FIRSTRAND

STRONG GROWTH IN EARNINGS AND RETURNS CONTINUES AT FIRSTRAND
Normalised earnings up 20% and ROE at 22.2%

Johannesburg, 10 September 2013 – FirstRand Limited (FirstRand) today reported results for the 12 months to 30 June 2013 with its portfolio of leading financial services franchises producing a strong performance for the year.

HIGHLIGHTS

- Normalised earnings improved 20% to R15.3 billion.
- Normalised return on equity (ROE) and return on assets (ROA) continued to trend upwards to 22.2% and 1.87% respectively.
- The Group has declared a final dividend of 81 cents per share; bringing the dividend for the year to 136 cents per share, a 33% increase on the previous year.

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

> *"These results are particularly pleasing given how challenging the operating environment has been with all three of FirstRand's operating franchises, FNB, RMB and WesBank, delivering strong operational performances, characterised by excellent topline growth and superior returns.*
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> *"FNB continued to focus on its strategy to acquire customers, grow loans and deposits and drive transactional volumes across all of its platforms, particularly electronic. WesBank delivered very resilient new business growth in all of its portfolios and RMB's strategic focus on client revenues delivered both strong growth in profits and higher returns."*

The Group's income statement benefited from an increase of 13% in net interest income (NII). This was driven by good growth in new business in the retail portfolios of FNB and WesBank, and RMB continued to grow its core corporate lending book strongly, with an increased contribution from its activities in the rest of Africa.

Total non-interest revenue (NIR) increased 13%, underpinned by ongoing fee and commission income growth at FNB, and WesBank particularly benefited from good growth in its full maintenance rental book. Knowledge-based fees at RMB increased strongly, benefiting from cross-border activities and on the back of client activities, particularly financing, advisory and structuring.

Bad debts remain in line with the Group's expectations particularly given the absolute book growth and the shift in mix. The bad debt charge includes credit overlays primarily at FNB and RMB, which the Group considers prudent given the strong book growth year-on-year and its view that the current benign credit cycle has bottomed. All of the Group's credit portfolios are tracking as anticipated.

Absolute non-performing loans (NPLs) decreased 9%, particularly driven by the ongoing improvement in FNB's residential mortgages book, where NPLs reduced by R1.8 billion. NPLs in the unsecured books are trending in line with expectations given the tightening of new business origination in certain risk buckets over the past 12 months.

All three of the franchises displayed good cost control, despite ongoing investment in growth strategies within South Africa, the rest of Africa and India. Core operating expenses increased 9% and this, combined with the strong topline growth, resulted in positive operating jaws.

Nxasana believes that the Group is well positioned to deliver good organic growth going forward, despite the expected ongoing pressures in the macro environment.

> *"FirstRand's franchises remain intensely focused on growing the topline" he said. "Whilst new business volumes in the retail lending books at FNB and WesBank are expected to moderate reflecting the Group's low risk credit origination strategy, we believe this will be offset by continued strong NIR growth, underpinned by FNB's strategy to acquire core transactional accounts and RMB's increasing client activities both domestically and in the rest of Africa.*
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> *"Our expanding footprint in the rest of Africa is delivering profitable growth, despite the considerable investment that is taking place. As a percentage of revenue, the rest of Africa remains at 9%, however, this reflects the very strong growth from the domestic businesses. Year-on-year book growth and revenues from FNB and RMB's activities outside of South Africa have gained significant traction. For example, RMB grew advances in the rest of Africa 75% to R16.9 billion and the Investment Banking and Global Markets teams, deployed into FNB's subsidiaries, have generated a compound annual growth rate in profits of over 40%.*
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> *"The growth rate, absolute size and return profile of our growing presence in the rest of Africa are apparent, and whilst we remain open to small- or medium-sized acquisitions where they make commercial sense, much of the growth already achieved has been through organic or greenfields initiatives, which has also had the desired effect of protecting the Group's overall ROE.*
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> *"Looking forward, we will continue to execute on our strategies and focus on growing the topline and delivering returns."*

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