)	24.0	23.4	▲
NIACC (R million)	4 383	3 645	20% ▲
CET1 ratio** (%)	13.8	13.7	▲
<b>Dividend per share (cents)</b>	<b>93.0</b>	<b>77.0</b>	<b>21% ▲</b>

\* Normalised non-interest revenue includes post-tax share of profits from associates and JVs.

\*\* Includes unappropriated profits.

## Dividend cover maintained

Dividend cover (times)



The board annually reviews dividend cover, considering:

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

\* Dividend cover for the full financial year.

# FINANCIAL REVIEW



## Performance highlights



	Dec 14	Dec 13	% change
Normalised earnings (R million)	9 993	8 691	15 ▲
Diluted EPS (cents)	177.3	154.2	15 ▲
Normalised net asset value per share (cents)	1 519.6	1 342.9	13 ▲
Dividend per share (cents)	93.0	77.0	21 ▲
Net income after capital charge (R million)	4 383	3 645	20 ▲
Return on equity (%)	24.0	23.4	▲

## Key performance ratios



%	Dec 14	Dec 13	Change
Return on equity	24.0	23.4	▲
Return on assets	2.07	1.97	▲
Credit loss ratio	0.86	0.77	▲
Cost-to-income ratio	50.8	51.9	▼
Tier 1 ratio*	14.7	14.8	▼
CET1 ratio*	13.8	13.7	▲
Net interest margin	5.26	5.13	▲

\* Includes unappropriated profits.

## Normalised income statement



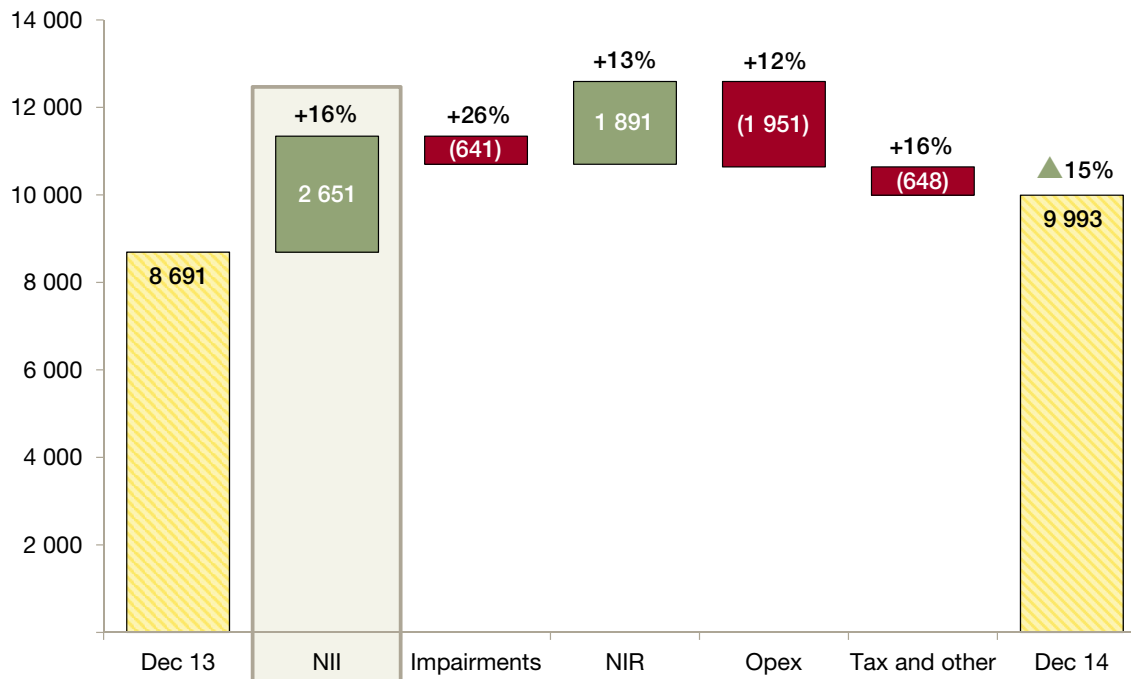
Normalised (R million)	Dec 14	Dec 13	% change
Net interest income before impairment of advances	19 048	16 397	16 ▲
Impairment of advances	(3 086)	(2 445)	26 ▲
Net interest income after impairment of advances	15 962	13 952	14 ▲
Non-interest revenue*	16 856	14 965	13 ▲
Income from operations	32 818	28 917	13 ▲
Operating expenses	(18 233)	(16 282)	12 ▲
Income before tax	14 585	12 635	15 ▲
Taxation**	(3 765)	(3 356)	12 ▲
NCNR preference share dividends and non-controlling interests	(827)	(588)	41 ▲
<b>Normalised earnings</b>	<b>9 993</b>	<b>8 691</b>	<b>15 ▲</b>

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

\*\* Includes direct and indirect tax.

## Continued strong topline drives earnings growth

Normalised earnings (R million)

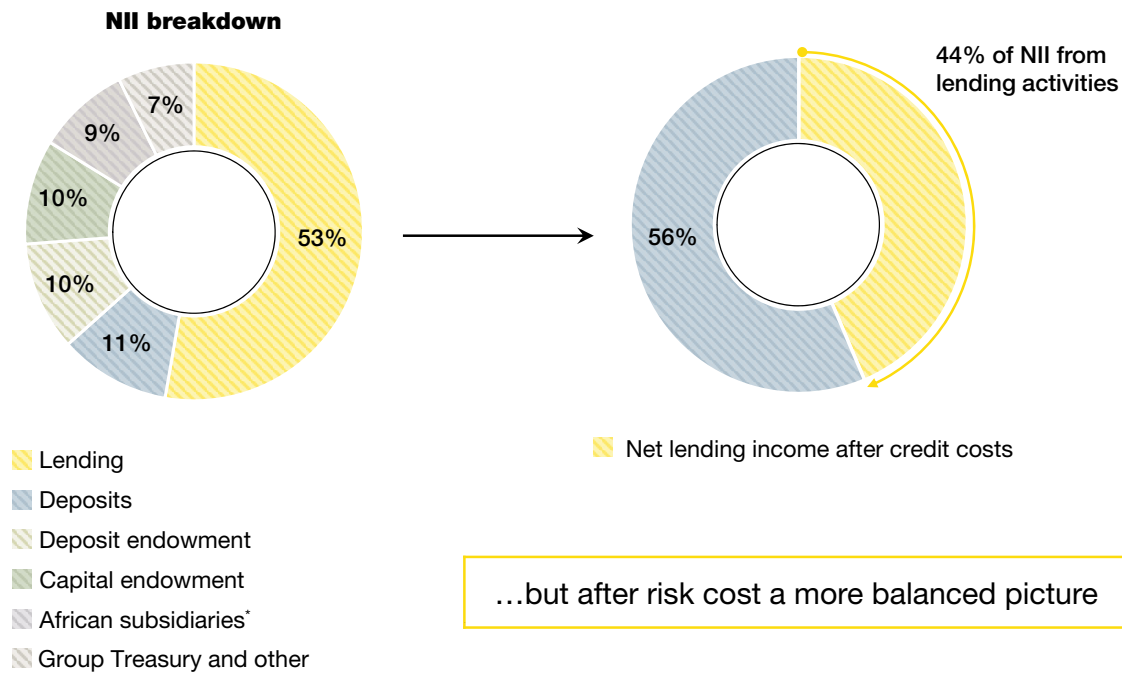


## NII benefits from deposit strategy and endowment

Net interest income* (R million)	Dec 14	Dec 13	Movement	% change
Lending	10 048	9 359	689	7
Deposits (including endowment)	4 011	3 277	734	22
Capital endowment	1 907	1 386	521	38
African subsidiaries	1 694	1 394	300	22
Group Treasury and other	1 388	981	407	41
<b>Total net interest income</b>	<b>19 048</b>	<b>16 397</b>	<b>2 651</b>	<b>16</b>

\* After taking funds transfer pricing into account.

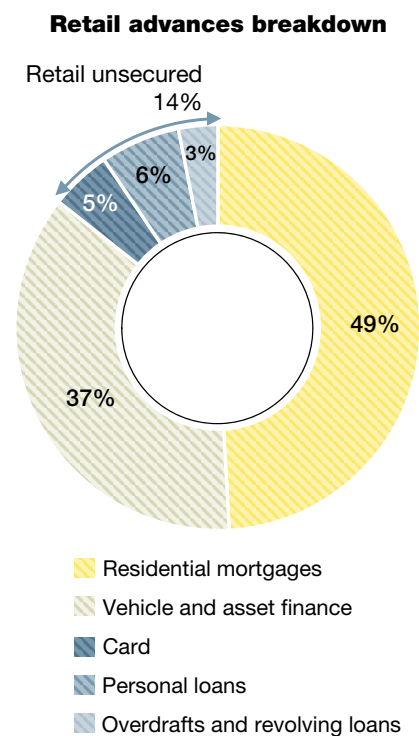
## Lending still dominates NII...



\* Reflects legal entity view.

## Retail advances reflect strength of lending franchises

R million	Dec 14	Dec 13	% change
Residential mortgages	175 097	166 954	5
Vehicle and asset finance*	130 311	110 871	18
Card	17 356	14 173	22
Personal loans	22 660	20 501	11
– Mass segment (FNB)	4 184	4 410	(5)
– Consumer segment	18 476	16 091	15
FNB	8 647	7 870	10
WesBank loans	9 829	8 221	20
Transactional account-linked overdrafts and revolving term loans	11 143	8 053	38
<b>Retail advances*</b>	<b>356 567</b>	<b>320 552</b>	<b>11</b>
<b>FNB Africa advances**</b>	<b>43 730</b>	<b>36 727</b>	<b>19</b>



\* Includes exposures of R5.8 billion considered retail in nature on a look-through basis, which have been reallocated from WesBank Corporate (Dec 13: R nil).

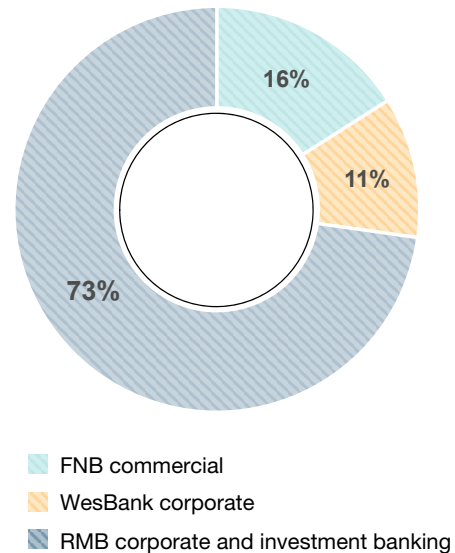
\*\* Includes FRB India.

## Corporate advances resilient but slowing, reflecting lower levels of activity



R million	Dec 14	Dec 13	% change
RMB core South Africa	168 214	138 014	22
RMB core cross-border	30 124	27 286	10
<b>RMB IB core advances</b>	<b>198 338</b>	<b>165 300</b>	<b>20</b>
Repurchase agreements	35 837	36 599	(2)
RMB investment banking	234 175	201 899	16
RMB corporate banking	6 326	6 427	(2)
WesBank corporate*	37 182	35 133	6
FNB commercial	52 825	44 539	19
<b>Corporate advances*</b>	<b>330 508</b>	<b>287 998</b>	<b>15</b>

Corporate advances breakdown

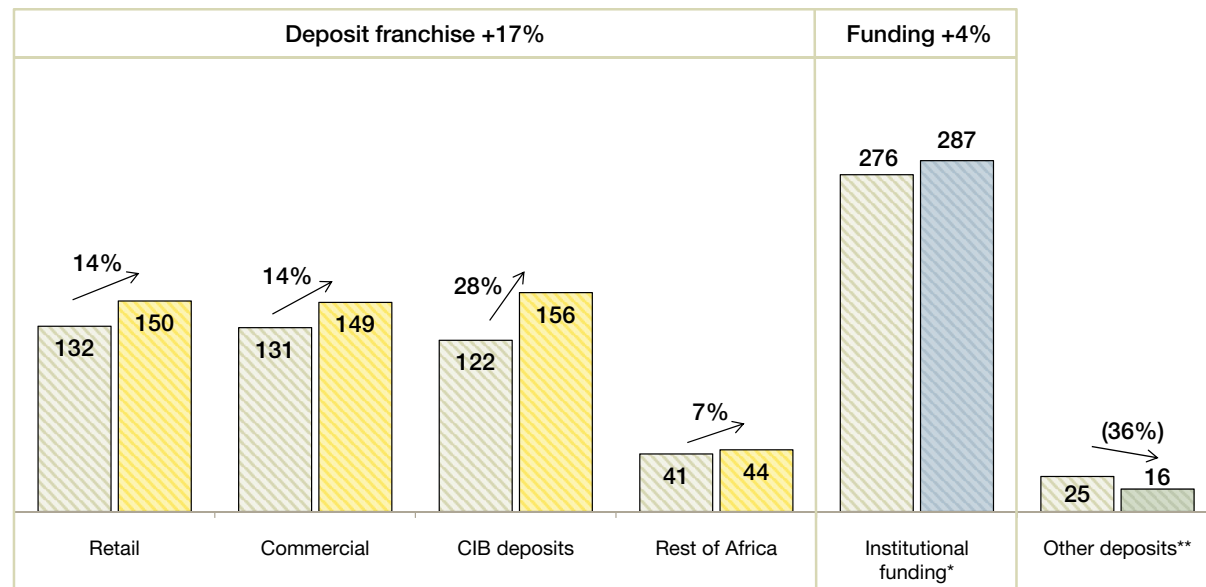


\* Excludes exposures of R5.8 billion considered retail in nature on a look-through basis, which have been reallocated to retail VAF (Dec 13: R nil).

