



FirstRand

'18

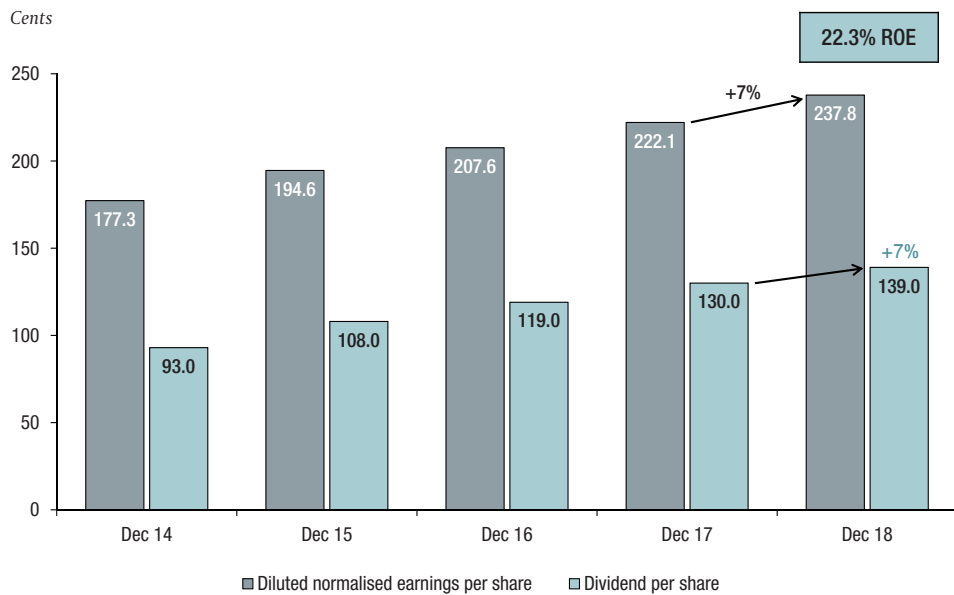
results presentation
for the six months ended 31 December



Introduction

results
presentation '18
for the six months ended 31 December

The group continued to deliver premium returns and real growth in earnings...



...in a difficult operating environment

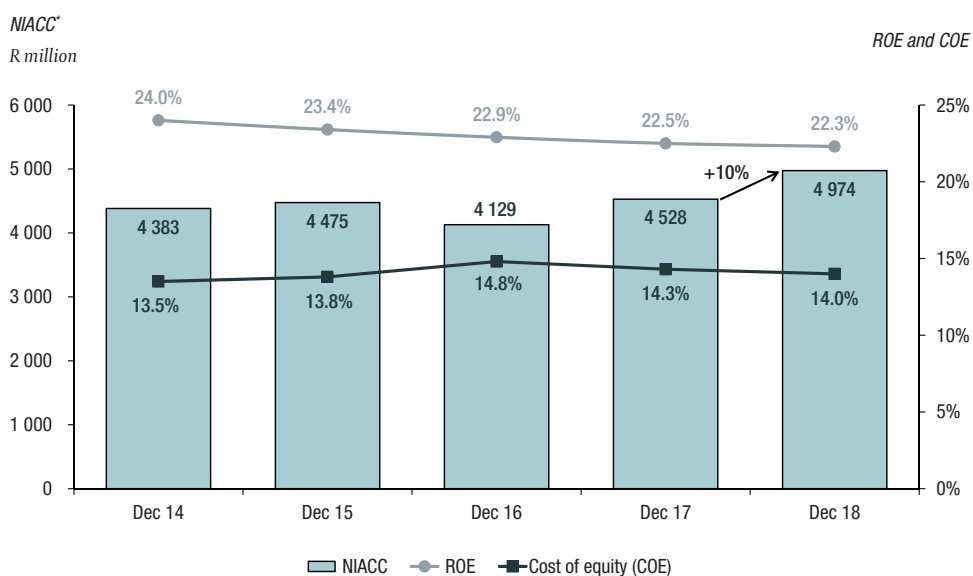
- South African economic activity slowed
 - Pressure on real income growth
 - Rising inflation and higher debt servicing costs
 - SARB increased the repo rate to 6.75% in November 2018
 - Low business confidence
 - High government debt burden

- Rest of Africa macro backdrop remained subdued

- Brexit weighed on UK macros – consumer demand and house prices held up reasonably well in spite of this



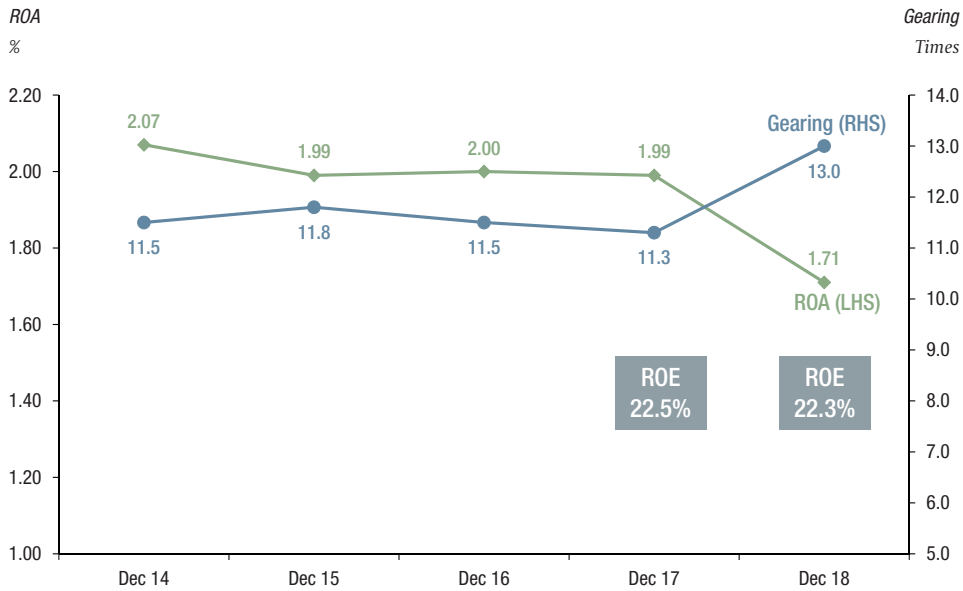
Strong growth in NIACC, the group's primary measure of shareholder value creation



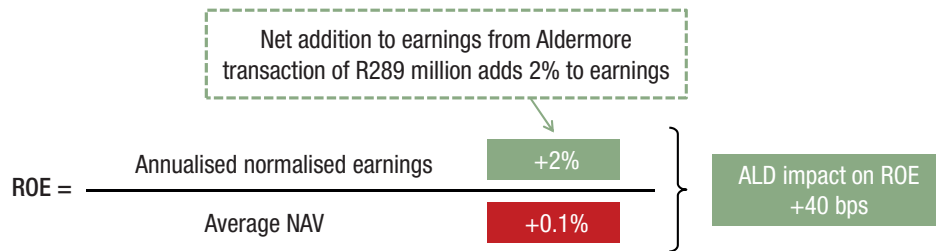
* Net income after cost of capital.



ROE maintained following Aldermore acquisition



Aldermore is ROE accretive



* Only Aldermore post-acquisition reserves (of R289 million) added to group NAV (adds 0.2% to Dec 18 NAV and 0.1% to average NAV).

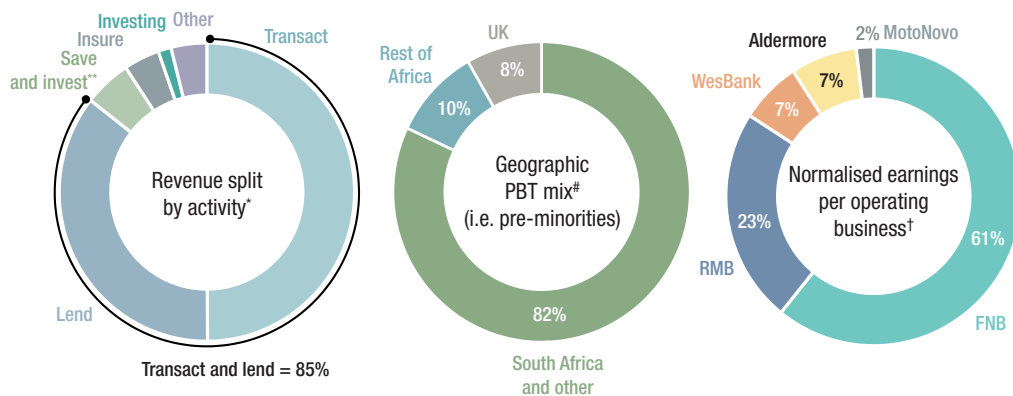


Group's ROE is sustainable

- Relative size of transactional franchise
- Advances mix delivers higher risk-adjusted margins
- Credit underwriting and pricing anchored to preserve return profile
- Disciplined allocation and pricing of capital, funding and liquidity, and risk capacity
- Market-leading private equity franchise has remained consistent generator of high returns, although currently in an investment cycle
- Aldermore is ROE accretive
- Recognise the need to further diversify NIR
 - Potential disruption from regulatory intervention and new competitors
 - Therefore, strategies to broaden financial services offering (insurance, and save and invest) remain key to maintaining return profile



Current breakdown of portfolio – activity, geography and business



* Based on gross revenue excluding consolidation adjustments. Excludes Aldermore.

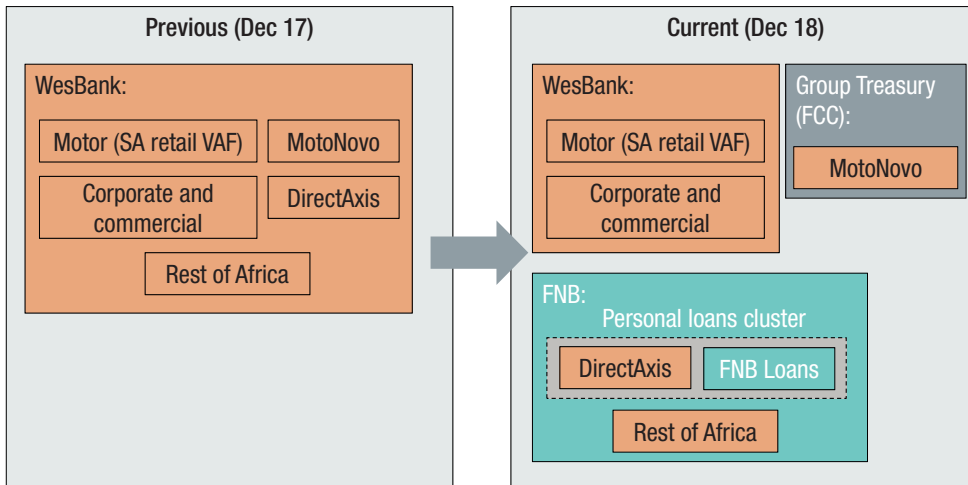
** Includes deposit taking and investment management.

Includes Group Treasury, excludes remainder of FCC, FirstRand company, consolidation adjustments and NCNR preference dividend.

† Excludes FCC (incl. Group Treasury), FirstRand company, consolidation adjustments and NCNR preference dividend.



