



FirstRand

FIRSTRAND DELIVERS HIGH QUALITY TOPLINE GROWTH AND AN ROE ABOVE ITS TARGET RANGE

Johannesburg, 12 March 2019 – FirstRand Limited (FirstRand), the integrated financial services group which comprises FNB, RMB, WesBank, Aldermore and Ashburton Investments, today reported results for the six months to December 2018.

The key financial highlights of these results were:

- Normalised earnings grew 7% to R13.3 billion
- Dividend per ordinary share up 7% to 139 cents
- Normalised return on equity (ROE) of 22.3%
- Normalised net asset value per share (NAV) up 9% to 2 202.2 cents

“FirstRand produced quality topline growth and a superior ROE, despite a very challenging operating environment,” said FirstRand CEO, Alan Pullinger. “FNB’s results were impressive – earnings increased 13% on the back of strong growth in customers, transactional volumes, advances and deposits. RMB’s portfolio delivered high-quality earnings from both its domestic and rest of Africa activities. WesBank remained resilient despite competitive pressures and low vehicle sales. As expected, Aldermore enhanced group earnings and ROE.

“These results demonstrate the effectiveness of FirstRand’s strategy and consistent focus on delivering sustainable returns for shareholders.”

The group’s capital position also remains strong, reflected in a common equity tier 1 (CET1) ratio of 12%, which benefited from earnings growth and the once-off after-tax profit from the Discovery card transaction. As a result, the FirstRand board has approved a dividend of 139 cents per ordinary share for the six-month period.

OPERATIONAL PERFORMANCE

FNB

FNB represents FirstRand’s activities in the retail and commercial segments in South Africa and the broader African continent. Its focus on customer acquisition and cross-selling products to its core transactional retail and commercial customers helped FNB grow deposits 11%. Advances increased 9%.

Earnings increased 13% to R8.7 billion, driven by good growth from its domestic retail and commercial segments and the turnaround in the rest of Africa business is continuing.

RMB

RMB represents FirstRand's activities in the corporate and institutional banking segments in South Africa, the broader African continent, and India. Its diversified portfolio delivered a solid performance, with earnings increasing 5% to R3.3 billion.

Investment banking and advisory activities benefited from good annuity and structuring fee income and cross-border transactions. Good corporate and transactional banking profit growth reflected increased client demand for working capital solutions.

WesBank

WesBank represents FirstRand's activities in instalment credit, fleet management and related services in the retail, commercial and corporate segments of South Africa. The business remained resilient in a tough competitive environment for vehicle and asset finance, growing earnings marginally to R957 million.

Aldermore

Aldermore is a UK specialist lender and savings bank. Its earnings for the six months benefited from good profit contributions from buy-to-let mortgages, asset finance and SME commercial mortgages. Aldermore contributed just over R1 billion to earnings.

Outlook

Looking forward, Pullinger commented that despite the difficult macroeconomic environment in South Africa, FirstRand would continue to invest in its long-term growth strategies.

"FNB has consistently demonstrated that despite a very subdued operating environment, its strategy to grow customers, activate digital channels to drive volumes, and cross-sell and up-sell to main banked customers using behavioral analytics, is generating growth significantly above that currently provided by the system. This momentum is expected to continue.

"Whilst RMB's short-term performance will be impacted by the high base created by large private equity realisations in the second half of last year, going forward, its leading local market position and ongoing momentum in its rest of Africa activities means that the portfolio will outperform in the medium term.

"With regard to Aldermore, given the macroeconomic uncertainty in the UK and ongoing investment costs into systems and processes, including MotoNovo's integration, Aldermore's growth trajectory is expected to slow marginally, but will remain earnings and ROE positive for the group.

"FirstRand believes its businesses are in good shape and it is executing on appropriate strategies to drive growth and deliver superior returns to shareholders."