## Deposit franchise growing strongly across all portfolios



Equity and liabilities (R billion)

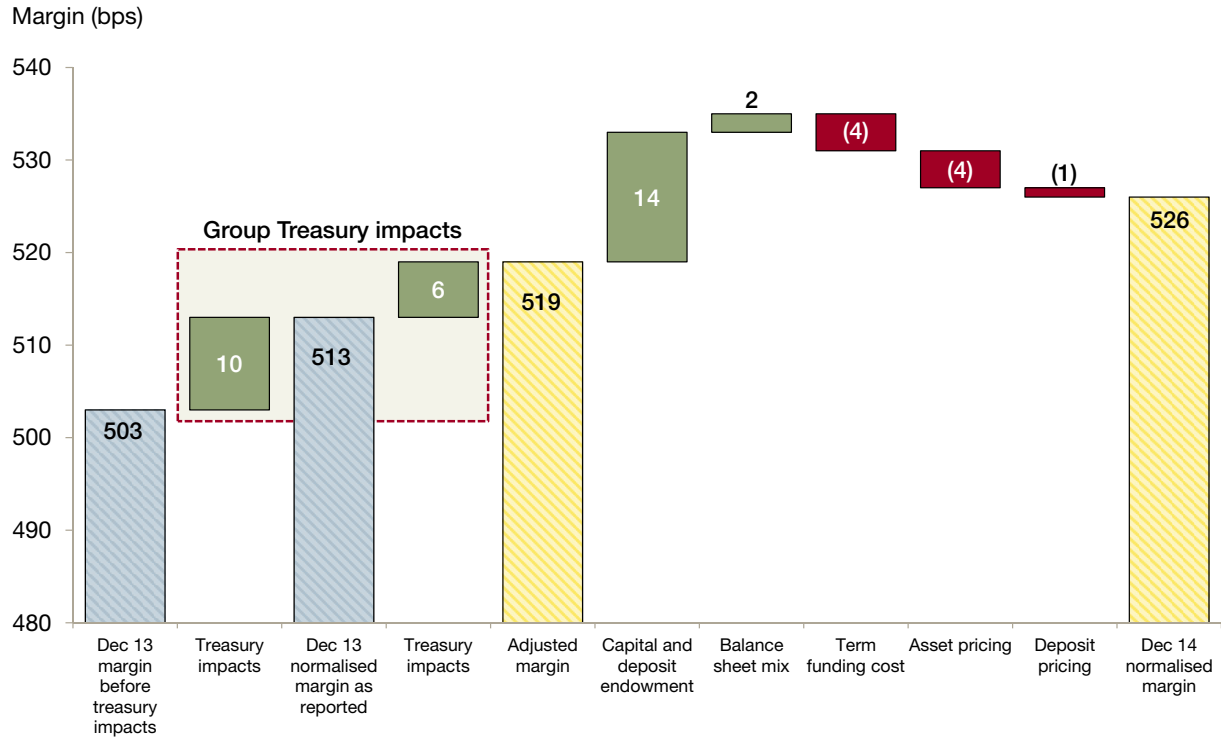


\* Includes CIB institutional funding and marketable debt securities.

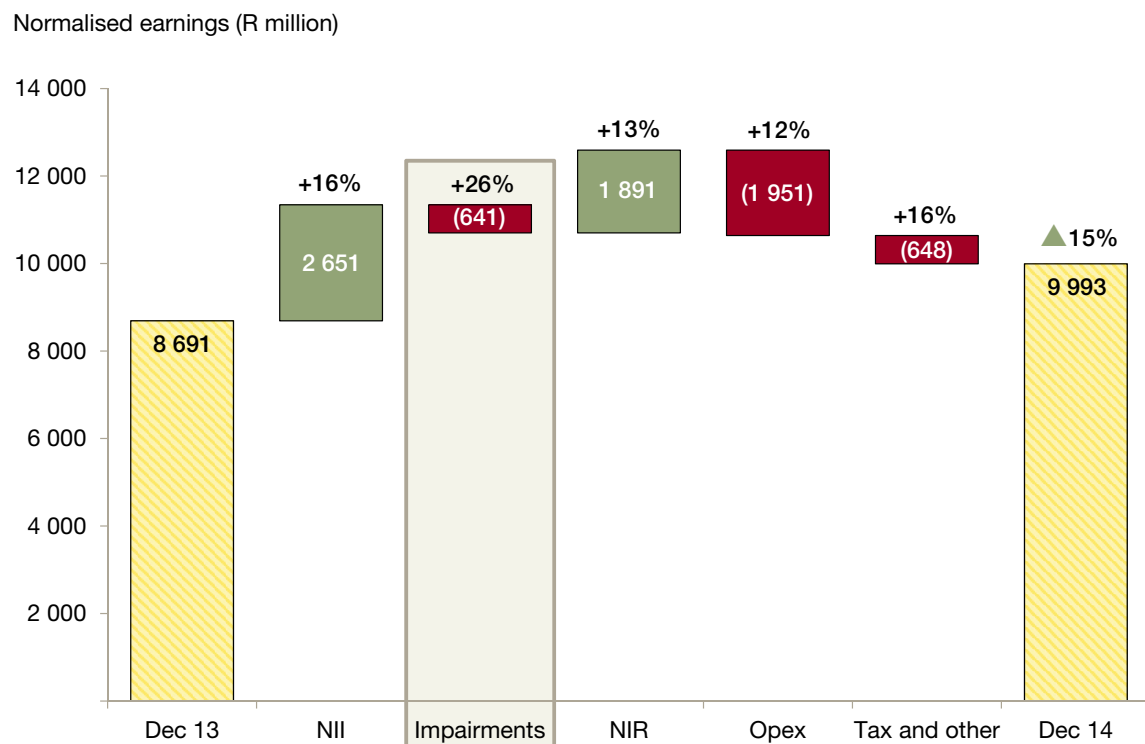
\*\* Includes liabilities relating to conduits and securitisations.

Dec 14  
Dec 13

## Margin benefited from capital and deposit strategy together with endowment

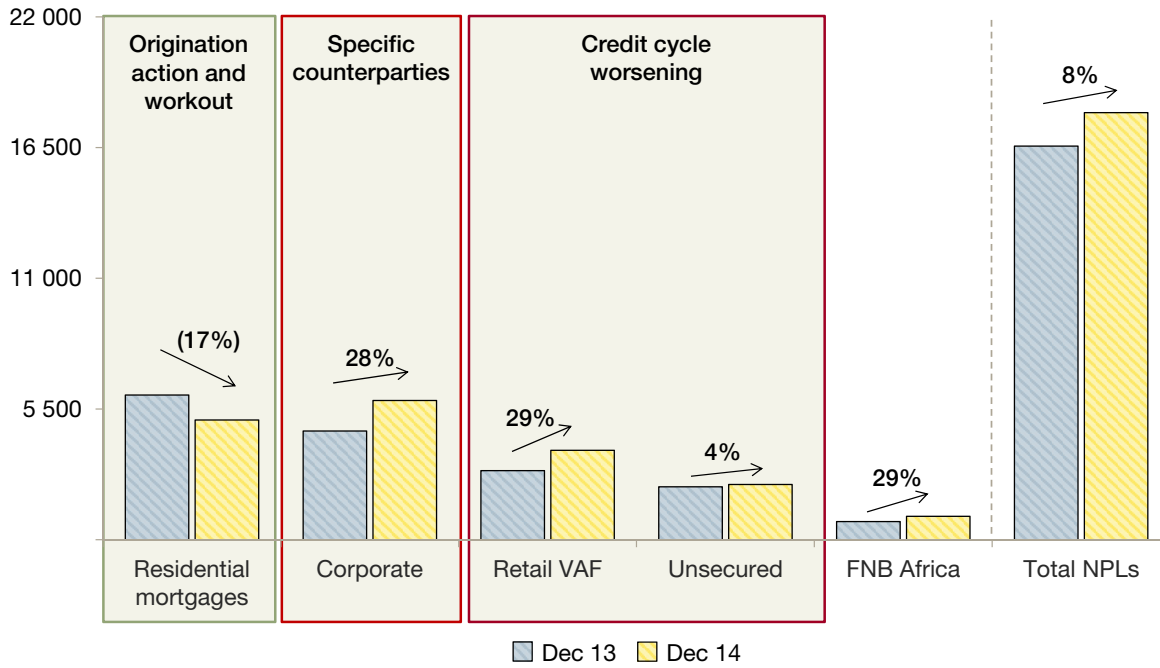


## Continued strong topline drives earnings growth



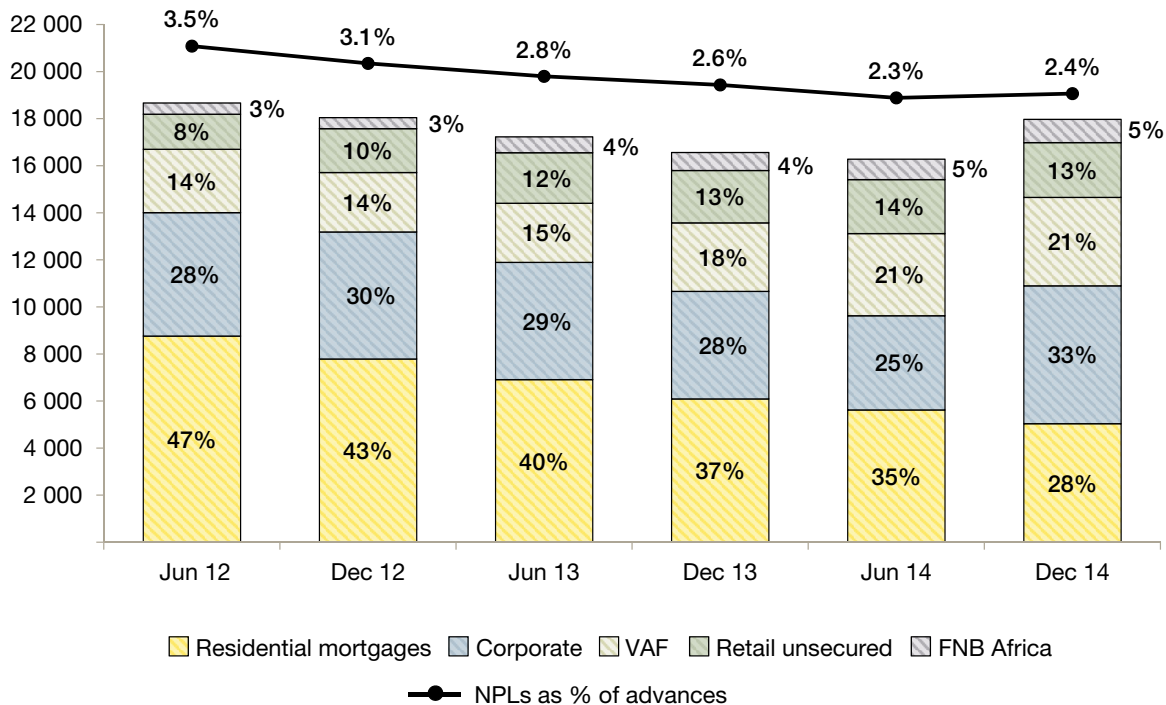
## Continued reduction in residential mortgage NPLs from work-out strategy...

NPLs (R million)



## ... however, total NPLs trending up

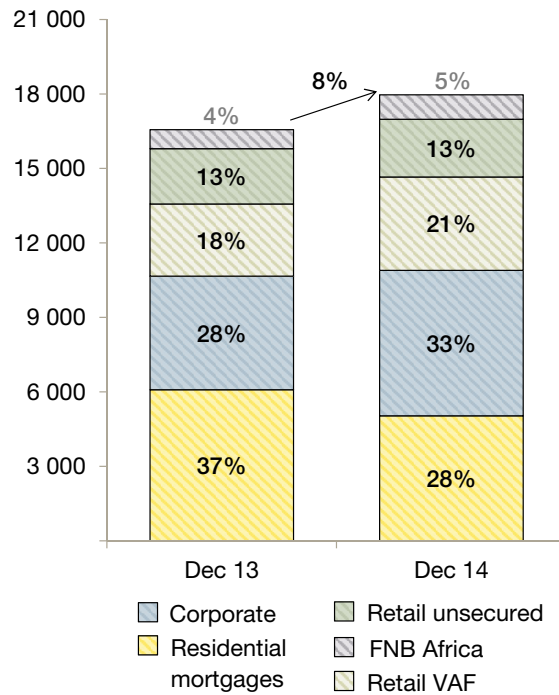
NPLs (R million)





## Portfolio impairments underpin higher coverage ratio

NPLs (R million)



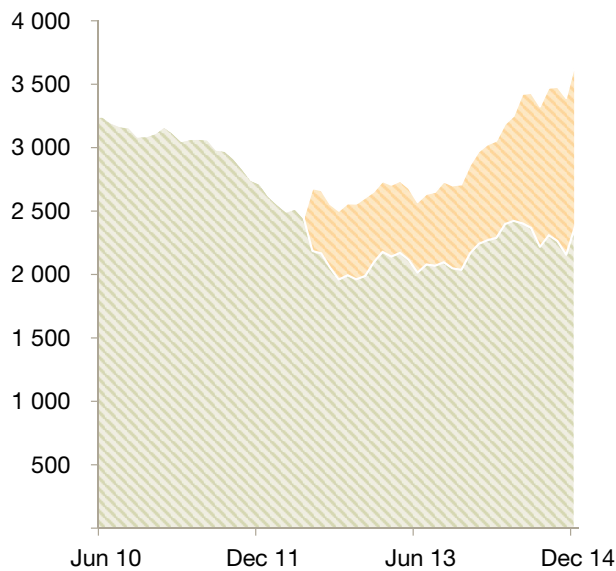
Coverage ratios (%)	Dec 14	Dec 13
Retail – secured	<b>25.1</b>	24.5
Residential mortgages	<b>20.3</b>	21.0
VAF	<b>31.7</b>	31.8
Retail – unsecured	<b>68.2</b>	72.7
Credit card	<b>73.1</b>	72.0
Personal loans*	<b>64.3</b>	72.6
Retail – other	<b>76.2</b>	73.7
Corporate	<b>54.2</b>	54.9
FNB Africa	<b>36.0</b>	42.2
Specific impairments	<b>40.8</b>	40.2
Portfolio impairments**	<b>42.7</b>	37.1
<b>Total coverage ratio</b>	<b>83.4</b>	77.3

\* Includes FNB and WesBank loans.

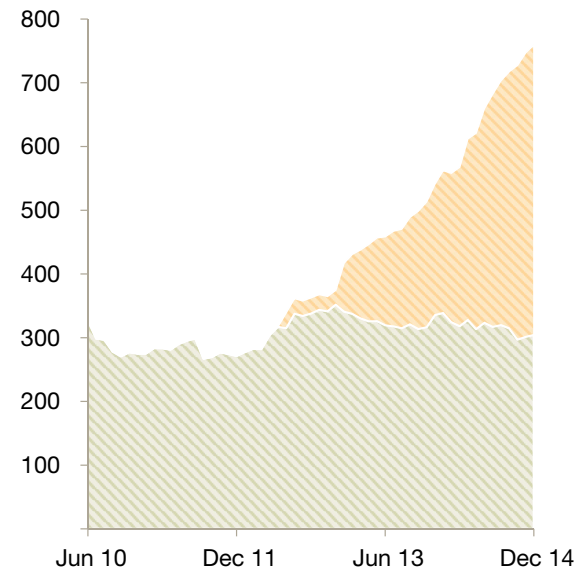
\*\* Includes portfolio overlays.