Actions to expedite execution of strategy resulted in the rearrangement of certain businesses

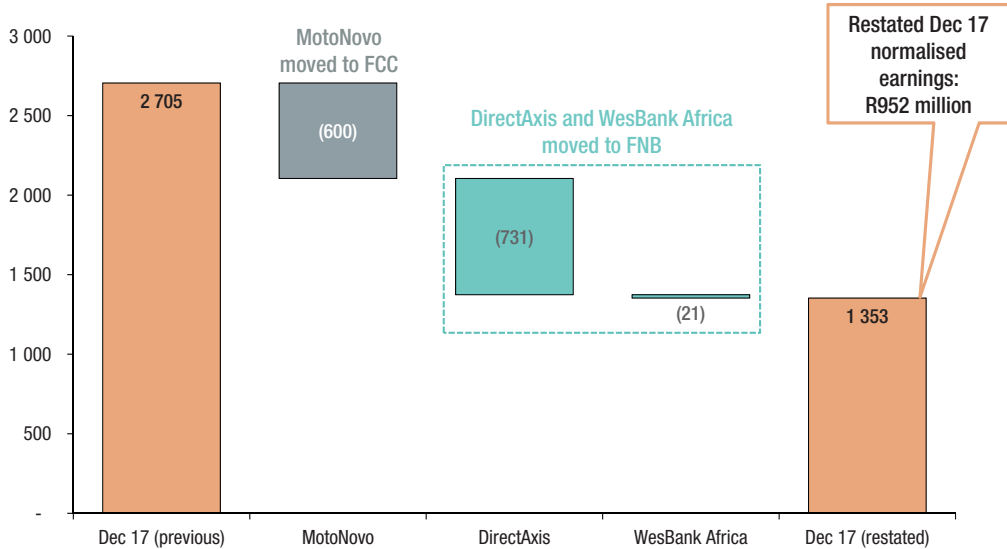


Comparatives have been restated at operating business level



Impact of internal changes on WesBank

Normalised PBT
R million



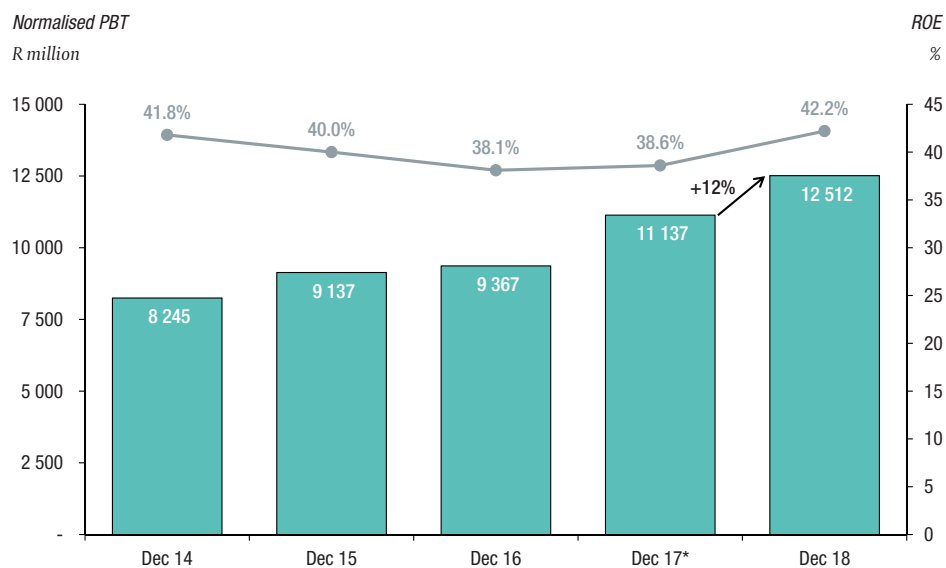
Strong growth from FNB, RMB delivered a good result, WesBank remained resilient and Aldermore contributing for the first time

<i>Normalised earnings</i> R million	Dec 18	Dec 17	% change	ROE %
FNB	8 665	7 668	13 ▲	42.2
RMB	3 321	3 154	5 ▲	20.5
WesBank	957	952	1 ▲	19.6
Aldermore	1 037	n/a	n/a	16.0*

* 15.8% in pound terms.



FNB maintained strong growth in pre-tax profits and superior returns



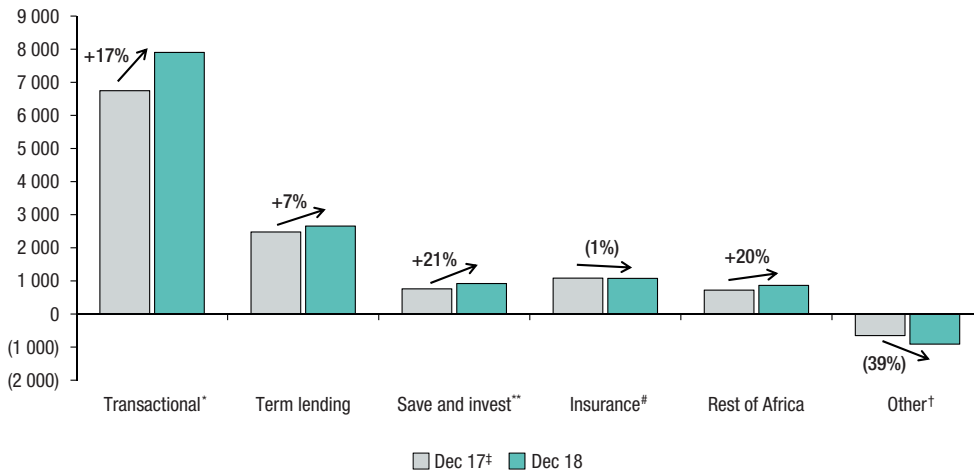
* Dec 17 figures have been restated for DirectAxis, Discovery card, WesBank Africa and Group Treasury reallocations.



Excellent domestic performance, improvement in rest of Africa

Normalised PBT

R million



* Transactional includes transactional deposit products and deposit endowment, overdrafts and credit cards.

** Save and invest includes non-transactional deposits.

Insurance includes embedded credit life.

† Includes India (FNB activities in India have been discontinued).

‡ Dec 17 figures have been restated for DirectAxis, Discovery card, WesBank Africa and Group Treasury reallocations.



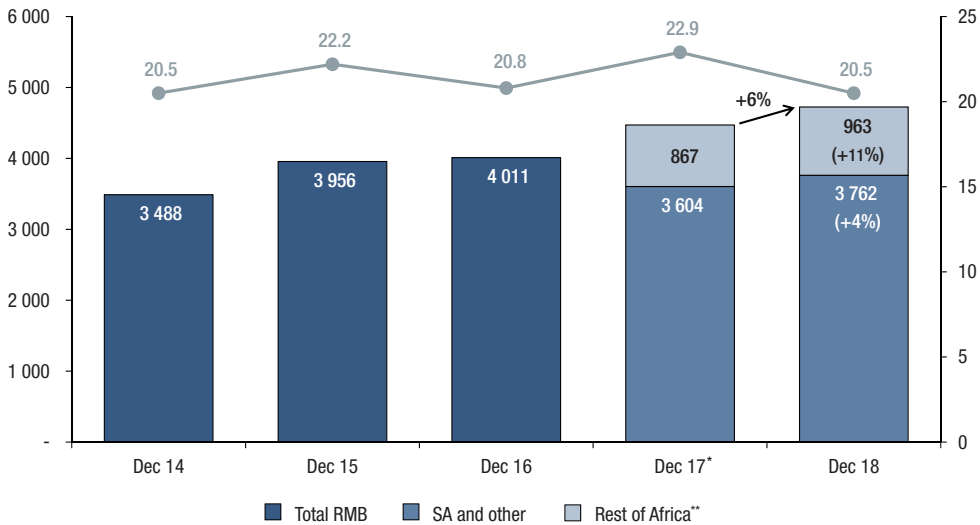
RMB delivered a solid performance...

Normalised PBT

R million

ROE

%



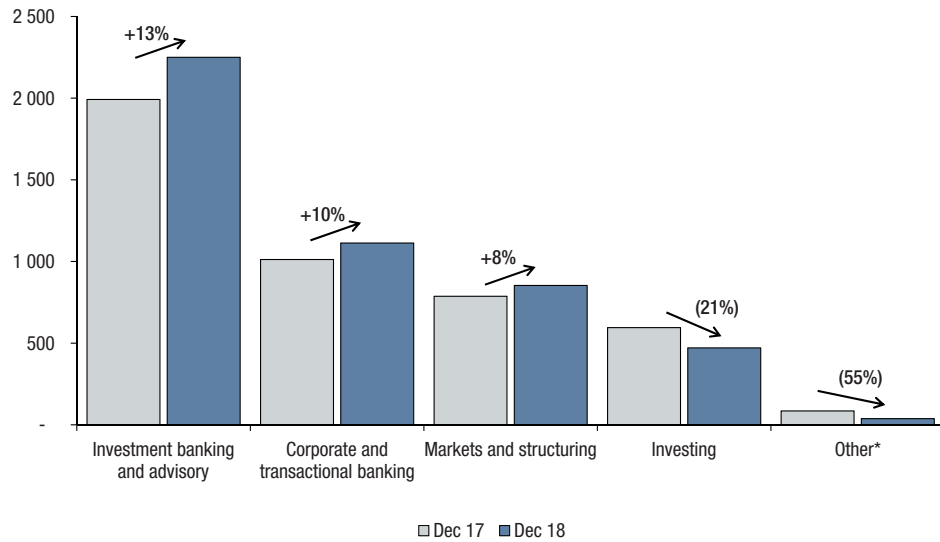
* Dec 17 figures have been restated for Group Treasury reallocations.

** Strategy view.



...despite Private Equity rebase

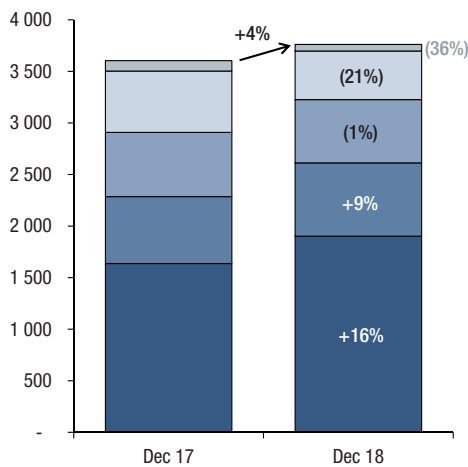
Normalised PBT
R million



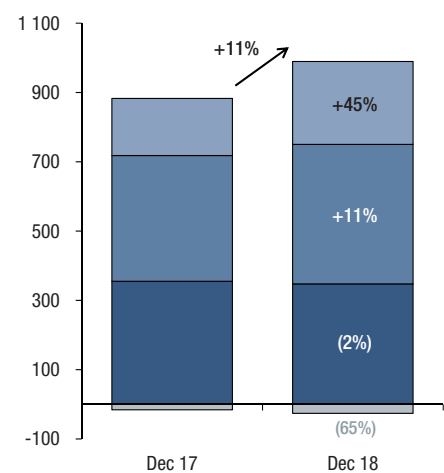
* Includes investment management and other central portfolios.

Domestic performance resilient, continued momentum in the rest of Africa

RMB South Africa and other normalised PBT
R million



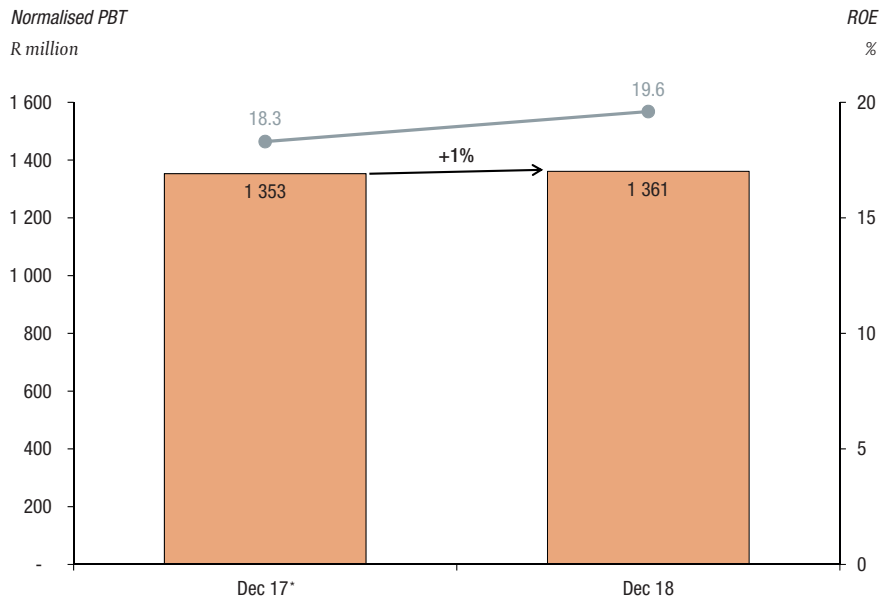
Rest of Africa* normalised PBT
R million



* Strategy view.

