FIRSTRAND'S FIRST HALF NORMALISED EARNINGS UP 26% PRINCIPALLY DRIVEN BY STRONG TOPLINE GROWTH

FirstRand Limited (FirstRand) today reported results for the year to six months to December 2011. Against a mixed macro background, FirstRand's diverse financial services portfolio produced a strong performance.

HIGHLIGHTS

- Normalised earnings on continuing operations improved **26% to R5.8 billion.**
- The Group's normalised return on equity ("ROE") also continued to trend upwards to **19.5%.**

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

"We are particularly pleased with the high quality of these earnings, which were in the main driven by very strong operational performances from our underlying franchises FNB, RMB and WesBank. Despite the limited growth provided by the domestic economy, all of our businesses have outperformed the respective macros in their segments, due to leading market positions and the effective execution of specific growth strategies".

Whilst the unwind of bad debts continued to impact positively on the results of the retail franchises of FNB and WesBank the increase in earnings was principally driven very strong operational performances from FNB and WesBank, on the back of new customer acquisition, loan and deposit growth, expanding lending margins and robust transactional volumes. The Group considers RMB's performance to be very acceptable, given the tough conditions for investment banks and the high base created in previous years.

Looking at the Group's income statement, net interest income (NII) increased 22% driven by good growth in advances at FNB, WesBank and RMB and asset margin expansion due to the change in mix with a larger contribution from vehicle and asset finance (VAF) and unsecured lending.

Total non-interest revenue (NIR) was marginally down on the comparative period as a result of RMB's subdued performance. However, fee and commission income at FNB and WesBank was stronger than expected, increasing 17% on the comparative period. This resulted from strong transactional volumes (particularly through the electronic channels) at FNB and fees generated on higher new business volumes at WesBank.

The Group's balance sheet continued to show reasonable overall growth in advances reflecting robust new business volumes as a result of the Group's strategy to grow its lending books in certain targeted segments.

Overall group operating expenses increased only 9% reflecting good cost control initiatives across all of the businesses. This increase also included continued investment in growth opportunities locally and in Africa.

Nxasana believes that given its strategy and high quality franchises, the Group remains well positioned to grow.

"We continue to focus on delivering on our strategic intent to be the African financial services group of choice, creating long term franchise value and delivering superior and sustainable economic returns to our shareholders within acceptable levels of volatility" he said.

"We are still operating within very subdued economic conditions and the potential impact of these conditions cannot be underestimated given the size of the Group's operations in its domestic market. However the quality of our franchises and the ability they have so far demonstrated to outperform the macros to deliver high quality, organic growth should ensure the ongoing delivery of sustainable returns".

ENDS