## Debt review inflows reflects continued pressure on consumers

SA retail VAF NPLs (R million)



WesBank personal loans NPLs (R million)

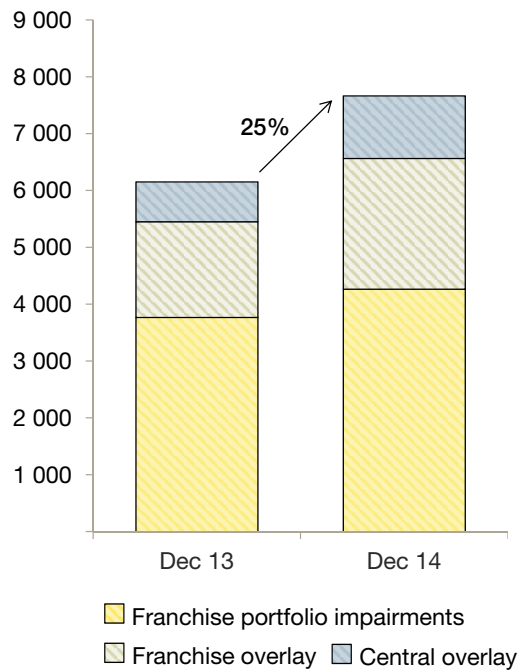


■ NPLs ■ Debt review restructured NPLs

Paying customers in debt review result in lower coverage ratio

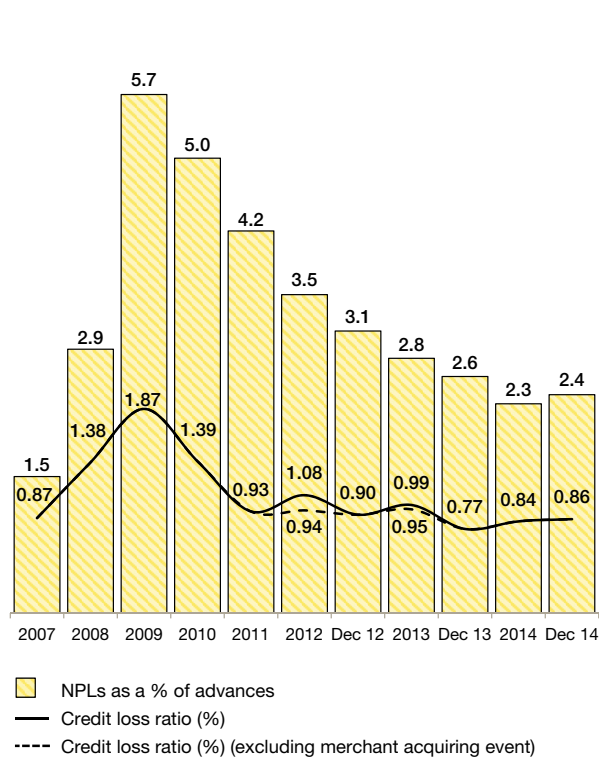
## Overlays reflect countercyclical actions

Portfolio impairments (R million)



	Dec 14	Dec 13
Portfolio impairments as % of performing book	1.07%	0.97%
Bad debt charge (%)	0.86%	0.77%
Portfolio impairments (R million)	7 665	6 152

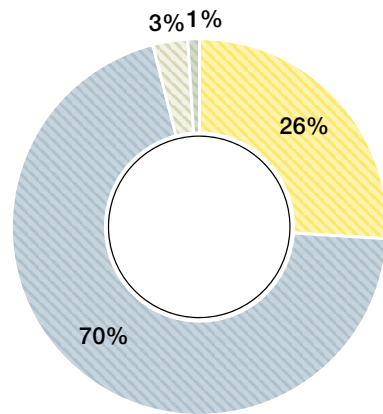
## Increase in impairment charge driven by franchise overlays



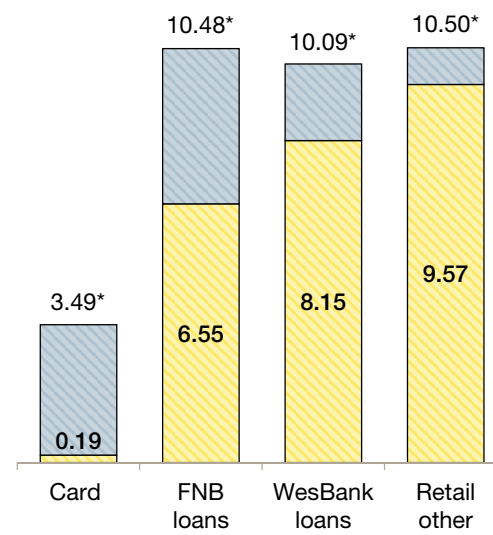
Credit loss ratio (%)	Dec 14	Dec 13
Retail – secured	0.45	0.49
Residential mortgages	0.06	0.10
VAF	1.01	1.10
Retail – unsecured	5.35	6.16
Credit card	0.19	0.22
Personal loans*	7.24	8.35
Retail – other	9.57	10.99
<b>Total retail</b>	<b>1.15</b>	<b>1.24</b>
Corporate and commercial	0.64	0.36
FNB Africa	0.97	0.61
Franchise impairment charge	0.90	0.80
Central portfolio overlay (releases)	(0.04)	(0.03)
<b>Total credit loss ratio</b>	<b>0.86</b>	<b>0.77</b>

\* Includes FNB loans and WesBank loans.

## Unsecured portfolios benefiting from post write-off recoveries



- Retail secured
- Retail unsecured
- Corporate
- FNB Africa

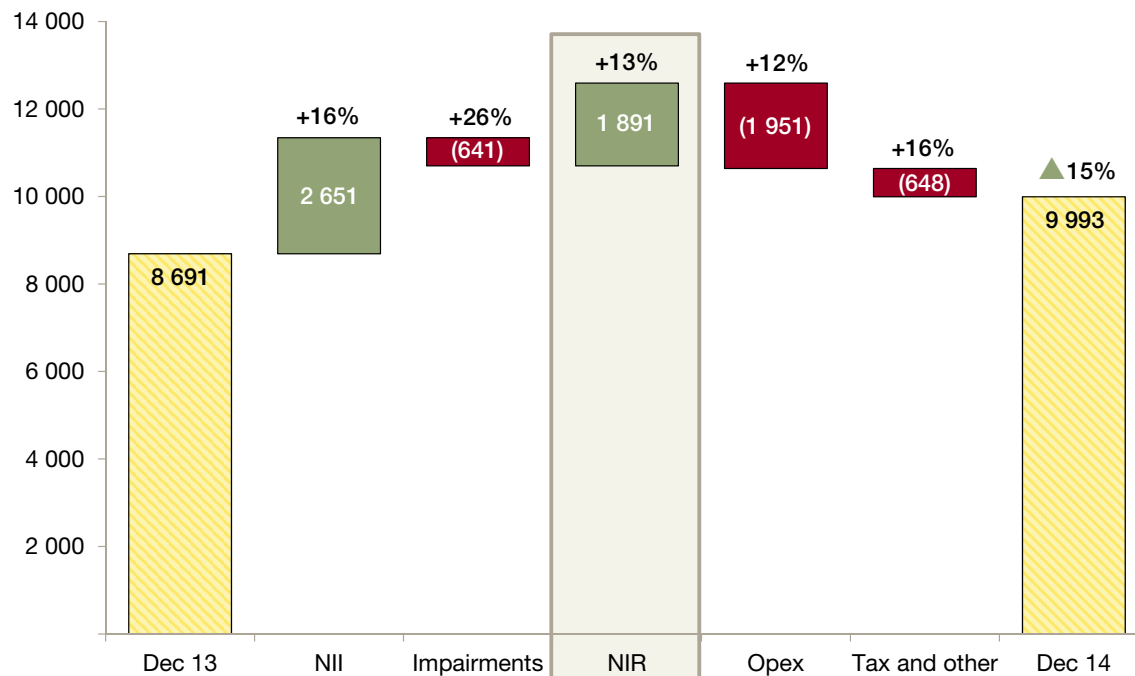


- Recoveries as a % of average advances
- Credit loss ratio net of recoveries (%)

\* Credit loss ratio gross of recoveries (%).

## Continued strong topline drives earnings growth

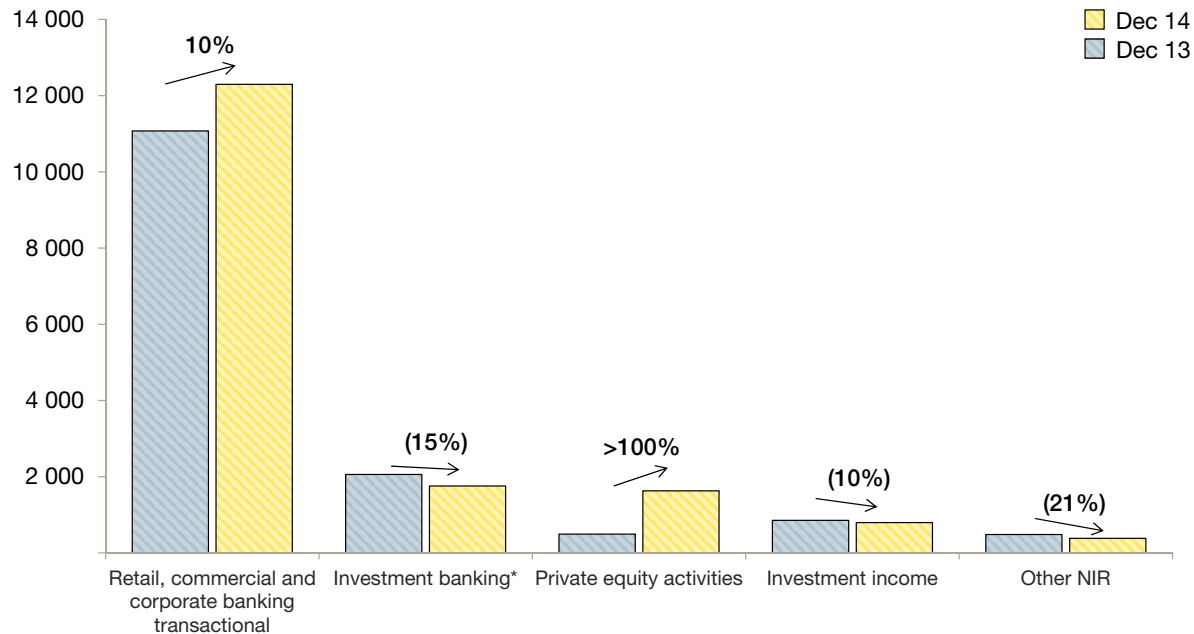
Normalised earnings (R million)



## Non-interest revenue reflects transactional strategy and private equity franchise



Non-interest revenue (R million)

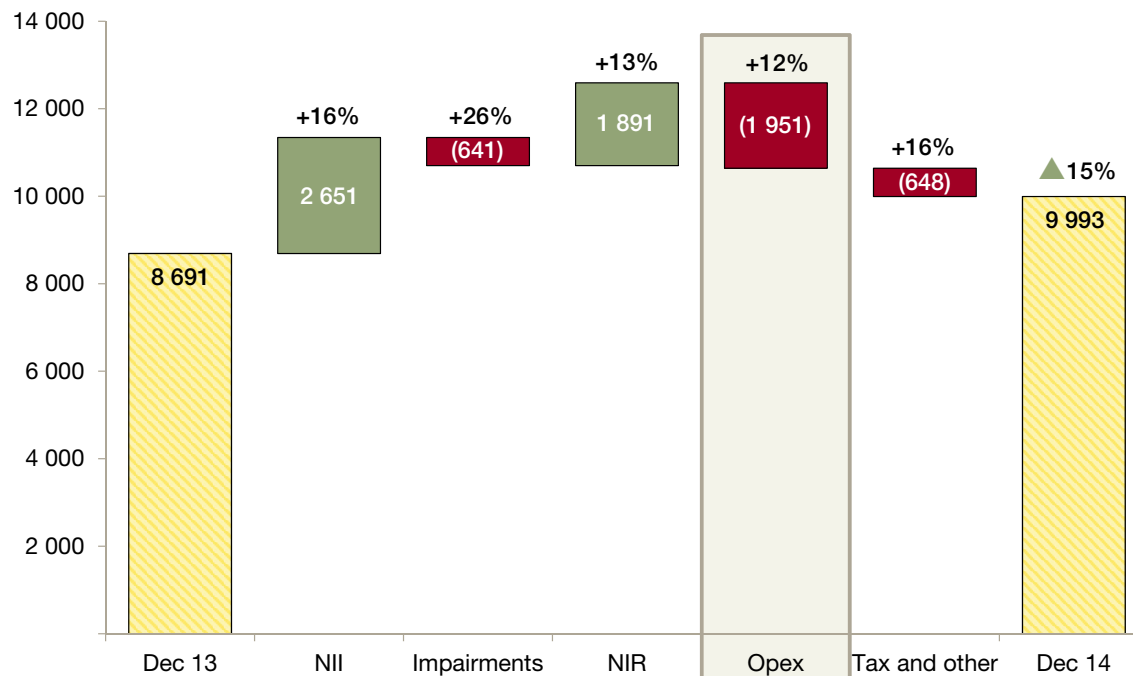


\* Includes RMB investment banking and advisory, markets and structuring activities.