** Includes investment management and other central portfolios.

WesBank performance reflects tough trading conditions



Aldermore tracking investment case

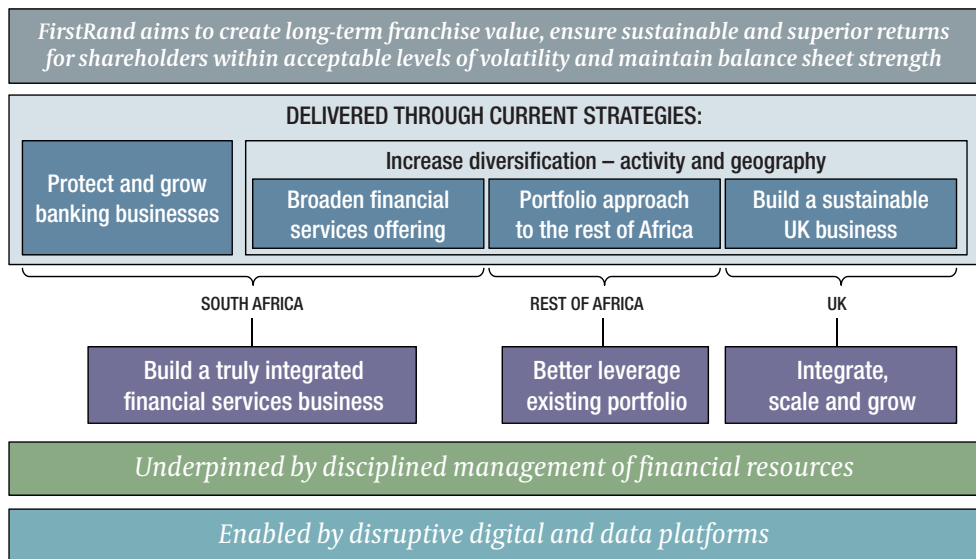
<i>Financial highlights</i>	Dec 18 (R million)	Dec 18 (£ million)
Normalised earnings	1 037	57
Normalised PBT	1 369	75
Total assets	204 084	11 140
Total liabilities	189 338	10 335
Advances margin (%)	3.43	3.43
NPLs (%)	1.02	1.02
ROE (%)	16.0	15.8
ROA (%)	1.05	1.04

FirstRand

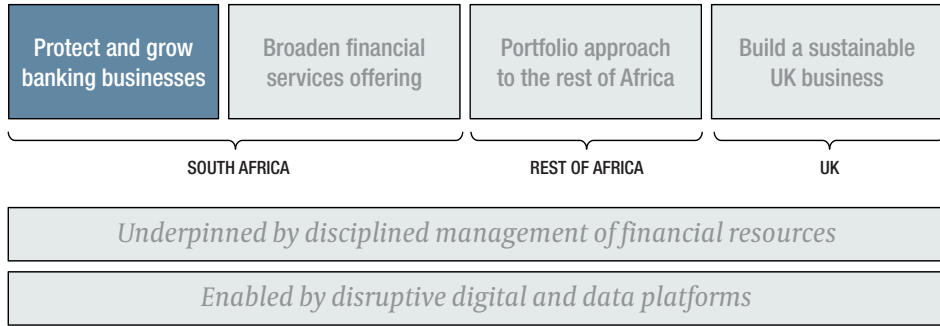
Unpacking performance against strategy

results presentation '18
for the six months ended 31 December

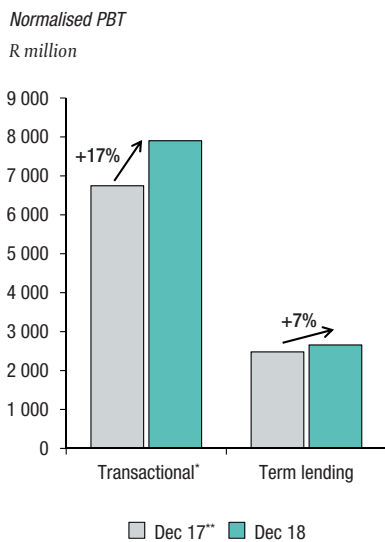
Group strategic framework



Measuring execution on strategic priorities



FNB's transactional and lending businesses' performance reflects consistent strategy



Transact:

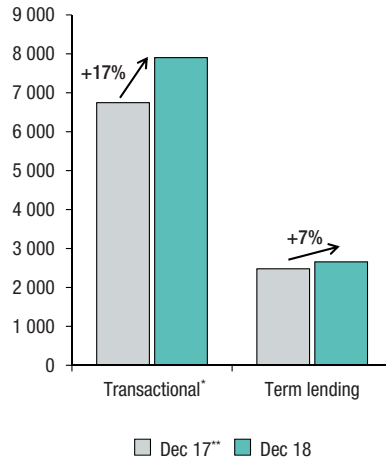
- Grow and retain core transactional accounts – volumes up strongly
- Customer relationships underpinned by behavioural analytics driving:
 - Cross-sell and upsell
 - Origination scorecards
 - Pricing
 - Rewards
- Provide digital platforms to deliver cost effective and innovative value propositions
- Rebase in VSI from 2.88 to 2.69 due to savings product rationalisation

* Transactional includes transactional deposit products and deposit endowment, overdrafts and credit cards.
 ** Dec 17 has been restated for DirectAxis and Discovery card.



FNB's transactional and lending businesses' performance reflects consistent strategy

Normalised PBT
R million



Lend:

- Lend to main-banked customers
- Leveraging digital platforms for incremental credit origination based on customer behaviour

* Transactional includes transactional deposit products and deposit endowment, overdrafts and credit cards.
** Dec 17 has been restated for DirectAvis and Discovery card.



Volume growth supported by successful digital strategy

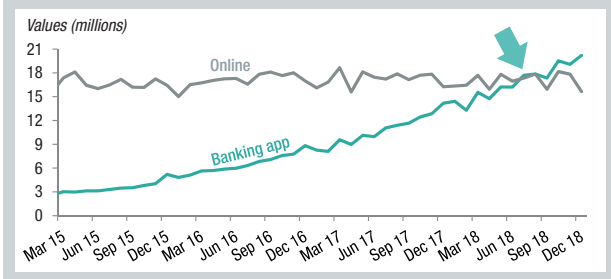
Customer growth = +4%

Segment	% change
Consumer	+1
Premium	+20
Commercial	+5

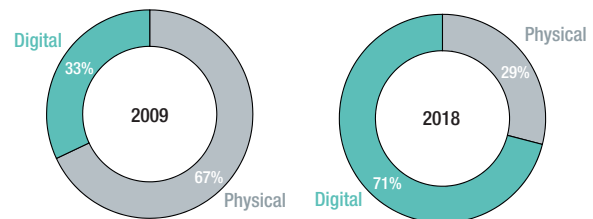
Volume growth

Channel	% change
ATM/ADT	+8
Internet	(1)
Banking app	+52
Mobile	(4)
Point-of-sale merchants	+18
Card swipes	+13

Digital platforms support volume growth



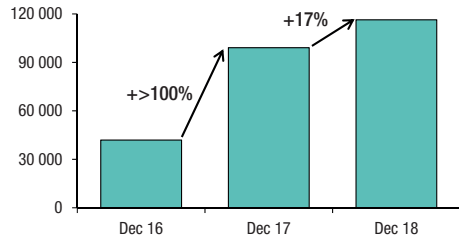
Successful strategy to migrate customers from physical to digital



Efficient fulfilment on digital platforms drives cross-sell

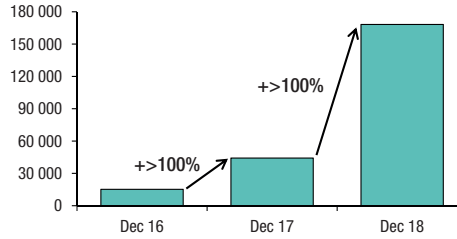
Card

Digital sales*



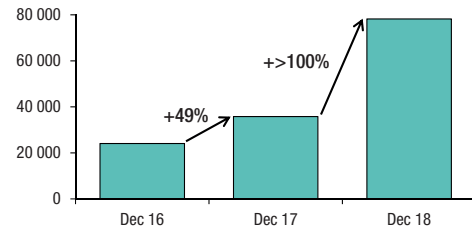
Loans

Digital sales (number of loans)



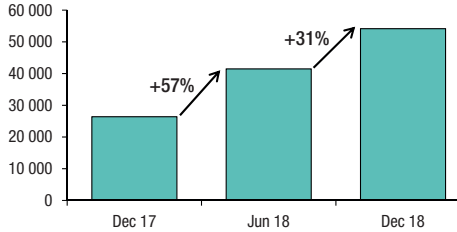
Overdrafts

Digital sales*



Cash investments

Digital sales (number of accounts)

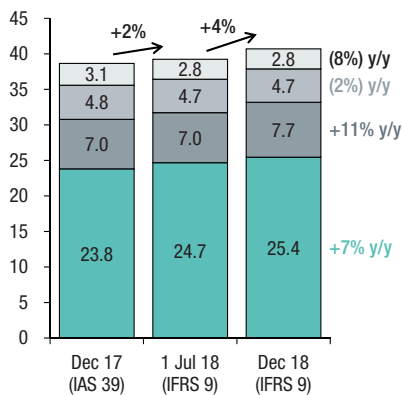


* Digital sales include new origination, upgrades and existing product increases.

Advances growth in consumer reflects targeted origination

FNB consumer advances*

R billion



- Retail other
- Card
- Personal loans
- Residential mortgages

Consumer advances* up 5% year-on-year

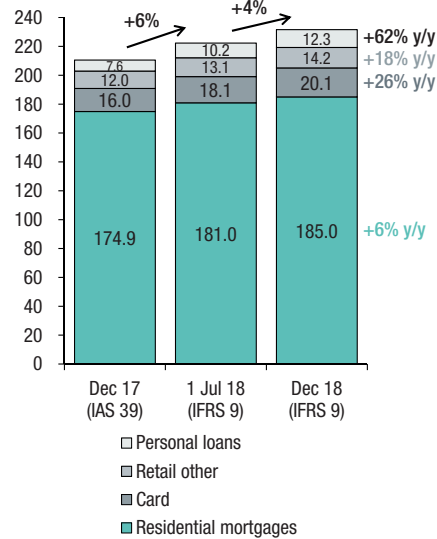
- Mortgage growth driven by consistent demand for affordable housing
- Risk appetite and upward segment migration impacted unsecured advances growth

* Excluding DirectAxis. Prior periods have been restated for move of Discovery card to Group Treasury (FCC).

