FIRSTRAND

GROWTH IN EARNINGS AND DIVIDEND AND EXCELLENT RETURN PROFILE CHARACTERISE FIRSTRAND INTERIM RESULTS

Normalised earnings up 15%, dividend up 21% and ROE at 24%

Johannesburg, 10 March 2015 – FirstRand Limited (FirstRand) today reported results for the six months to December 2014 with its portfolio of financial services franchises producing another strong performance.

HIGHLIGHTS

- FNB, RMB and WesBank grew profits and produced returns on equity (ROEs) significantly above targets.
- The group's strong transactional franchise continued to drive return on assets (ROA) up to 2.07%.
- Net interest income (NII) benefited from good growth in advances (+14%) and deposits (+10%).
- Group makes further proactive provisions despite improved underlying credit performance.

Commenting on the results, FirstRand CEO, Sizwe Nxasana, said:

> *"These results are extremely pleasing. All operating franchises are delivering topline growth, as they continue to execute on specific growth strategies in their respective markets. Our strong ROE was underpinned by the transactional franchise of FNB in both South Africa and the rest of Africa, as well as RMB's investment activities. Despite a challenging local credit cycle WesBank's market leadership position enabled them to produce a very resilient performance."*

The group's income statement benefited from an increase of 16% in NII. This was driven by ongoing growth in advances and good growth in deposits.

Total non-interest revenue (NIR) increased 11%, underpinned by another strong performance from FNB, which grew NIR 10% and continued to profit from its strategy to drive transactional volumes on the back of client acquisition, cross-sell and good growth in the rest of Africa operations. WesBank's NIR benefited from continued new business growth and RMB saw strong growth from its investment, corporate banking and global markets activities.

Impairments and non-performing loans (NPLs) in vehicle and asset finance (VAF), WesBank loans and FNB business are trending up but remain in line with expectations; in residential mortgages and FNB personal loans, NPLs continue to trend down, which reflect the success of collections and strict credit origination.

Commenting specifically on credit, Nxasana said:

> *"We still believe that retail bad debts are currently at a cyclical low and the emergence of the credit cycle is beginning to show up in the VAF and card books, and we continue to strengthen coverage ratios. RMB has also increased portfolio provisions against mining and metals, and oil and gas exposures in its cross-border lending book. Whilst there are no defaults in the book, we believe this to be prudent action given uncertainty regarding the outlook for oil prices and commodities."*

Nxasana commented that FirstRand remained well positioned to weather what is expected to be a difficult macro environment;

> *"Economic headwinds are increasing and growth in the system remains very subdued. However, we believe that the strength of our businesses and their respective growth strategies, the diversity and quality of our earnings and our strong balance sheet positions us well to weather a worsening operating environment. In addition, our expanding footprint in the rest of Africa is delivering good growth in profits.*

> *"We continue to look for opportunities to deploy more capital into growth opportunities both locally and in the rest of Africa, within a disciplined framework to maintain the group's return profile."*

ENDS