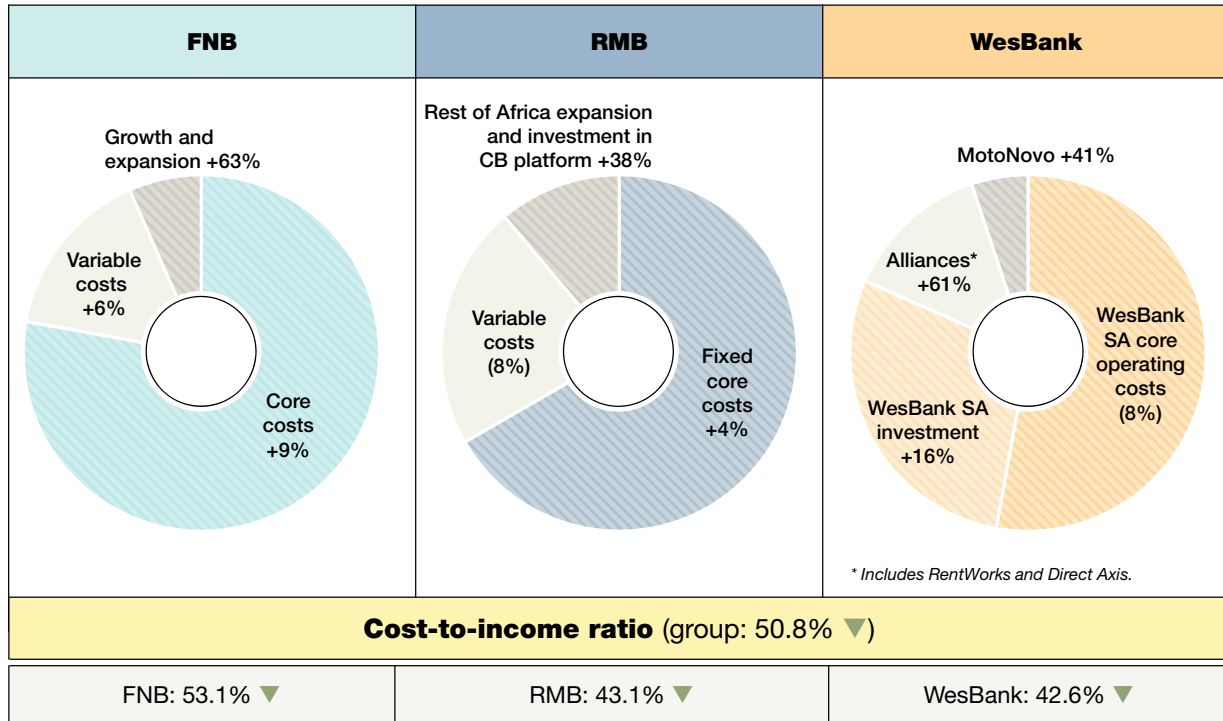
## Continued strong topline drives earnings growth



Normalised earnings (R million)



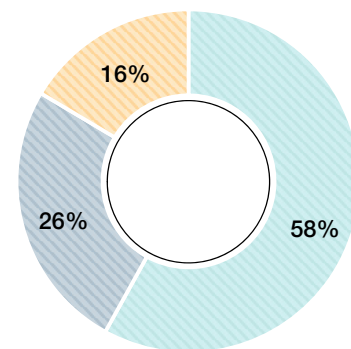
## Core costs well controlled, overall cost base can be flexed if required



## Franchises performed well despite increasing headwinds

Normalised earnings (R million)	Dec 14	Dec 13	% change
FNB	5 731	4 920	16 ▲
RMB	2 520	2 354	7 ▲
WesBank	1 623	1 497	8 ▲
FCC (incl. Group Treasury) and other*	119	(80)	(>100) ▲
<b>FirstRand group</b>	<b>9 993</b>	<b>8 691</b>	<b>15 ▲</b>

**Franchise contribution to normalised earnings\*\***



ROE:	40.7%	21.2%	23.7%
------	-------	-------	-------

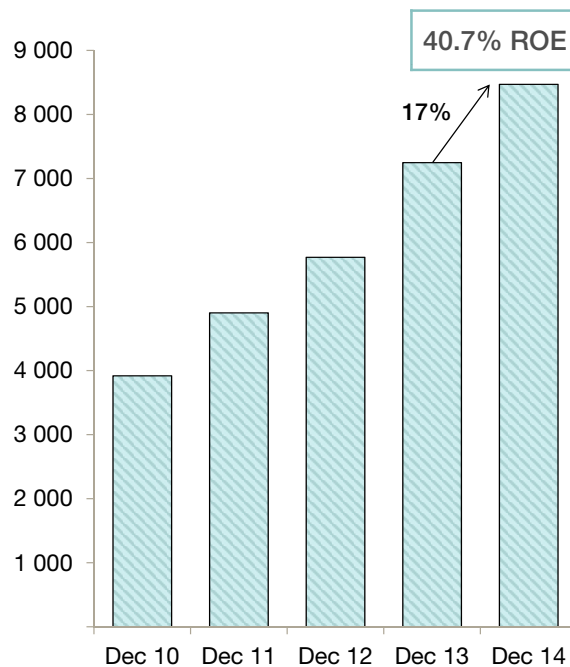
\* Other comprises FirstRand company, consolidation adjustments and NCNR preference dividend.  
 \*\* FCC (which includes Group Treasury) is excluded from franchise contribution analysis.

## FNB OPERATING REVIEW



### FNB performance reflects success of consistent strategy

Normalised profit before tax (R million)



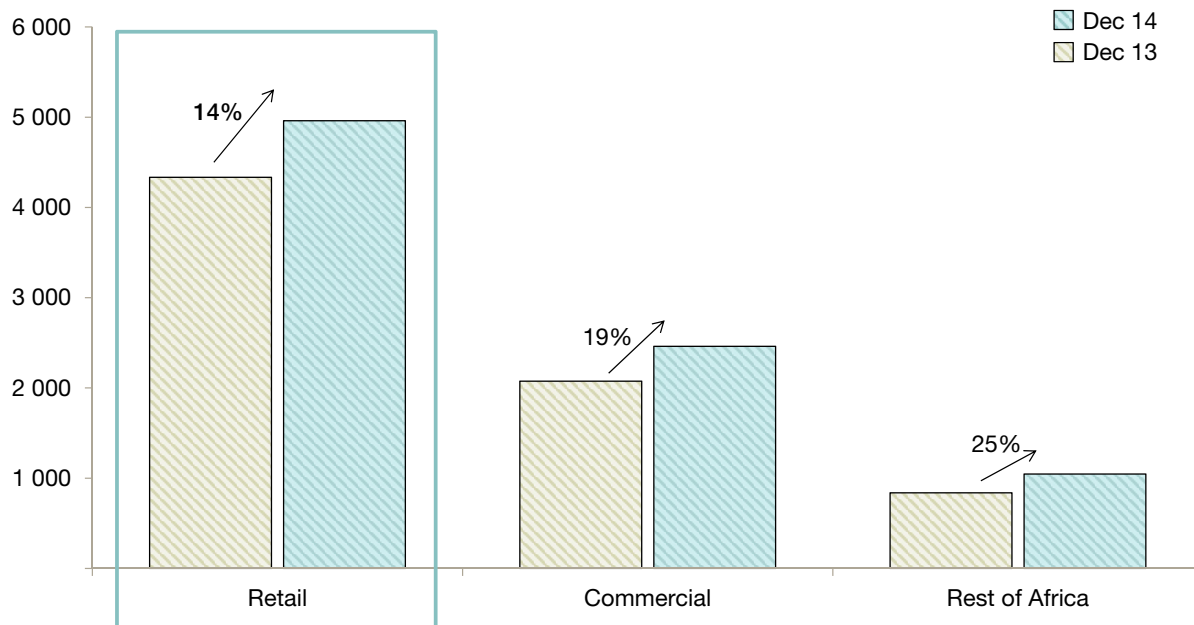
- Strong topline growth
  - NII +15%
  - NIR +10%
- Underpinned by strength of transactional and deposit franchise and targeted asset growth
  - Transactional volumes up 12%
  - Deposits +13%
  - Advances +11%
- Benefits of cross-sell
- Continued improvement in NPLs
- Core costs contained

*Periods prior to Dec 13 have not been restated for the allocation of FCC cost and return on capital.*

## Strong growth across all segments



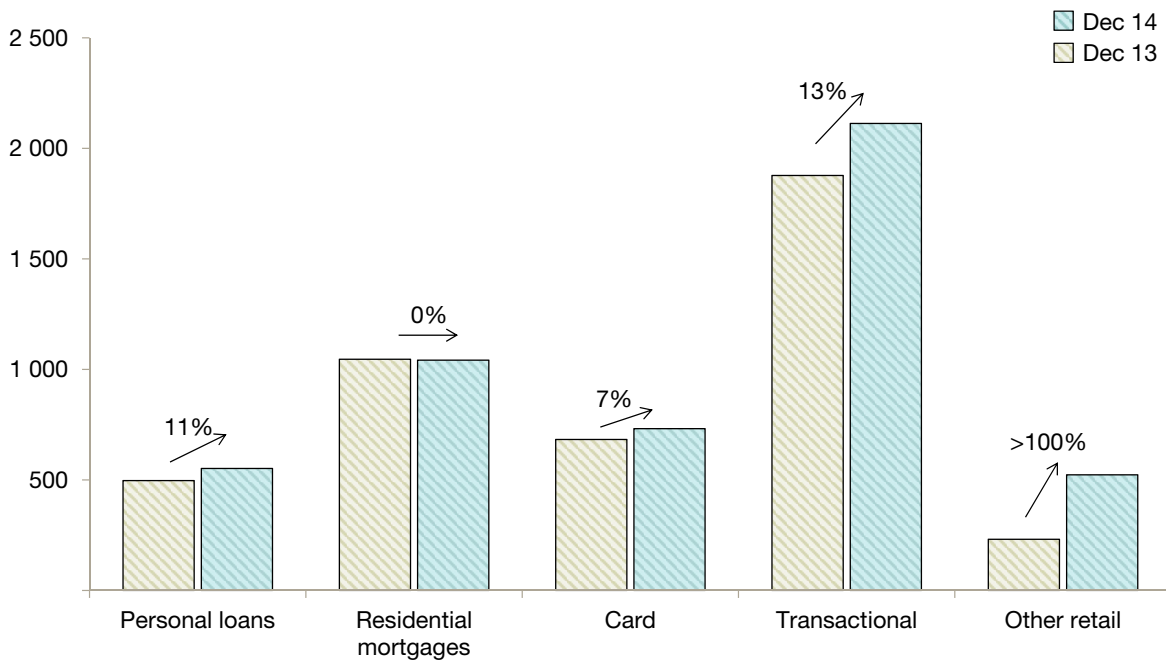
Normalised profit before tax (R million)



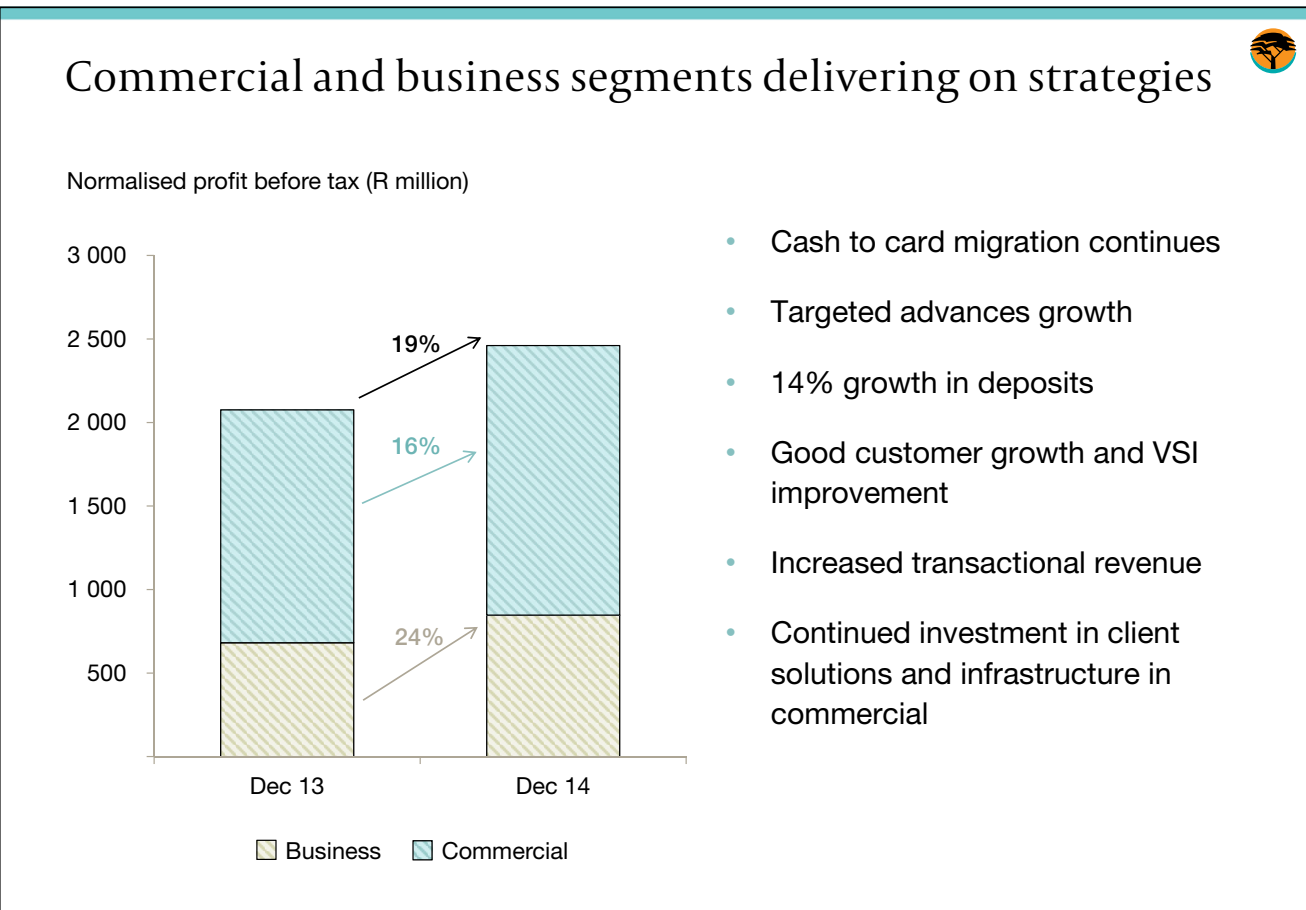
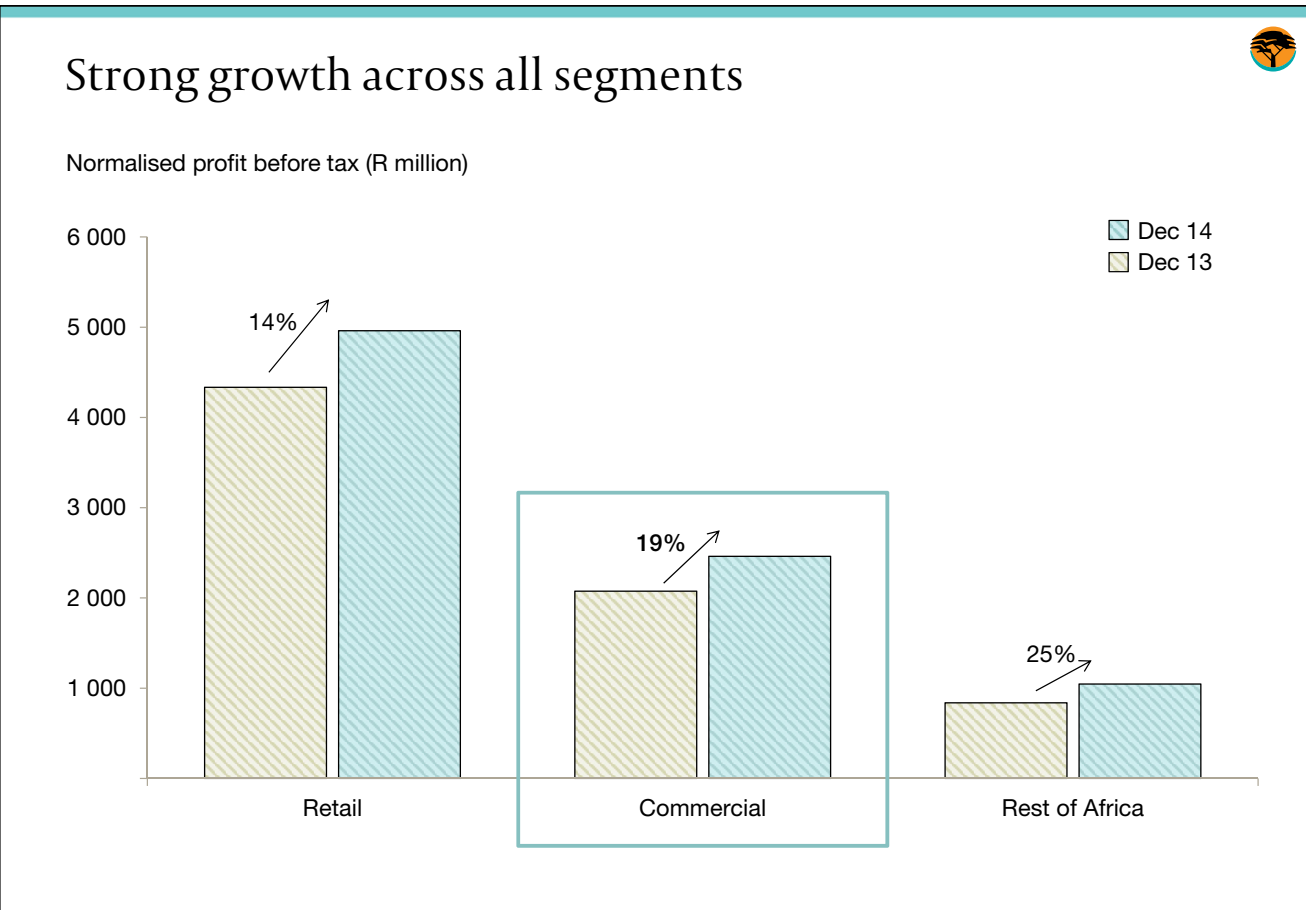
## Excellent growth in transactional business; increased liquidity costs impacted mortgage contribution