Cross-sell into core transactional base drives growth in premium segment advances

FNB premium advances

R billion



Premium advances up 10% year-on-year

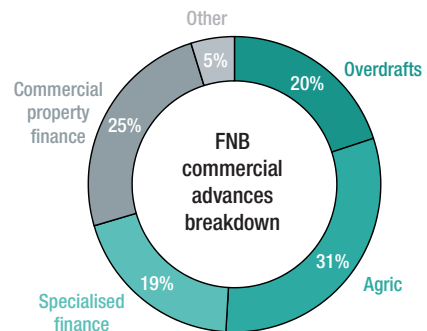
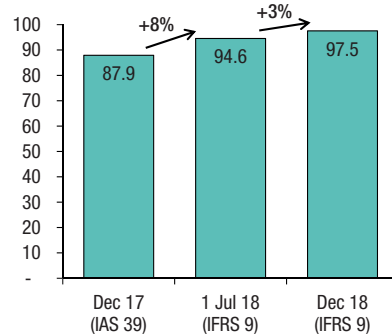
- Mortgage book closely tracking house price inflation
- Card growth underpinned by:
 - Strong transaction growth
 - Higher levels of up-selling
 - Focus on limits and utilisation
- Strong personal loans growth of 62% driven by:
 - Activation of platform-based origination to existing customers
 - Cross-sell into main-banked base



Targeted customer acquisition and cross-sell drive advances in FNB's commercial segment

FNB commercial advances

R billion



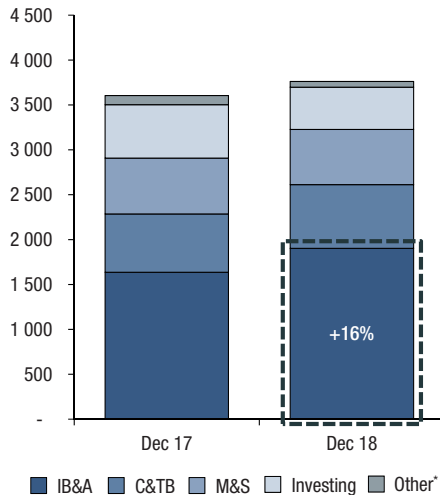
- Targeted cross-selling in the small business segment
- Expanded term-lending product offering to existing client base
- Strong growth in agric and property sectors
- Market share gains in key sub-segments



RMB – strong performance from SA investment banking and advisory activities

RMB South Africa and other normalised PBT

R million



- Good growth in NII due to prior period growth in advances
- Healthy structuring and arranging fee mandates
- Maintained conservative portfolio coverage ratios given prevailing weak credit cycle
- Capital raising and underwriting activities muted due to lack of business confidence and lower deal flow
- Positive operating jaws

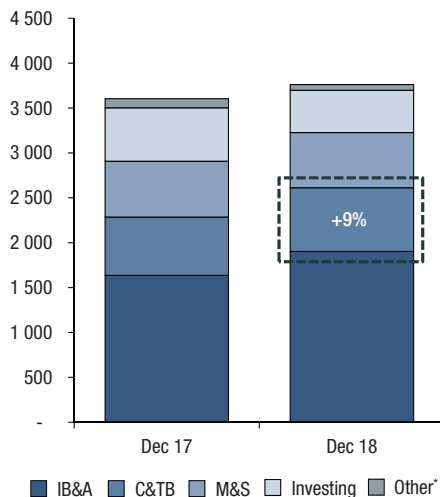
* Includes investment management and other central portfolios.



SA corporate and transactional banking delivers a robust performance across all activities

RMB South Africa and other normalised PBT

R million



- Trade and working capital growth underpinned by:
 - Increased utilisation of working capital facilities by clients
 - Fee income benefited from higher guarantee and LC volumes
- Transactional banking revenue driven by:
 - Resilient average deposit growth
 - Uptick in volumes due to acquisition of new clients
- Flat operating jaws

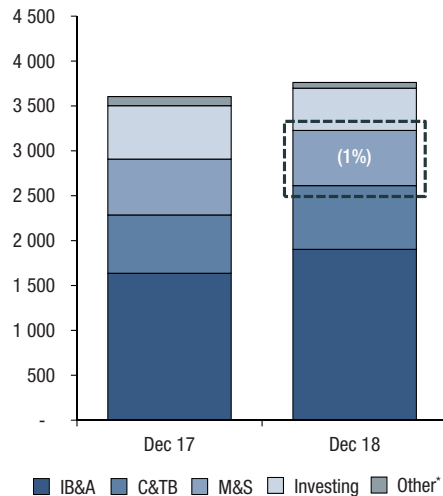
* Includes investment management and other central portfolios.



SA markets and structuring performance reflects tough macros

RMB South Africa and other normalised PBT

R million



* Includes investment management and other central portfolios.

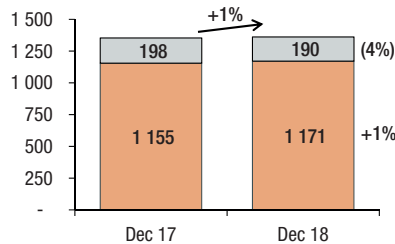
- Balanced performance from flow activities:
 - Strong FX earnings driven by emerging market volatility
 - Lower FI on the back of reduced client flow and higher bond yields
 - Good performance in credit trading and commodities activities
 - Equities impacted by reduced JSE trade values and volumes
- Reduced structuring revenue due to limited bank and client risk appetite for hedging activities
- Global markets infrastructure programme on track



WesBank delivered a resilient performance in a difficult market

Normalised PBT

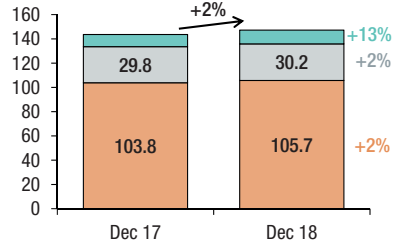
R million



■ Retail VAF SA* ■ WesBank corporate and commercial ■ FNB asset-backed finance (ABF)**

Advances

R billion



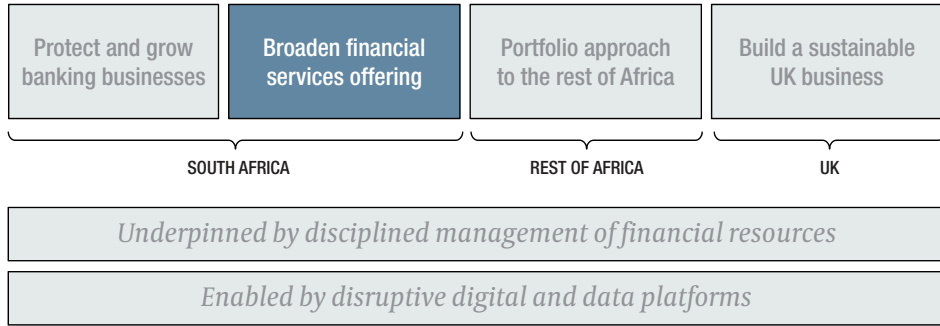
- Despite increased competitive pressures, remained disciplined in origination and pricing
- Focused on credit quality and return profile
- Continued to grow alliances
- Pressure on retail NIR due to declining account volumes (tracking vehicle sales)
- Corporate and commercial impacted by rising impairments in certain sectors, partly offset by strong FML performance
- Collaboration with FNB commercial supported book growth

* Retail VAF SA includes MotoVantage.

** Profits relating to FNB ABF advances are reported in FNB's results.

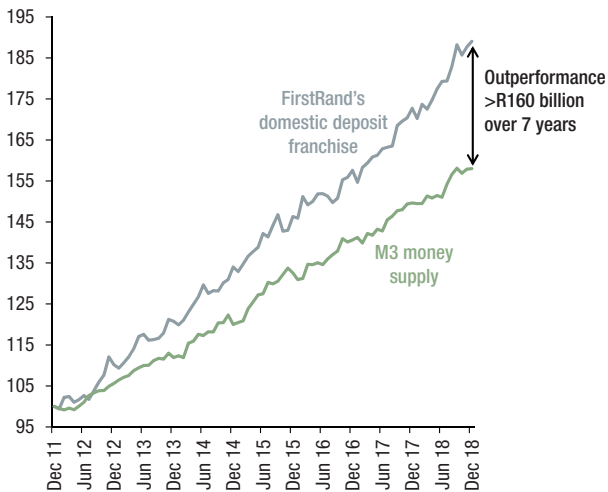


Measuring execution on strategic priorities



Local deposit franchise continues to deliver outperformance relative to market due to success of save and invest strategy

Index
Dec 11 = 100



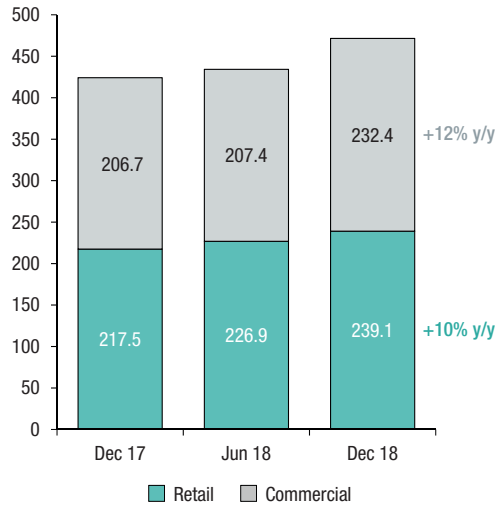
- Strong growth supported by:
 - Product innovation
 - Improved channel utilisation
 - Cross-sell to existing customer base
 - Financial resource management strategies



FNB deposit growth driven by innovative product set and customer acquisition

FNB SA deposits*

R billion



* Includes transactional and other deposits included in FNB's transactional PBT.

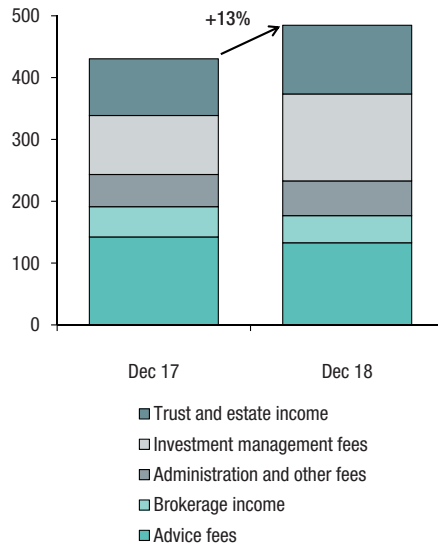
- Strong deposit growth +11% y/y
 - Consumer +5%, premium +13%, commercial +12%
- #1 household deposit franchise by market share in SA (since April 2018)
- Traction in deposits sourced through digital channels
- Cross-sell continues into existing base
- Savings account product rationalisation to improve customer outcomes



WIM product distribution into FNB base gains traction

Non-interest revenue

R million



- Creating investment solutions to meet customer needs
- Optimising channels complemented by robo-advice platform
- Enabling digital channels for customer self-management
- Horizon series performance positive despite negative market

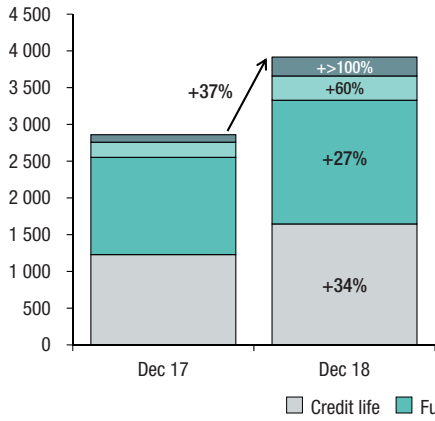


Strong growth across all products in FNB Life, now one of the largest insurers in the consumer segment

Annual premium equivalent (APE)

In-force APE on life products

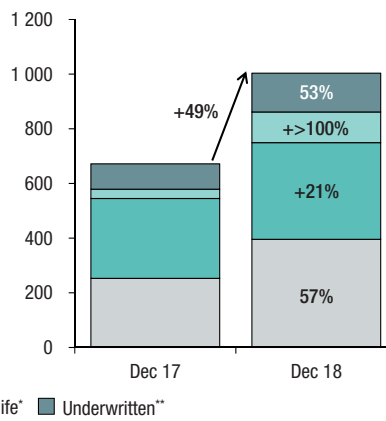
R million



New business APE

New business APE on life products

R million



* Core life includes accidental death, health cash products and other non-embedded products.

** Underwritten includes life policies.

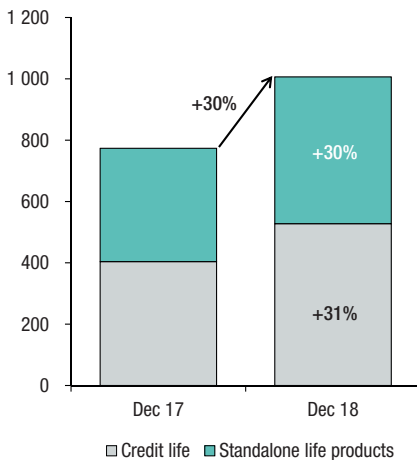


Value creation continues

Value of new business

Value of new business – all life products

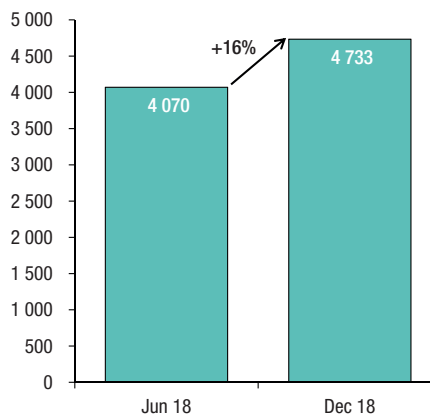
R million



Embedded value

Gross embedded value* – all life products

R million



* Gross embedded value is the amount before dividends declared.

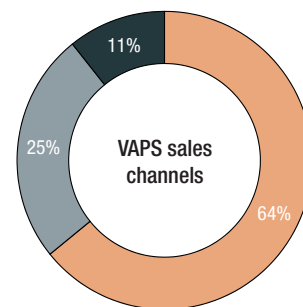
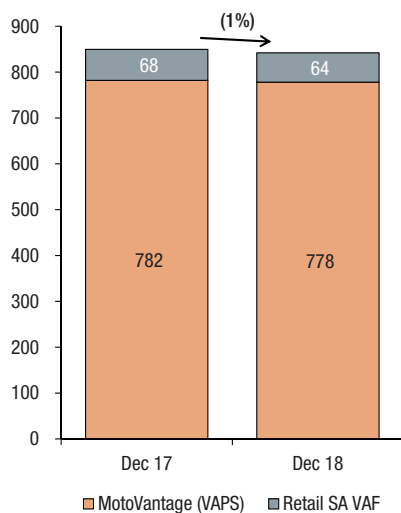
Note: FNB Life did a major rework of actuarial valuations in the 2018 financial year to allow for more experience, and to prepare the business for the introduction of SAM and the upcoming IFRS 17 changes. The new model is more accurate and the basis has been strengthened. December 2018 is comparable with June 2018.



WesBank's insurance tracking new unit volumes

Gross written premium (GWP)

R million



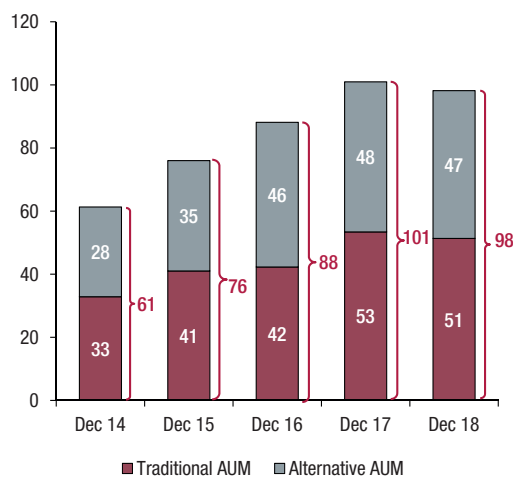
Point-of-sale
Telesales
Other



Ashburton AUM driven by growth in fixed income

Assets under management*

R billion

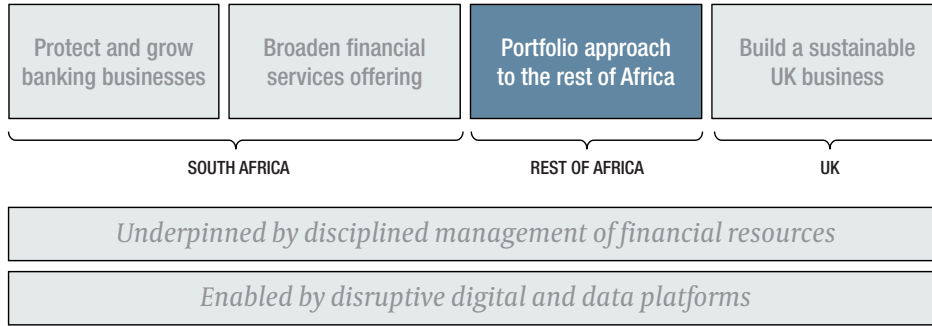


- Good new business flows from both traditional and alternative asset classes
 - Retail fixed income benefiting from market cycle and FNB distribution
 - New mandates in institutional fixed income benefiting from RMB credit origination
 - Offset by restructuring of capital guaranteed products

* AUM excludes conduits and is shown for pure asset management business. Includes AUM distributed through FNB channels managed by Ashburton Investments.

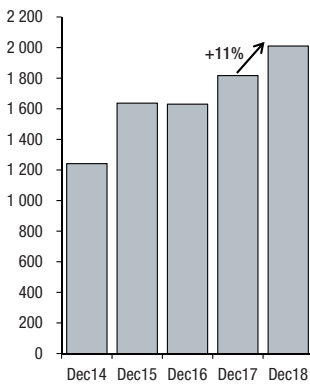


Measuring execution on strategic priorities

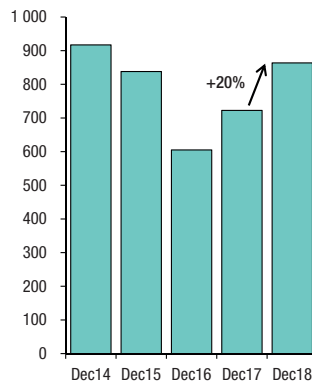


Improvement in emerging FNB businesses and continued strong CIB performance in the rest of Africa

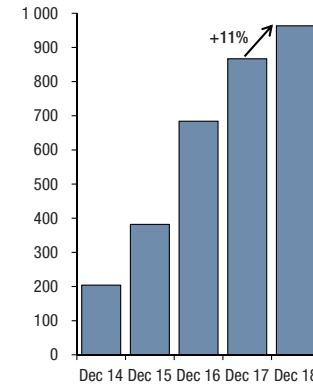
Group rest of Africa normalised PBT*
R million



FNB rest of Africa normalised PBT**
R million



RMB rest of Africa normalised PBT#
R million



Mature subs ROE = 22.3% – overall portfolio ROE of 16.8% reflects ongoing investment drag

* Strategy view – includes in-country and cross-border activities. Includes GTSY, but excludes FCC, FirstRand company and NCNR preference dividend. Comparatives have been restated to reflect the distribution of endowment and Group Treasury costs to the operating businesses as well as the move of WesBank Africa to FNB.

** Excludes India.

Strategy view including in-country and cross-border activities.

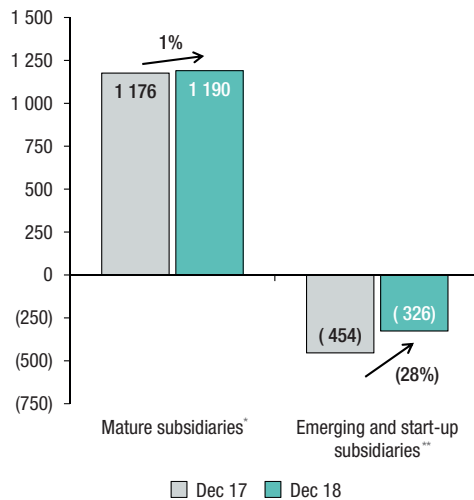
Note: ROEs based on legal entity (in-country) view.



FNB Africa – macro headwinds persist

Normalised PBT

R million



- Mature subsidiaries – constrained by credit provisions and macros
- Emerging and start-up subsidiaries
 - Remain subscale and vulnerable to macros
 - Benefited from conservative provisioning in previous periods

* Mature subsidiaries: Botswana, Namibia, Swaziland (gross of minority interests).

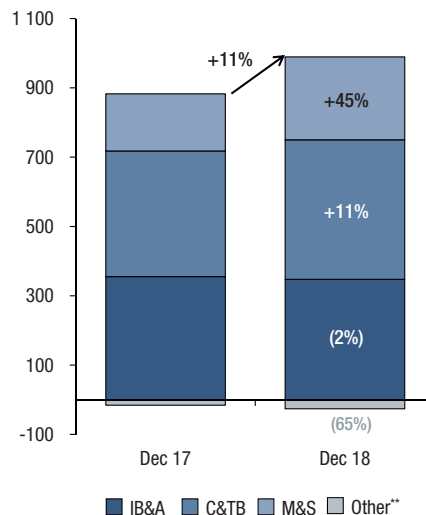
** Emerging and start-up subsidiaries: Lesotho, Mozambique, Zambia, Tanzania, Ghana and support (excludes India).



RMB's rest of Africa strategy continues to deliver growth

Rest of Africa* normalised PBT

R million



IB&A:

- Strong growth in lending revenue driven by solid asset growth and fee income
- Prior year benefited from release of credit provisions given improved macros and higher oil price

C&TB:

- Uptick in volumes on the back of key client acquisitions
- Continued growth in deposits
- Merchant services positively contributing to earnings
- Global FX supported by increased client volumes and wider margins
- Introduction of transactional banking in Nigeria
- Delivery of new platform investments gaining traction

M&S:

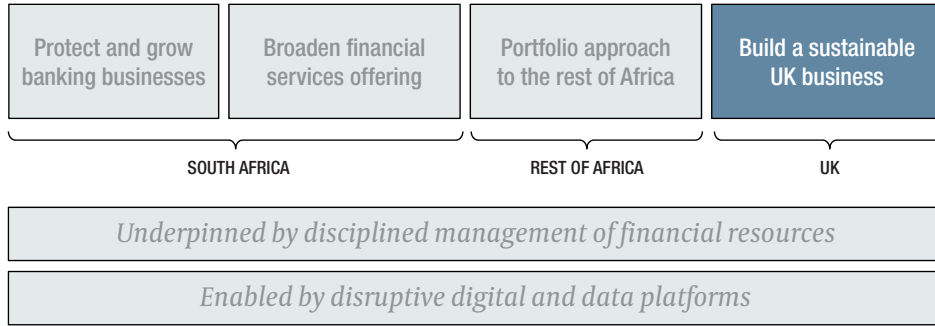
- Strong flow income at favourable margins, particularly in Nigeria

* Strategy view including in-country and cross-border activity.