Normalised profit before tax (R million)



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

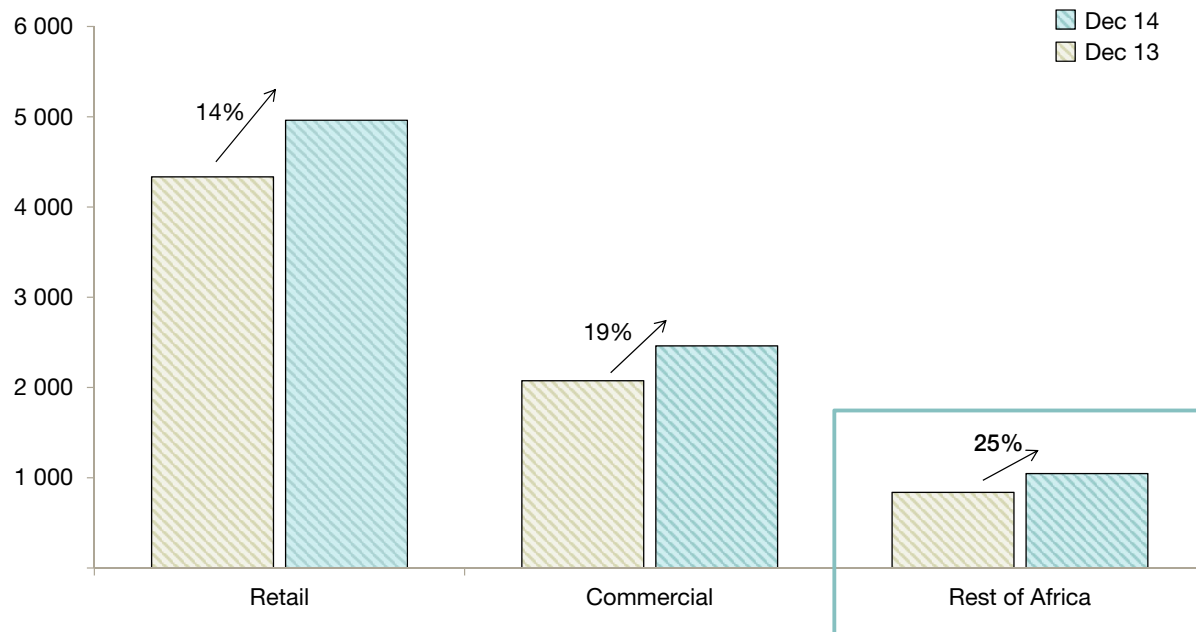




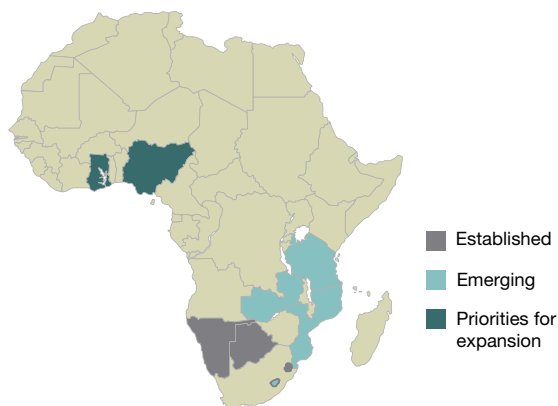
## Strong growth across all segments



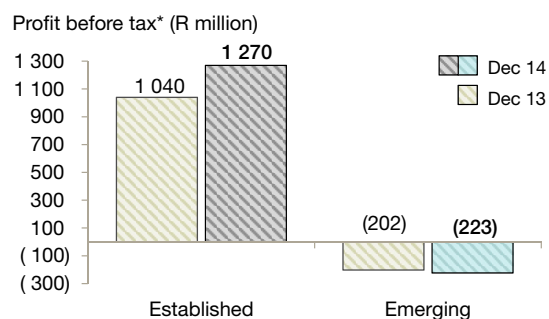
Normalised profit before tax (R million)



## Rest of Africa franchise produces another strong performance



- Solid growth in established subsidiaries
  - Strong balance sheet growth
  - PBT growth of 34% in Namibia and 24% in Swaziland
  - Structural issues in Botswana impact margins



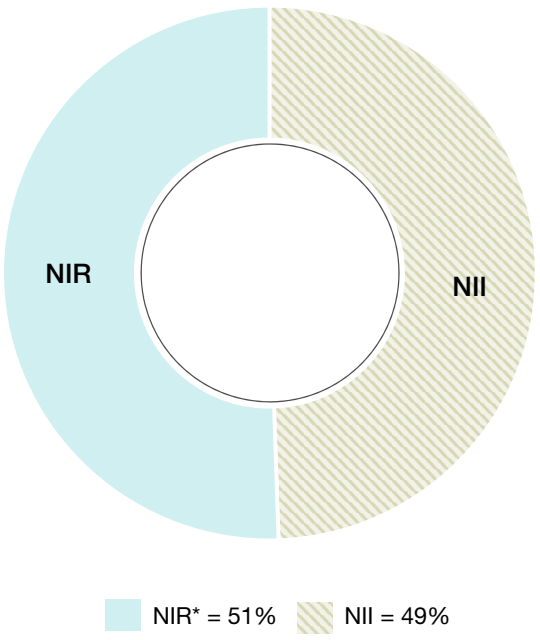
- Emerging subsidiaries
  - Zambia profitable due to increased customer base
  - Continued investment into Tanzania, India and Ghana

\* Includes FRB India.

## Appropriate revenue mix given strategy



Gross revenue split

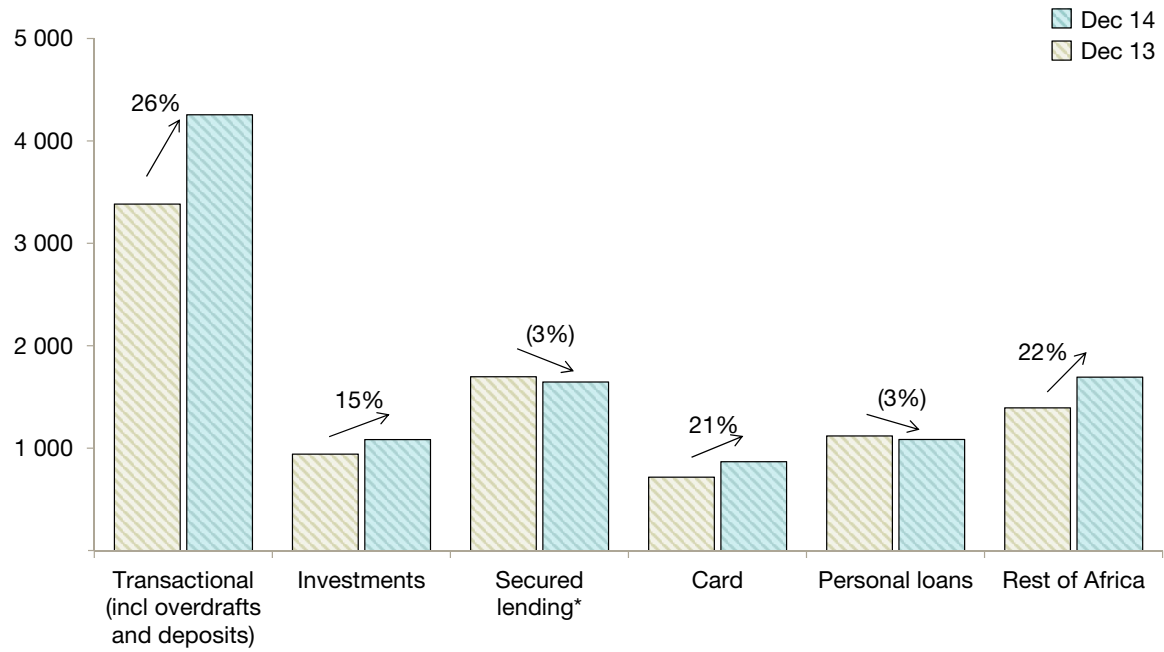


\* Includes post-tax share of profit from associates and joint ventures.

## NII benefiting from strategy to acquire transactional accounts



Total FNB NII (R million)

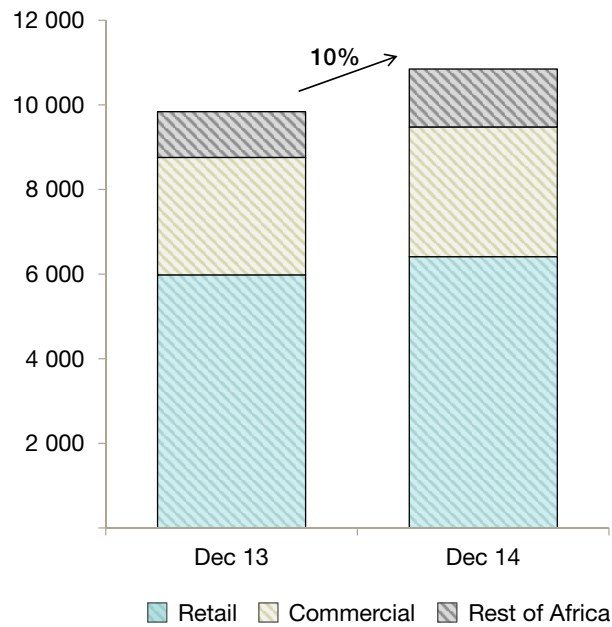


\* Secured lending includes HomeLoans, housing finance, premium lending and commercial asset-backed mortgages.



## NIR driven by new account growth and volumes

Total FNB NIR (R million)

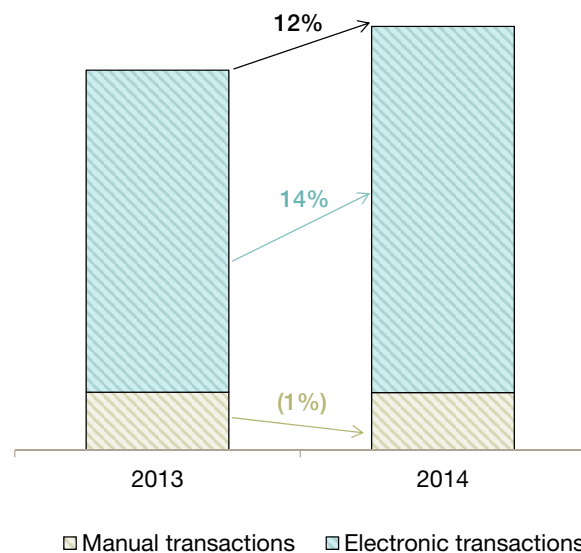


- Client proposition continually enhanced
  - New rewards offerings underpin strong growth in electronic channel volumes
  - Competitive pricing philosophy
  - Offering focused on client retention
- Continued migration to electronic channels
- Growing contribution from Africa

## Growth in volumes driven by electronic channels



Transactions processed



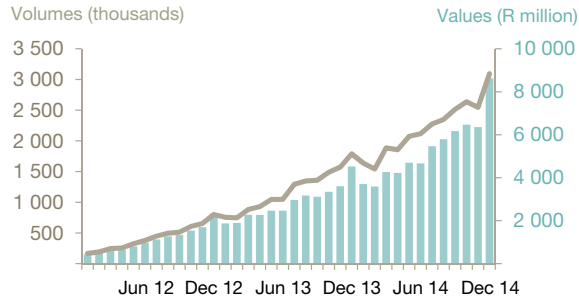
- Continued shift to electronic channels
  - Manual transactions down 1%
  - Electronic transactions up 14%
- Banking app volumes up 67%
- Sustainable growth in mobile and internet channels
- Point-of-sale transactions increased 17%
- ADT cash deposit transactions up 11%

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

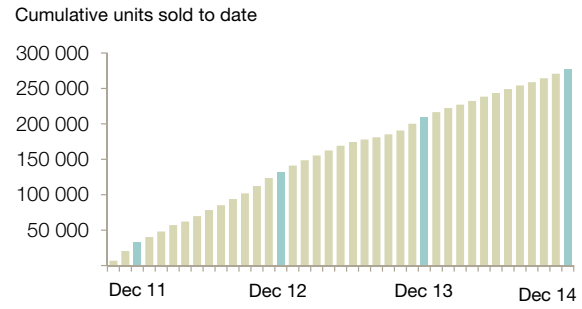
# Innovation driving growth in volumes and value



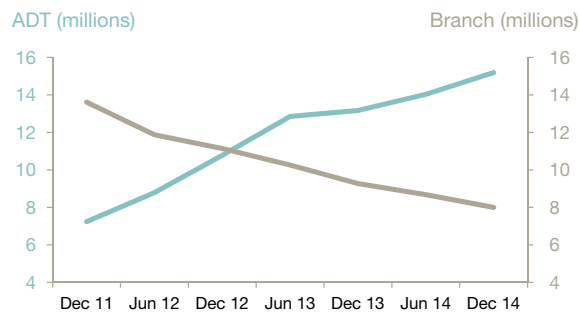
## FNB banking app transactions



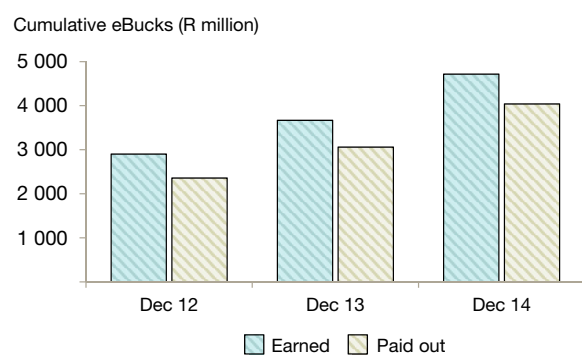
## FNB smart device sales



## Deposit volumes (excl. cheques) – branches vs ADTs



## eBucks spend



Note: Charts based on FNB SA numbers.