** Includes central portfolios.

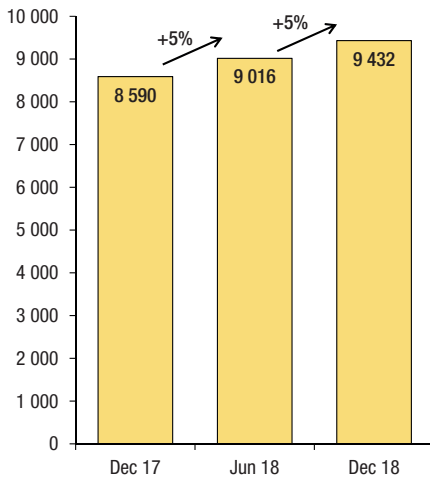


Measuring execution on strategic priorities

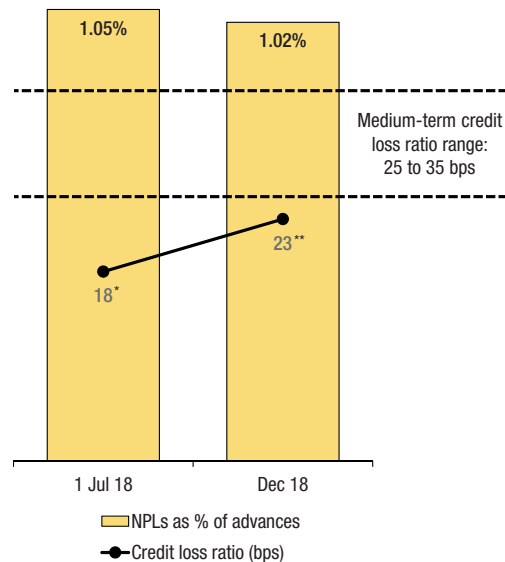


Aldermore advances and credit quality trends as expected

Advances
£ million



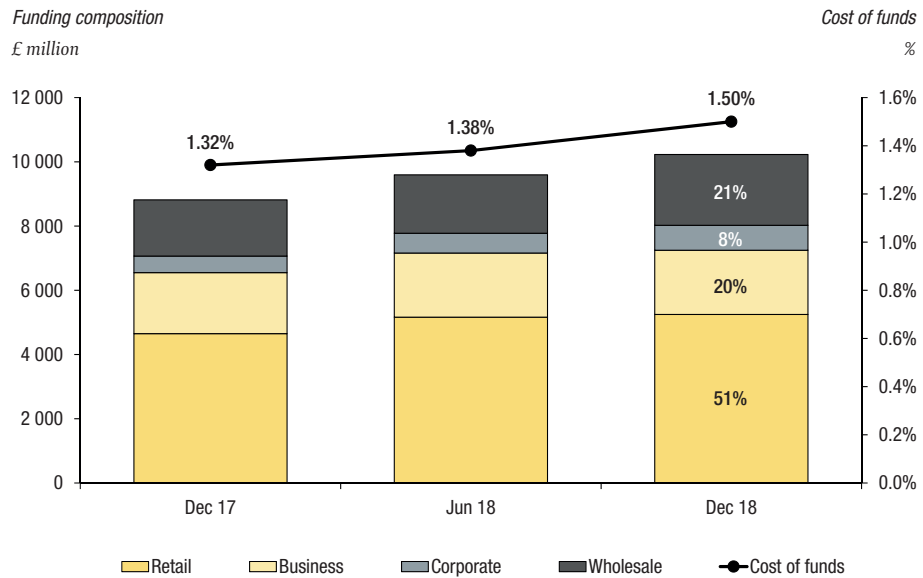
NPLs and credit loss ratio



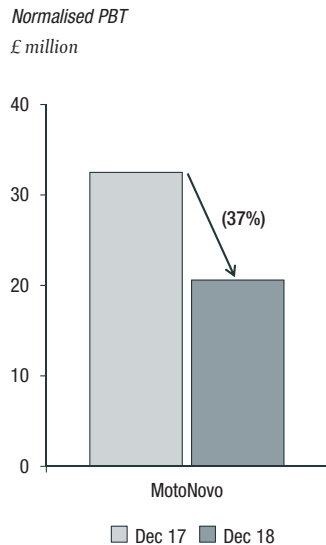
* Annualised credit loss ratio for the six-month period ended 30 June 2018.
 ** Annualised credit loss ratio for the six-month period ended 31 December 2018.



Aldermore funding strategy anchored around its deposit franchise



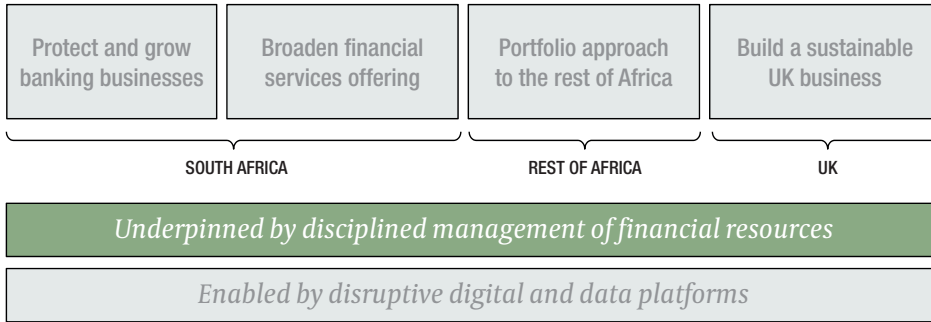
MotoNovo's performance reflects lower volumes, funding pressures and investment drag



- MotoNovo PBT down 37% in pound terms
- Advances flat
- Lower margins
 - Funding cost pressures
 - Competitor pricing (benefiting from relatively lower funding costs)
- Investment cost
 - findandfundmycar.com
 - Personal loans strategy unwind
- Marginal uptick in credit charge
- Integration into Aldermore on track – regulatory approvals expected before financial year end

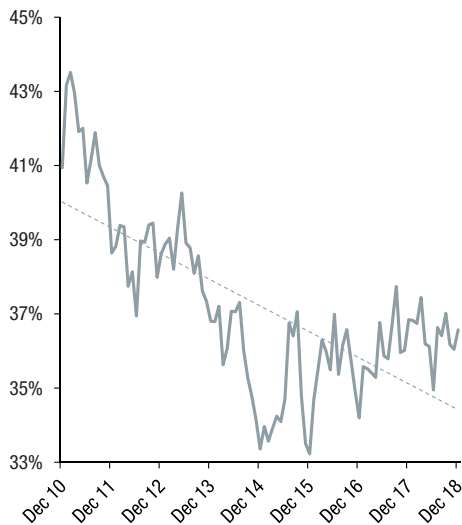


Measuring execution on strategic priorities

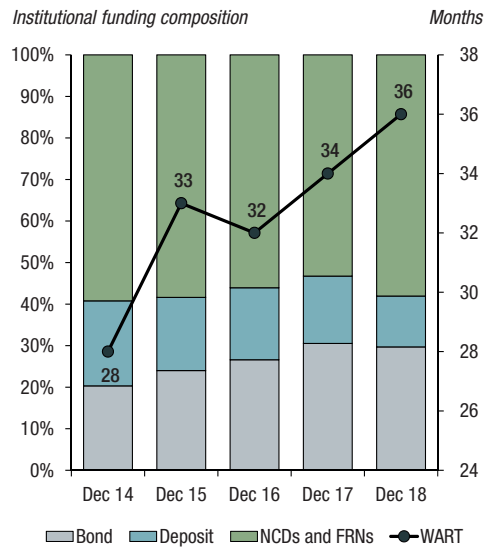


Group continues to optimise institutional funding profile

Institutional funding as % of total funding

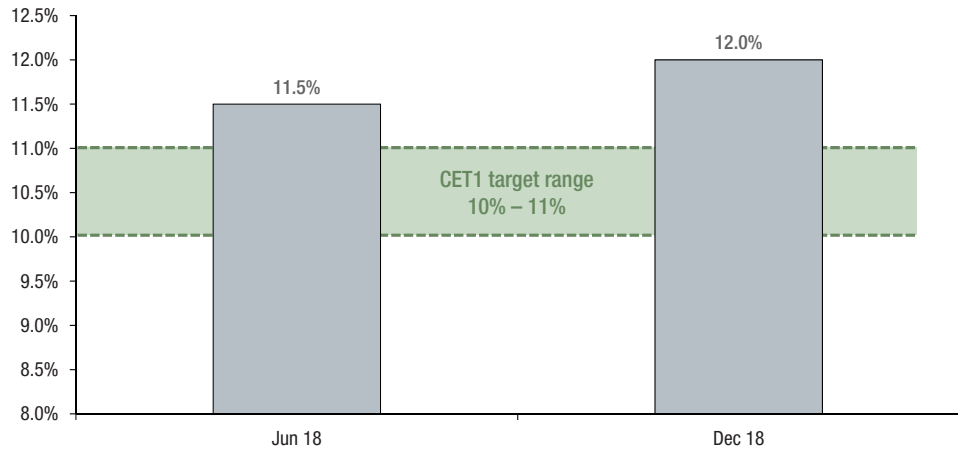


Diversified institutional funding mix and term profile



Strengthened CET1 position driven by Discovery card transaction and capital optimisation strategies

CET1 ratio

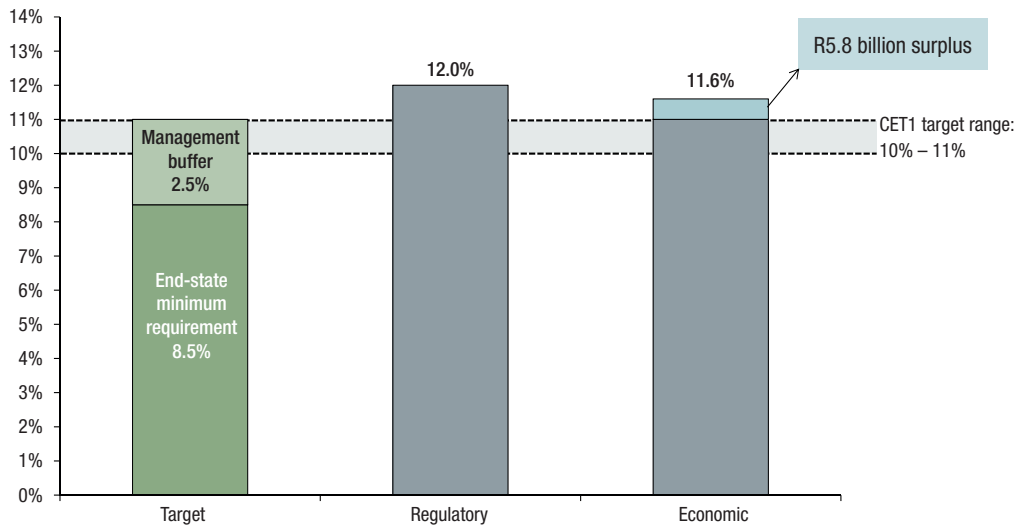


Group remains well above internal target range



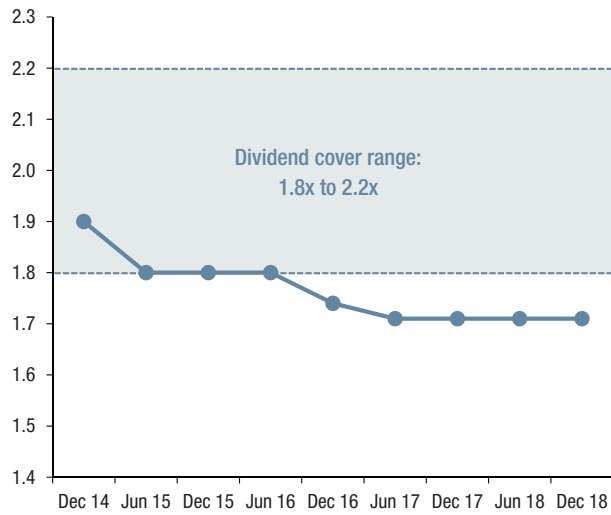
Surplus CET1 sufficient to support ongoing growth strategies

CET1 ratio



Solid capital position supports dividend strategy

Dividend cover (times)



- Payout continues to reflect
 - Group's high return profile
 - Solid capital position
 - Disciplined financial resource management
- Should capital demand increase to support sustainable growth, the board will revisit cover



Financial review

results
presentation '18
for the six months ended 31 December

Performance highlights (normalised)

	Dec 18	Dec 17	% change
Diluted EPS (cents)	237.8	222.1	7 ▲
Dividend per share (cents)	139.0	130.0	7 ▲
Earnings (R million)	13 342	12 461	7 ▲
NIACC (R million)	4 974	4 528	10 ▲
Net asset value per share (cents)*	2 202.2	2 014.2	9 ▲
Net interest margin (%)	4.76	5.28	▼
Credit loss ratio (%)	0.86	0.87	▼
Cost-to-income ratio (%)	52.4	51.7	▲
Return on assets (%)	1.71	1.99	▼
Return on equity (%)	22.3	22.5	▼
CET1 ratio** (%)	12.0	14.0	▼

* R5 485 million reduction in net asset value as at 1 July 2018 due to IFRS 9 and IFRS 15 resulted in a reduction of R0.98 net asset value per share.

** Includes unappropriated profits.



Unpacking Aldermore's total contribution to group's earnings

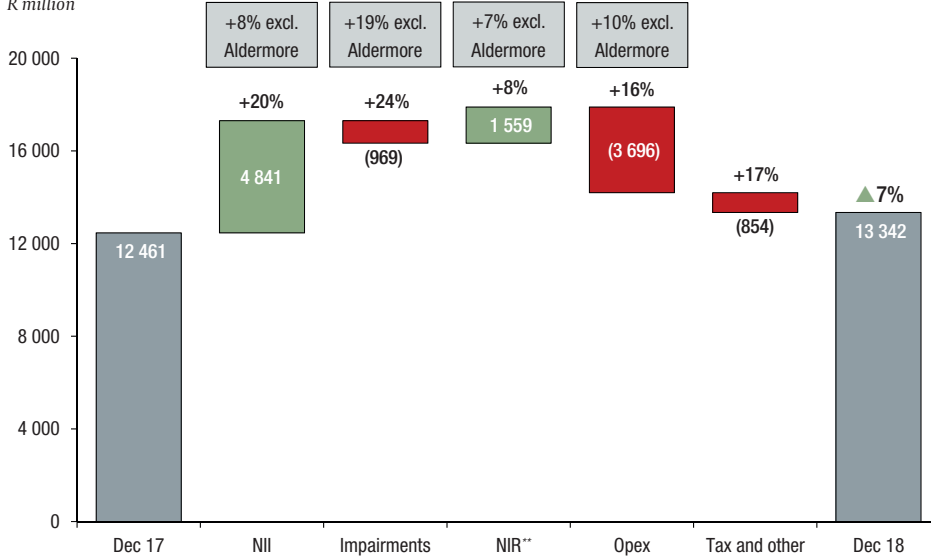
<i>R million</i>	Dec 18	Dec 17	% change
Normalised earnings reported	13 342	12 461	7 ▲
Less: net impact of Aldermore	289		
– Attributable earnings for 6 months	1 037		
– Foregone interest on capital deployed (post tax)	(530)		
– Amortisation of intangibles	(218)		
Normalised earnings (excluding Aldermore)	13 053	12 461	5 ▲



High quality topline growth maintained

Normalised earnings*

R million

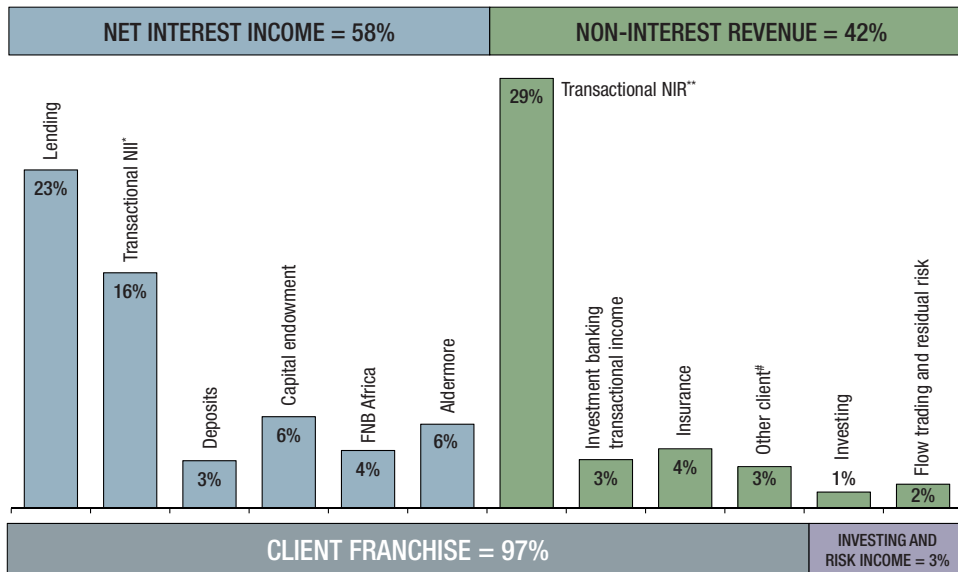


* Includes Aldermore.

** Includes income from associates and joint ventures.



Strength of client franchise reflected in revenue



* Includes transactional accounts and related deposit endowment, overdrafts and credit card.

** From retail, commercial and corporate banking.

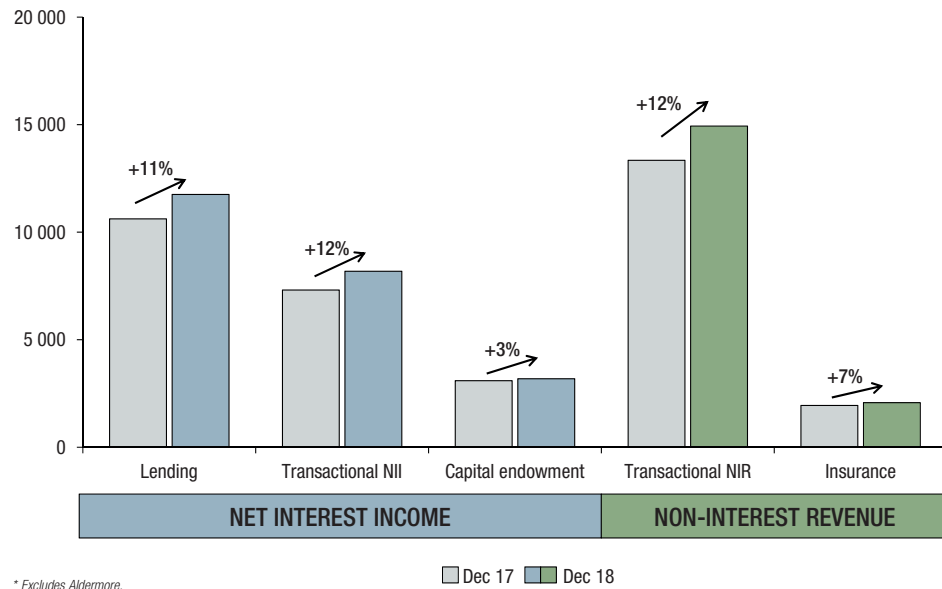
Includes all associates other than those relating to Private Equity.



Good growth across all drivers of topline

Gross revenue*

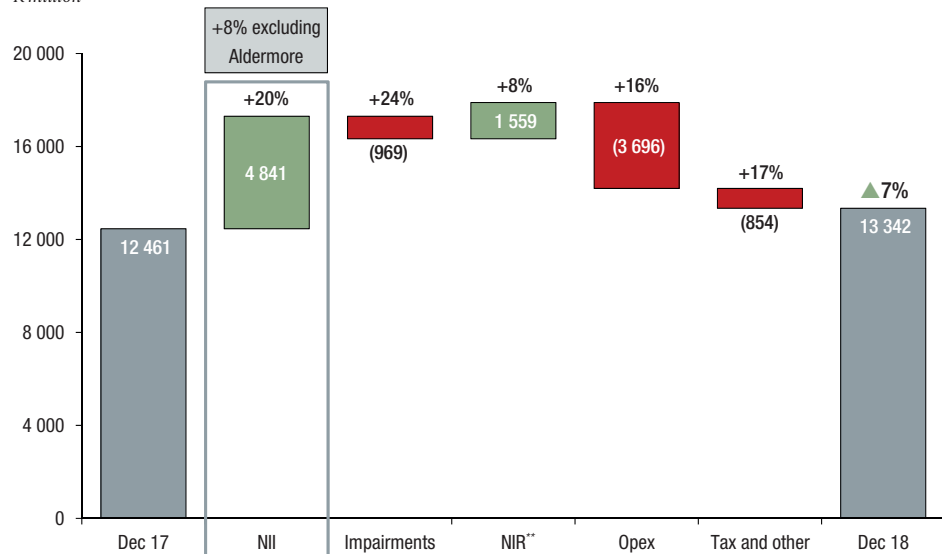
R million



High quality topline growth maintained

Normalised earnings*

R million



* Includes Aldermore.

** Includes income from associates and joint ventures.

NII driven by lending and transactional deposit growth

<i>Net interest income*</i> R million	Dec 18	Dec 17**	% change
Lending	11 756	10 620	11
Transactional NII#	8 184	7 310	12
Deposits	1 657	1 528	8
Capital endowment	3 186	3 095	3
Group Treasury	(1 001)	(99)	>100
FNB Africa	2 012	1 894	6
Other NII in operating businesses	687	217	>100
Total NII excluding Aldermore	26 481	24 565	8
Aldermore	2 925	-	-
Total NII including Aldermore	29 406	24 565	20

* After taking funds transfer pricing into account.

** Dec 17 numbers were restated in order to provide better attribution of NII by nature of activity.

Includes NII related to credit cards, overdrafts and transactional deposit products, and deposit endowment.



Unpacking Group Treasury NII

Interest rate and FX management

- Interest rate risk and FX management >R240 million

Group Treasury activities

- Foregone interest on capital deployed (>R730 million)
- Higher level of HQLA (>R600 million)
- Change in basis spreads (Prime vs Jibar) (>R110 million)

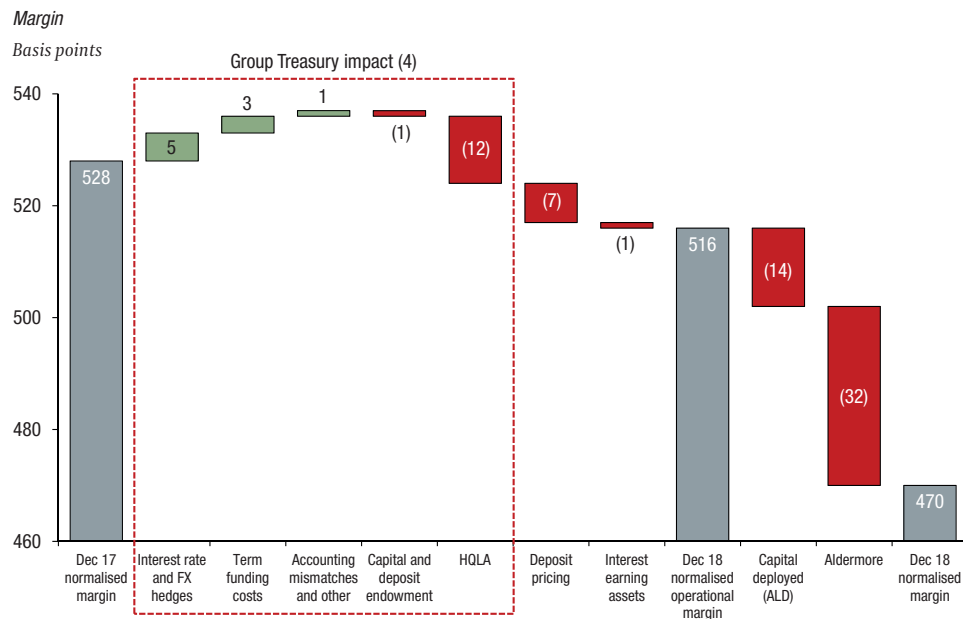
Accounting volatility in Group Treasury NII

- MTM on fair value of term and structured funding >R160 million
- Other* >R70 million

* Includes London branch and other mismatches in Group Treasury.