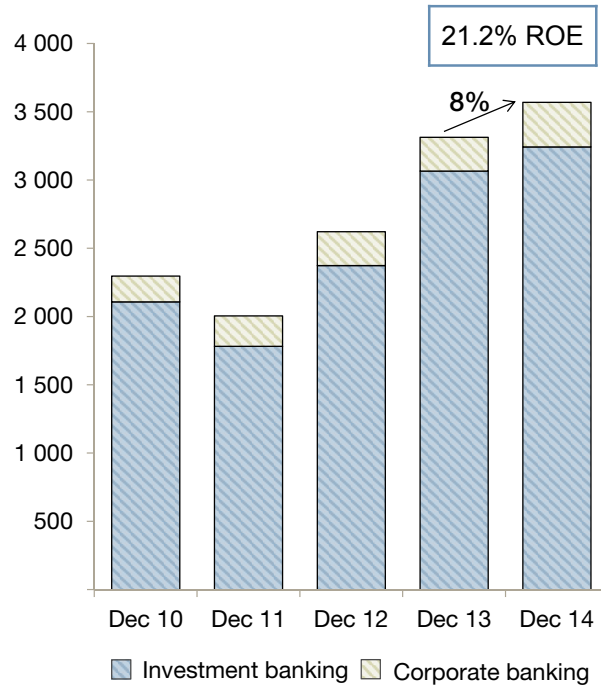
# RMB OPERATING REVIEW



## Good performance and return profile from RMB



Normalised profit before tax (R million)



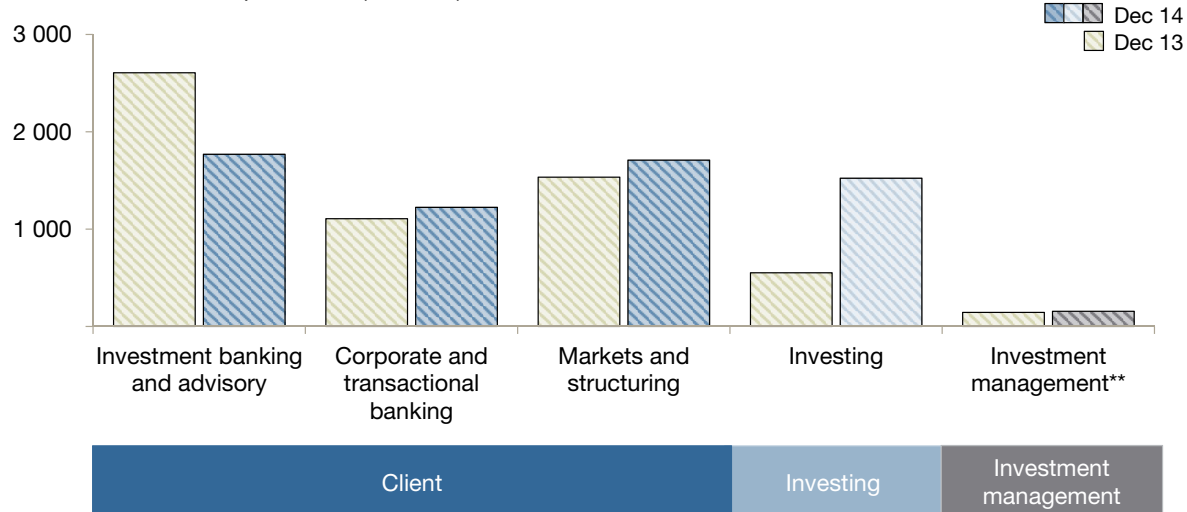
- Strong private equity earnings and a significant realisation
- Good performance from corporate banking
- Growth from global markets activities, particularly in the rest of Africa
- Costs contained (up 4%)
- However, challenging market conditions
  - Slower balance sheet growth and increased liquidity costs
  - Proactive provisioning in:
    - Mining and metals portfolio
    - Oil and gas portfolios
    - RMB Resources

Periods prior to Dec 13 have not been restated for the allocation of FCC cost and return on capital.

## Portfolio performed as expected, except for proactive provisioning actions



Gross income after impairments\* (R million)



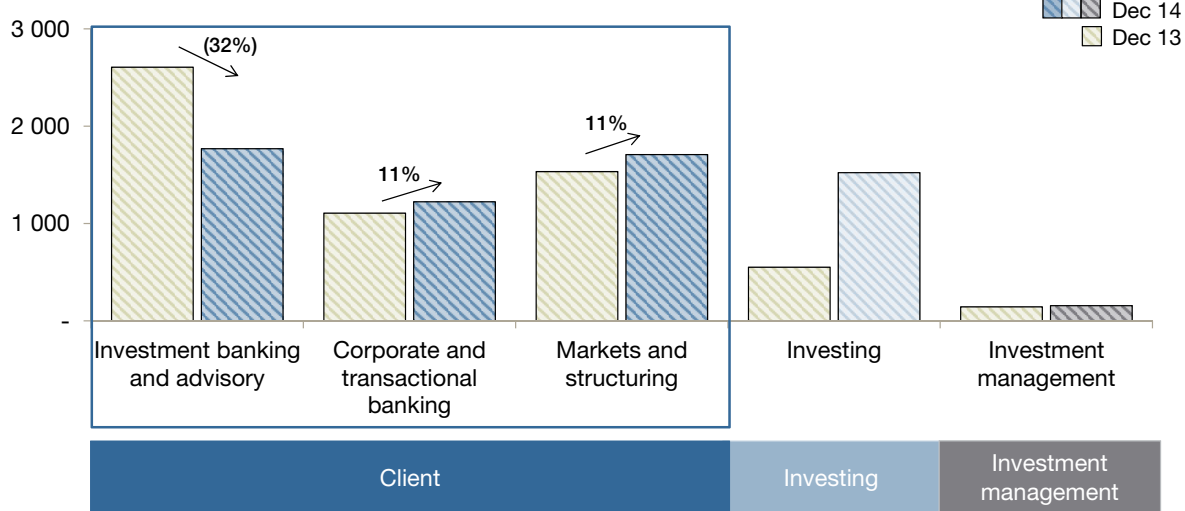
\* Includes RMB corporate banking, but excludes legacy and head office.

\*\*R184 million of RMB's Dec 2013 investment management NIR was reallocated to FCC to reflect operational performance in RMB investment management activities.

## Client-related activities remain largest contributor



Gross income after impairments\* (R million)



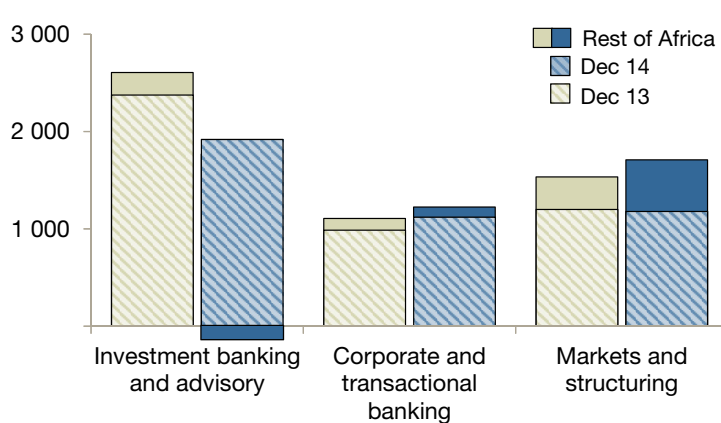
- Muted balance sheet growth, provisioning and increased liquidity costs
- Good progress in transactional activities
- Markets and structuring activities – growth mainly driven by the rest of Africa
- Proactively strengthened provisions on RMB Resources debt portfolio

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

## Despite proactive provisioning, rest of Africa franchise gaining traction



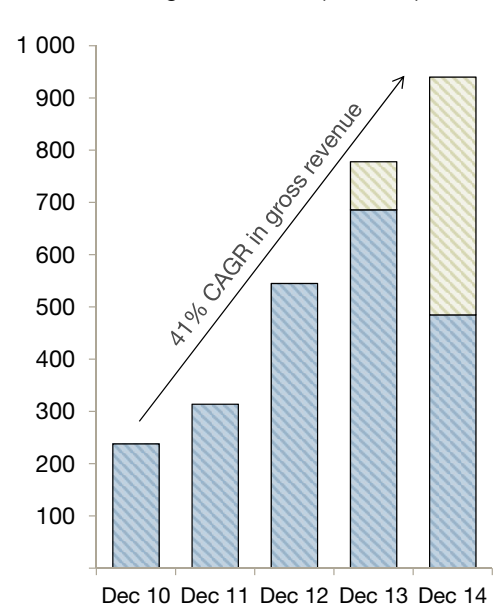
Gross income after impairments\* (R million)



- Markets and transacting activities performed well, particularly currency business
- Provisions relating to mining and metals and oil and gas portfolios

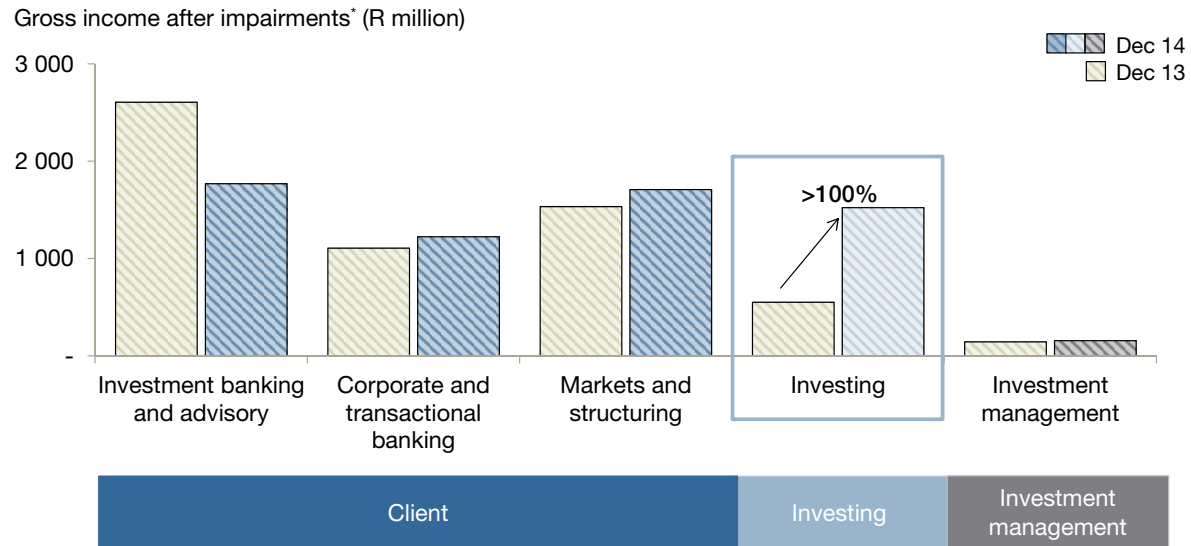
\* Includes RMB corporate banking, but excludes legacy and head office.

Rest of Africa gross revenue (R million)



- Rest of Africa gross income after impairments
- Income statement impairments

## As expected, investing activities make strong contribution



- Includes a significant investment realisation
- Healthy equity-accounted earnings
- Portfolio quality reflected in growth of unrealised value to R4.3bn (2013: R3bn) despite realisations

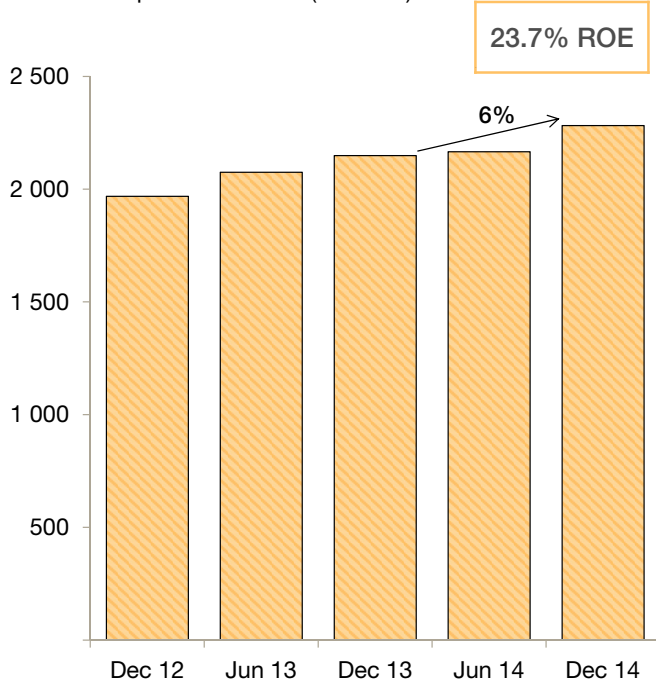
\* Includes RMB corporate banking, but excludes legacy and head office.

## WESBANK OPERATING REVIEW



## Despite tough cycle, WesBank produces strong return profile

Normalised profit before tax (R million)



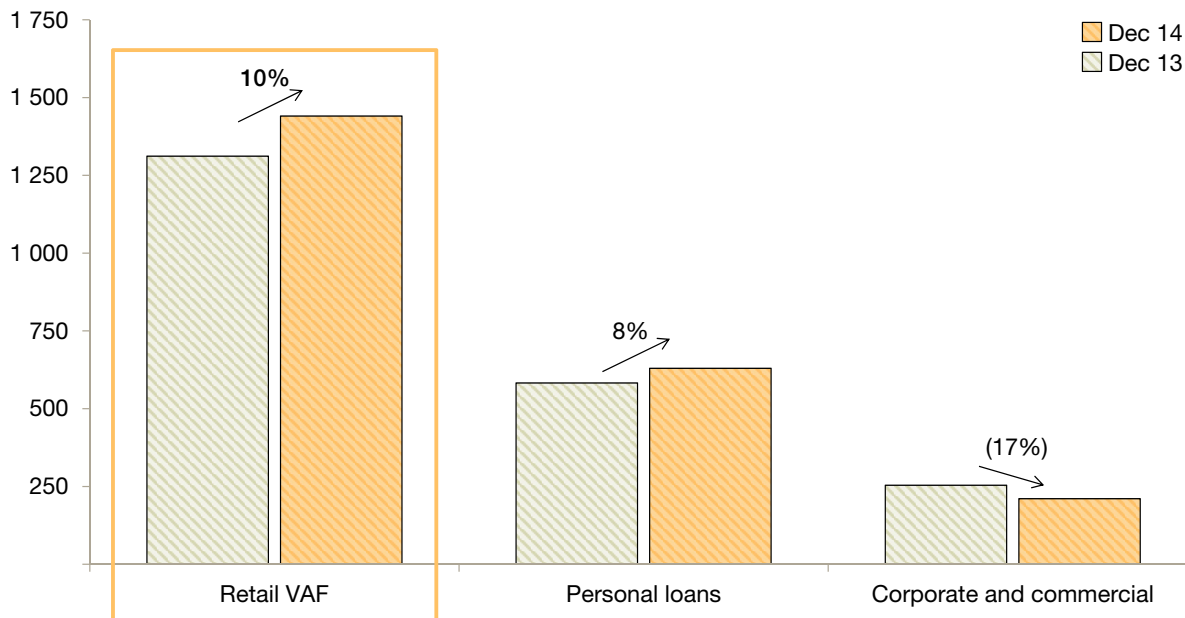
23.7% ROE

- Local new business origination resilient
- Increasing retail arrears and impairments, but within expectations
- Specific counterparty impairment impacted corporate and commercial
- Interest margin pressure
- Good core operational cost management
- Retail VAF performance driven by:
  - Excellent growth from UK business
  - Local VAF remained resilient

*Periods prior to Dec 13 have not been restated for the allocation of FCC cost and return on capital.*

## Segment performance a mixed picture

Normalised profit before tax (R million)

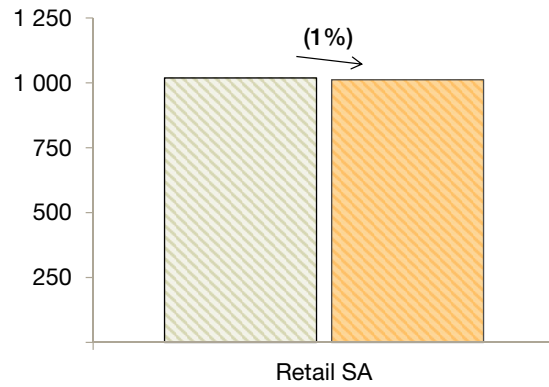




## Domestic VAF reflects cycle, strong performance from MotoNovo

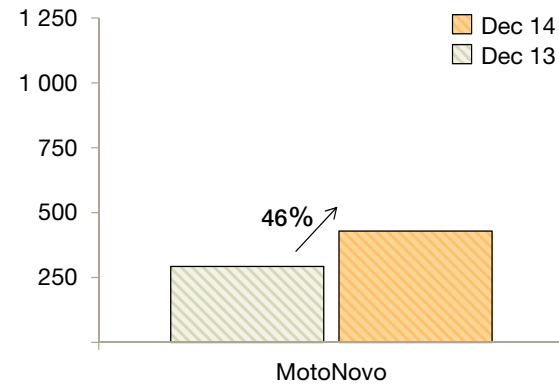


Normalised profit before tax (R million)



- New business growth slowed
- Margins under pressure (mix, funding cost and pricing)
- Bad debts trending up in line with expectations
- Costs reflect investment in strategic initiatives

Normalised profit before tax (R million)

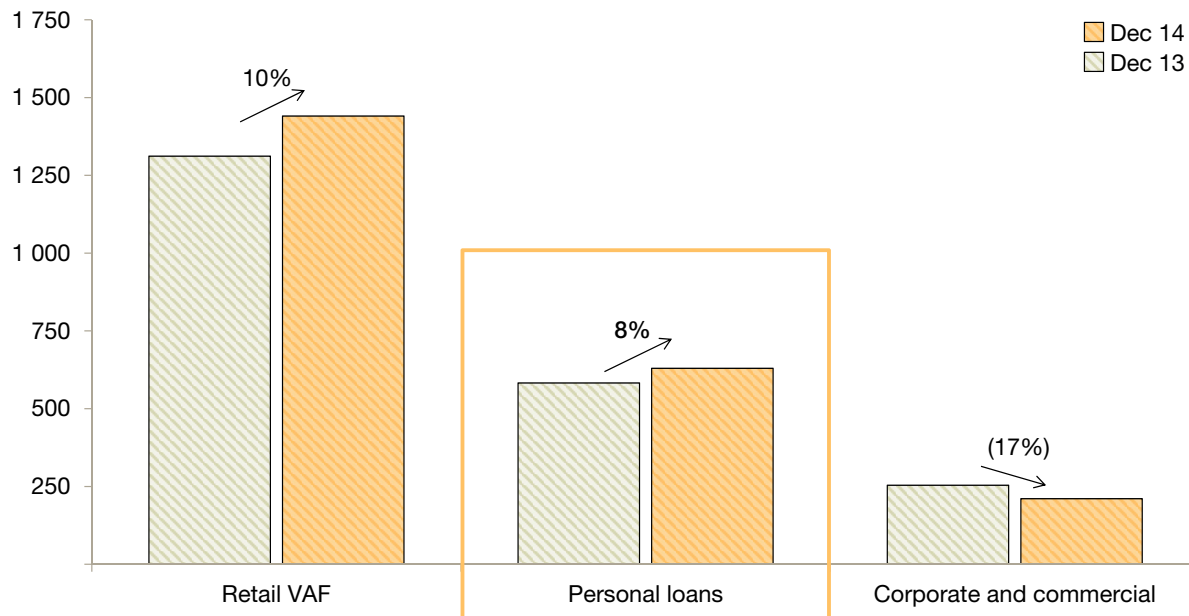


- 31% profit growth in GBP terms
- Strong new business growth at good margins
- Disciplined origination profile
- Extended geographic presence and product set
- Cost management and economies of scale

## Segment performance a mixed picture



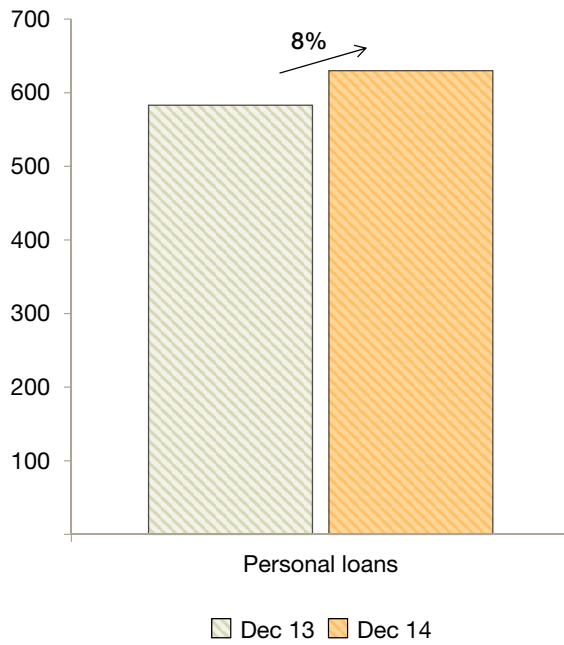
Normalised profit before tax (R million)



## Personal loans performing as expected



Normalised profit before tax (R million)

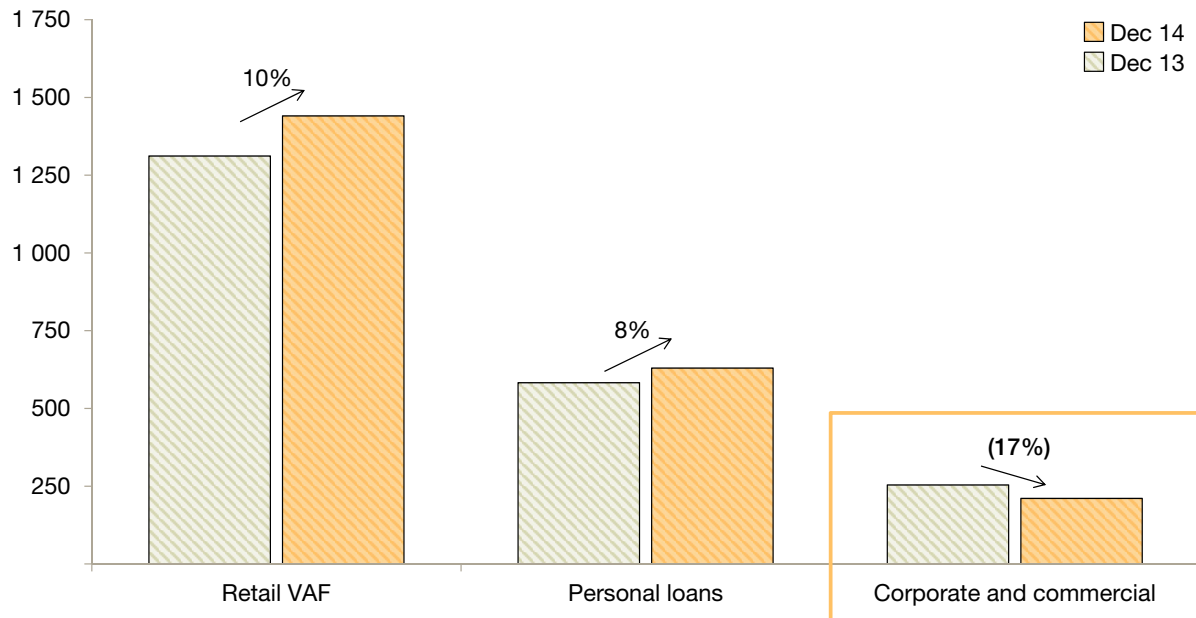


- Targets mid-to-upper market customers
- New business volume growth of 7.9% (excluding new alliances) reflects appropriate origination, however, new alliances added additional 28% growth
- Risk profile remains conservative and within credit appetite
- Increase in bad debts from 6.31% to 8.15% in line with expectations

## Segment performance a mixed picture

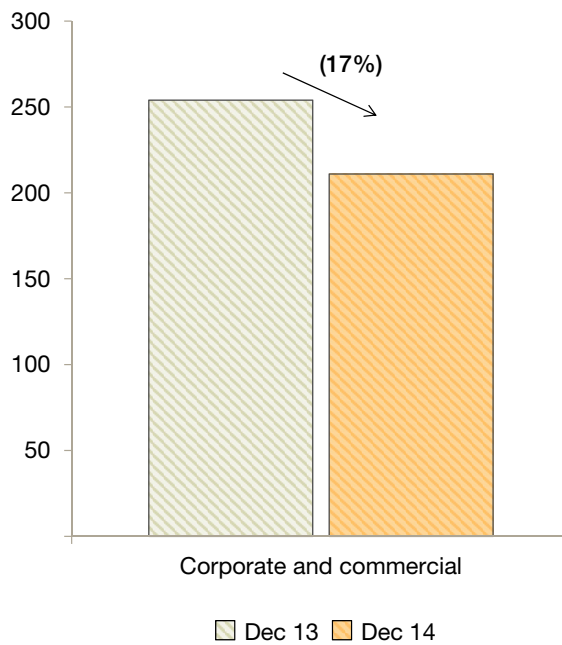


Normalised profit before tax (R million)



## Impairments impacted corporate and commercial performance

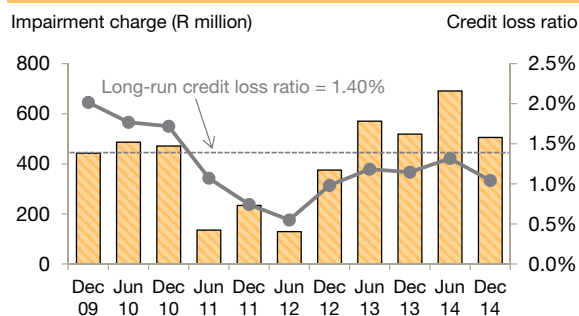
Normalised profit before tax (R million)



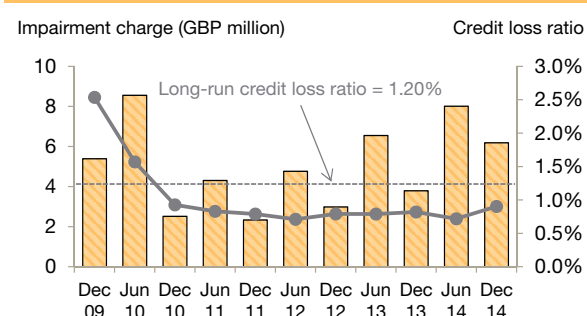
- New business production down 1% on the back of lower demand
- Increase in bad debts from 0.58% to 0.87%, specific counterparty defaults
- Continued focus on underlying portfolio quality

## All portfolios trending in line with expectations

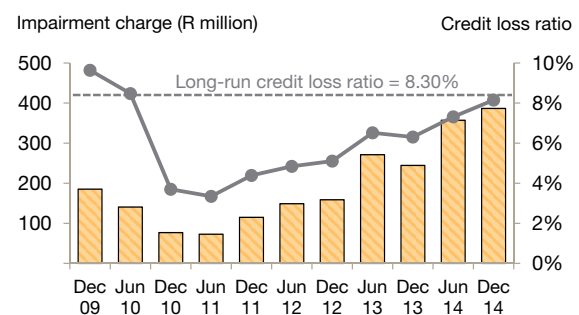
### Domestic retail VAF



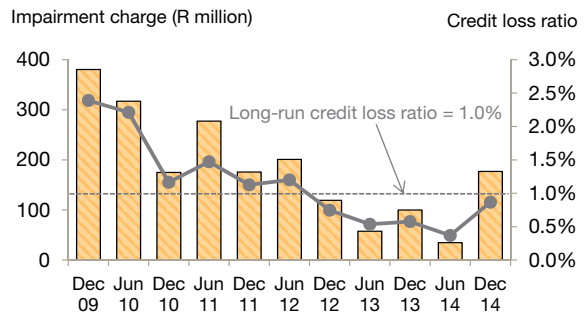
### MotoNovo (UK retail VAF)



### Personal loans



### Corporate and commercial



■ Impairment charge ● Credit loss ratio

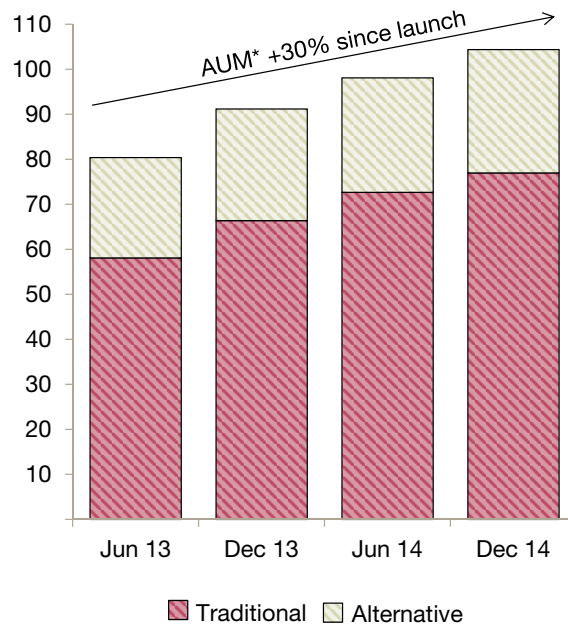
# ASHBURTON INVESTMENTS OPERATING REVIEW



## New products, platforms and internal distribution channels delivering

A

Assets under management\* (R billion)



- **Strong growth in AUM since launch:**
  - Activated internal advice channel
  - Growth in both alternative (+23%) and traditional products (+32%)
  - Investment performance in top quartile across most products
- Aligned investment processes
- Success of LISP
  - 8 000 new clients since inception
  - R5.6 billion new flows onto the platform

\* Excludes RMB conduits.

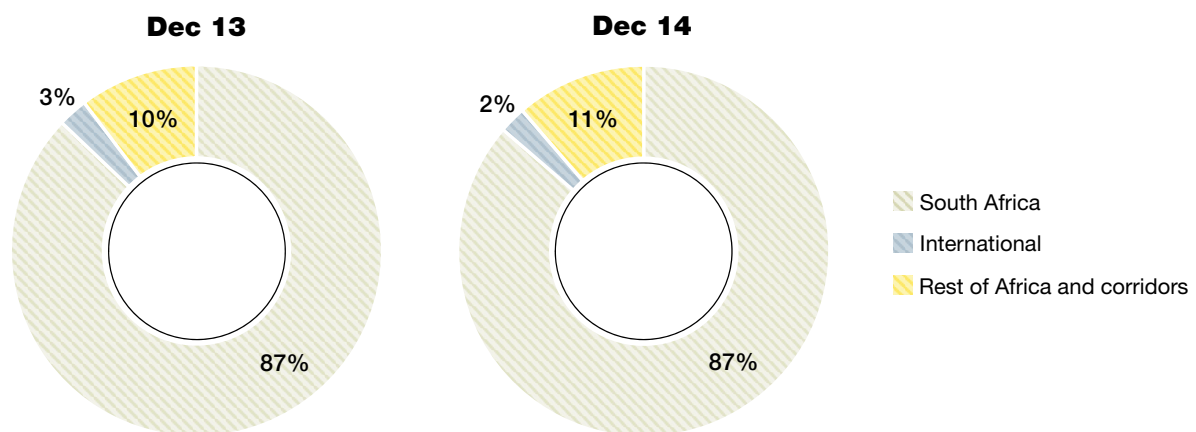
\*\* Alternative products include RMB Westport, ETFs and structured products.

## PROGRESS IN THE REST OF AFRICA



FIRSTRAND

Relative contribution stable given performance of local franchise

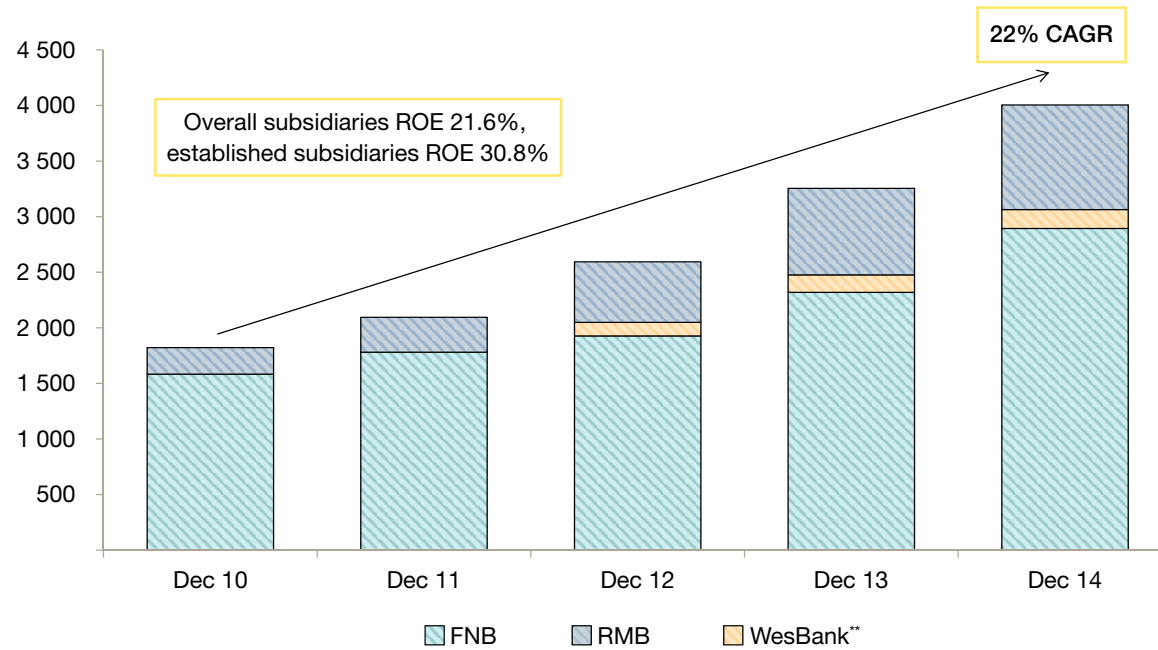


... resulting in stable relative contribution

## Rest of Africa revenues growing across all franchises



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.

## PROSPECTS



FIRSTRAND

## Franchises in good shape...



- **FNB**
  - Domestic franchise should continue to outperform
    - Despite:
      - Topline pressure
      - Cost pressure (continued investment in growth initiatives and regulatory costs)
    - Driven by:
      - Customer acquisition across targeted segments
      - Cross-sell
      - Electronic channel volumes
      - Targeted advances growth
      - Continued growth in deposit franchise
  - Rest of Africa
    - Established subsidiaries projecting continued growth
    - Ongoing investment in key and new (Ghana) markets

## Franchises in good shape...



- **RMB**
  - Challenging environment but diversified portfolio well positioned with:
    - Increasing contribution from transactional and client flow activities
    - Continued earnings from investee companies
    - Balance sheet growth, albeit slower
    - Improved contribution from investment banking and advisory
    - Ongoing traction in the rest of Africa
    - Good cost containment despite investment in expansion and platforms
  - Prudently provided



## Franchises in good shape...

- **WesBank**
  - Local franchise under pressure from cycle:
    - Continued margin pressure (mix, cost of funding and price)
    - Domestic retail VAF advances and profit growth expected to slow further
    - Cost of credit will continue to trend up to long-run average
    - Headwinds remain in corporate, but focused on growing market share
  - However:
    - Discipline continues to be exercised in origination
    - MotoNovo expected to show good growth
    - Investment in growth initiatives balanced with good cost containment

## APPENDIX



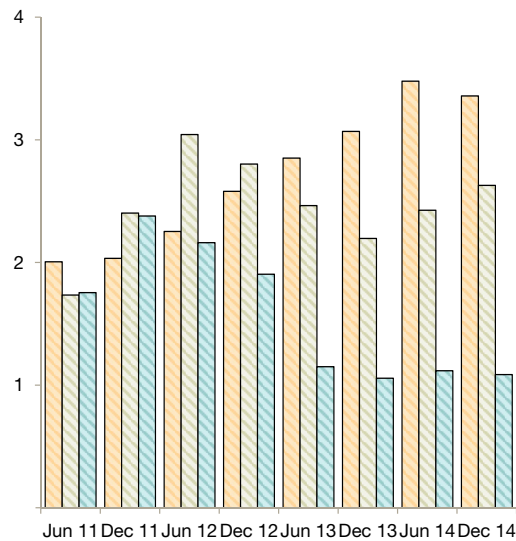
**FIRSTRAND**



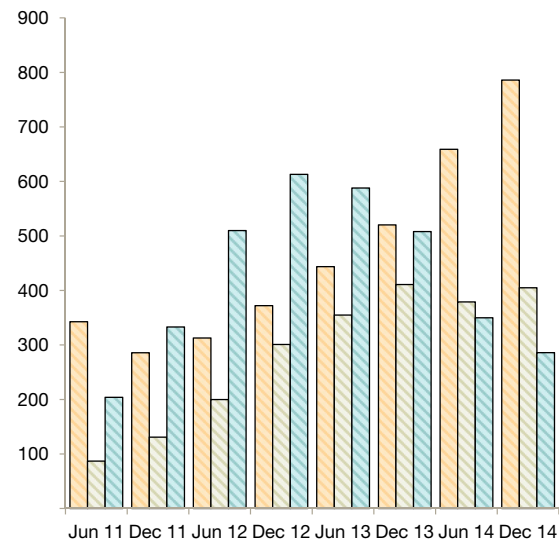
## Structure of personal loans portfolio reflects segment strategy



New business origination (R billion)



NPLs (R million)

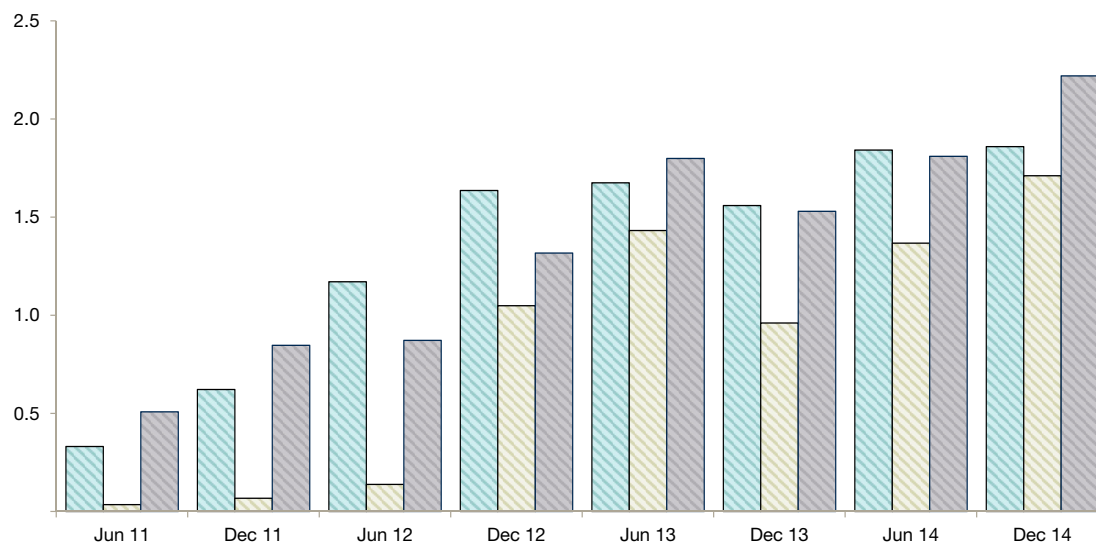


WesBank consumer loans FNB consumer loans FNB mass loans

## Retail transaction strategy driving loan growth

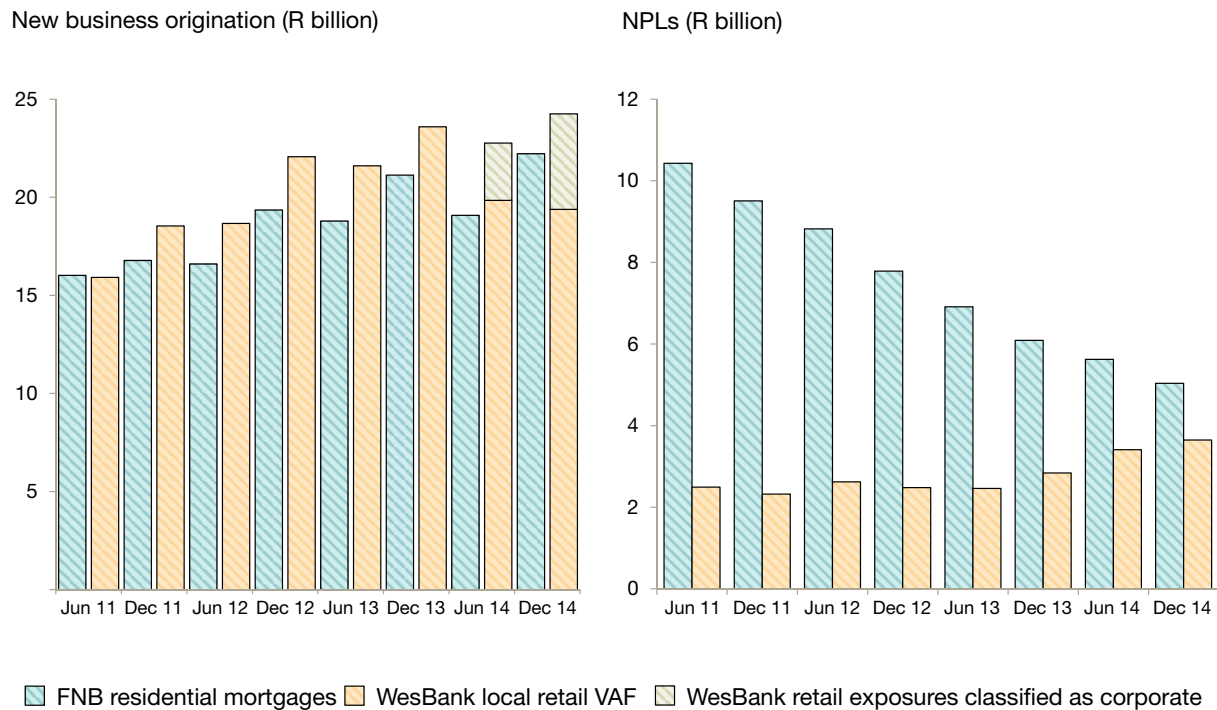


New business origination (R billion)



Overdrafts Revolving Temporary loans

## Retail secured portfolios reflect differing demand dynamics



## Breakdown of NPLs illustrates coverage is appropriate

### RESIDENTIAL MORTGAGES

Type	R million	Specific coverage ratio
Property sold	216	22.0%
Litigation	1 956	24.5%
Debt review	724	17.9%
Deceased	270	23.0%
Non-debt review paying	1 150	16.5%
Other (new NPLs)	721	15.8%
<b>Total</b>	<b>5 037</b>	<b>20.3%</b>



## Breakdown of NPLs illustrates coverage is appropriate

### VAF

Type	R million	Specific coverage ratio
Other (includes absconded, insurance and alienations)	227	66.2%
Repossession	165	48.1%
Legal action for repossession	418	41.8%
Not restructured debt review	471	42.6%
Arrears 3+ months	1 221	35.0%
Restructured debt review	1 260	12.8%
<b>Total</b>	<b>3 762</b>	<b>31.7%</b>





[www.firststrand.co.za](http://www.firststrand.co.za)



**FIRSTRAND**