Deposit pricing and HQLA buildup impacted operational margin, Aldermore structurally lower



Structure of Aldermore balance sheet changes the group's overall margin

<i>Basis points</i>	FirstRand excl. Aldermore	Aldermore*
Advances margin	358	343
Deposit margin	224	-
Total margin	502	296
Overall weighting of average assets	85%	15%

Aldermore margin:

- Relatively weighted to secured advances
- Funding margin set off against advances
- No transactional NII
- Deposits are more rate sensitive
- No deposit endowment

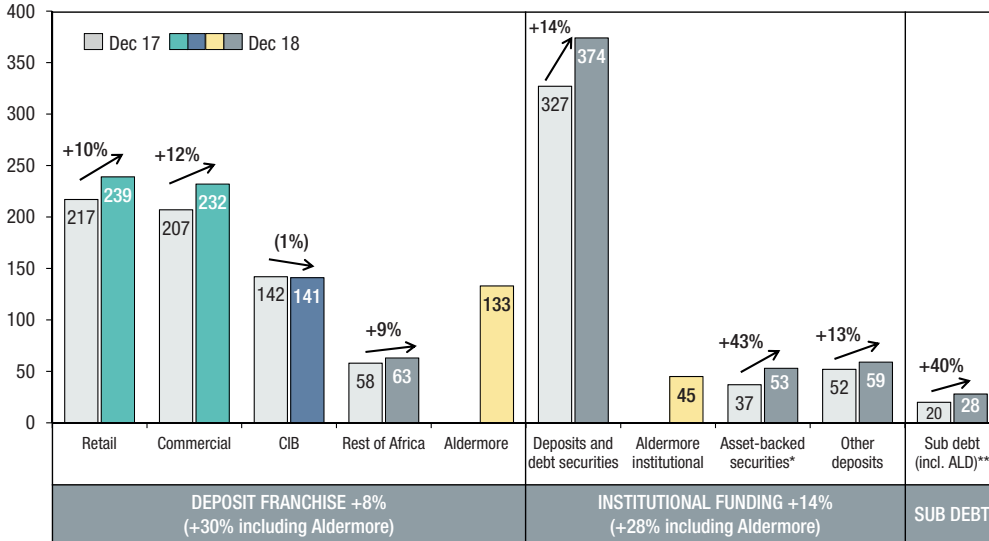
Group margin reset to 470 bps, at a better risk-adjusted return

* June 2018 basis for Aldermore restated.

Strong growth in deposit franchise across all segments

Liabilities

R billion



* Asset-backed securities include Aldermore's securitisations.

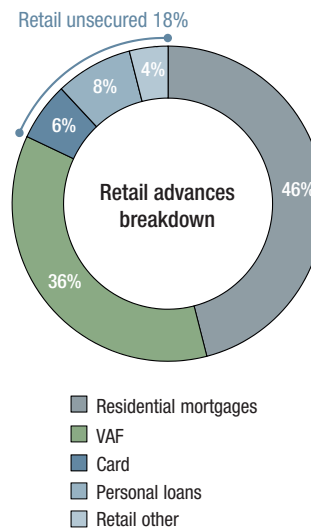
** December 2018 subordinated debt includes Tier 2 and Additional Tier 1 capital instruments.

Note: Percentage growth is based on actual rather than rounded numbers shown in the bar graphs.



Retail advances growth reflects targeted origination strategies

R million	Dec 18 IFRS 9	Dec 17 IAS 39	% change
Residential mortgages	210 484	198 704	6
VAF	165 215	157 566	5
– WesBank	105 684	103 789	2
– MotoNovo*	59 531	53 777	11
FNB card	24 799	20 805	19
Discovery card	4 314	4 258	1
Personal loans	36 791	29 867	23
– FNB	20 072	14 562	38
– DirectAxis	15 884	14 369	11
– MotoNovo	835	936	(11)
Retail other	16 982	15 101	12
Retail advances excluding Aldermore**	458 585	426 301	8
Aldermore – retail	114 066	-	-
Retail VAF securitisation notes	25 994	24 238	7
Rest of Africa advances	54 548	51 522	6



* MotoNovo VAF book £3.25 billion (-2% from 1 July 2018 IFRS 9) (December 2017: £3.24 billion, June 2018: £3.32 billion).

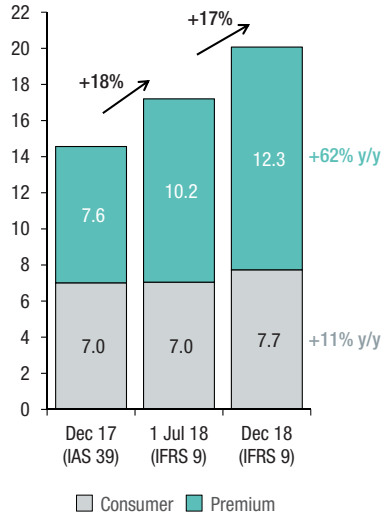
** Aldermore advances £9.43 billion (+5% from 1 July 2018 IFRS 9) (June 2018: £9.02 billion).



Strong origination reflects activation of digital channels and is underpin to transactional strategy

FNB personal loans

R billion



Breakdown of premium personal loans growth of 62%

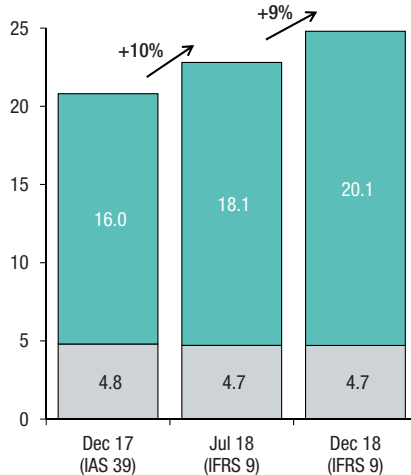
- 20% – Up-sell and migration from consumer
- 20% – Displacing other providers of credit to FNB-banked customers
- 14% – Cross-sell to existing and new customers
- 8% – Lengthening of write-off period (IFRS 9)



Strong origination reflects activation of digital channels and is underpin to transactional strategy

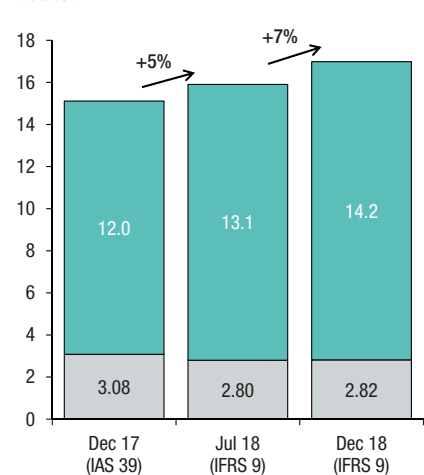
FNB card advances

R billion



*Other retail advances**

R billion



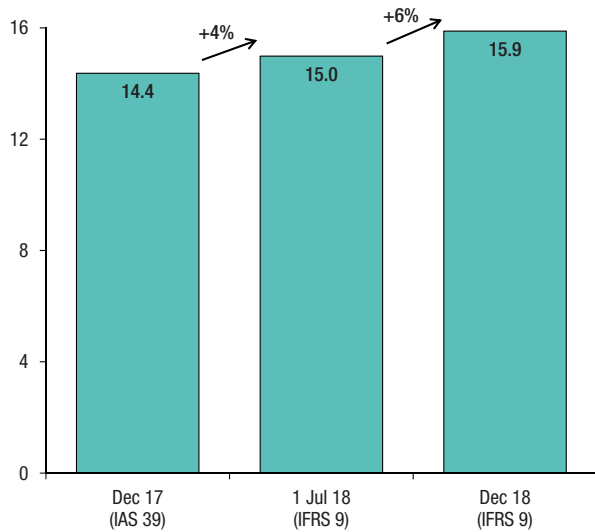
Consumer Premium

* Transactional account-linked overdrafts and revolving term loans.
Note: Prior period advances figures have been restated for Discovery card.



DirectAxis advances growth trend maintained

DirectAxis advances
R billion

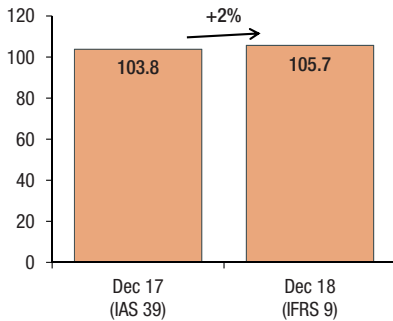


- Continued optimisation of direct marketing channels
- Streamlined approval processes



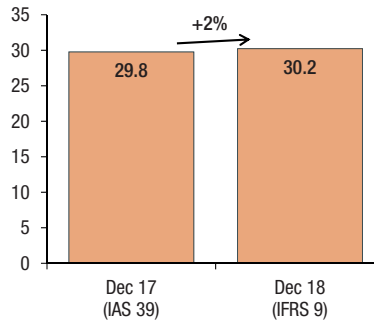
VAF advances impacted by disciplined origination in tough market

Motor advances
R billion



- Normalised business production is up 3.2%
 - New business production down 6.5% (including VW rundown)
 - Implemented focused risk cuts
- NAAMSA new vehicle sales down 1%

Corporate and commercial advances
R billion



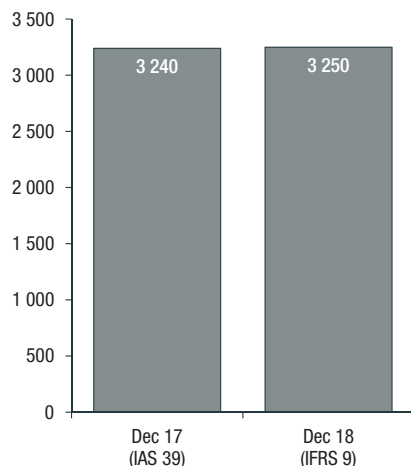
- Business production down 14.3% impacted by:
 - Competitor pricing
 - New competitor in yellow metal
- Partly offset by strong FML growth (+16%)



MotoNovo advances impacted by subdued new business volumes

MotoNovo advances

£ million



New business volumes in MotoNovo contracted 18% in pound terms (10% in rand terms)

Cutback in risk appetite

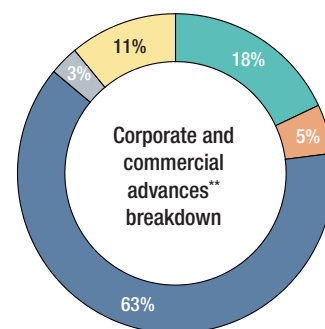
Reduction in new and used car sales

Uncompetitive funding cost



RMB corporate and FNB commercial advances growth reflect strength of client franchises

R million	Dec 18 IFRS 9	Dec 17 IAS 39	% change
CIB core advances – South Africa	265 026	250 387	6
– Investment banking	198 628	193 181	3
– HQLA corporate advances	14 644	16 980	(14)
– Corporate banking	51 754	40 226	29
CIB core advances – rest of Africa*	52 324	37 825	38
CIB total core advances**	317 350	288 212	10
FNB commercial	97 546	87 900	11
WesBank corporate	30 226	29 768	2
RMB repurchase agreements	39 903	19 580	>100
Corporate and commercial advances	485 025	425 460	14
Aldermore corporate advances	58 749	-	-



- FNB commercial
- WesBank corporate
- RMB
- FCC
- Aldermore

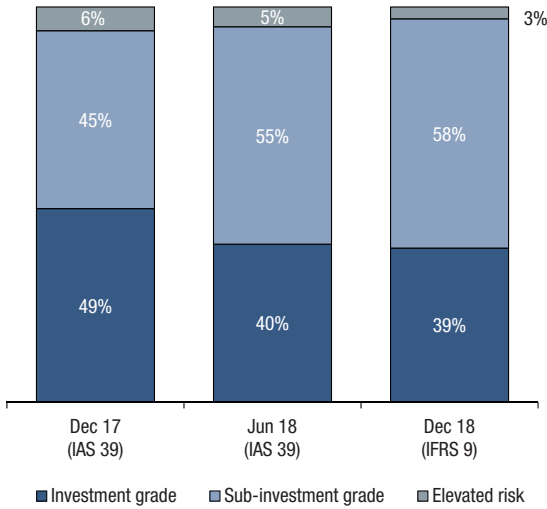
* Includes cross-border and in-country advances.

** Excludes RMB repurchase agreements.



CIB rating profile reflects sovereign downgrade and origination strategy

Wholesale credit performing book*



- Underlying quality of portfolio remains unchanged
- Strong portfolio coverage ratios maintained at 98 bps
- Cross border up 21% in USD off a low base

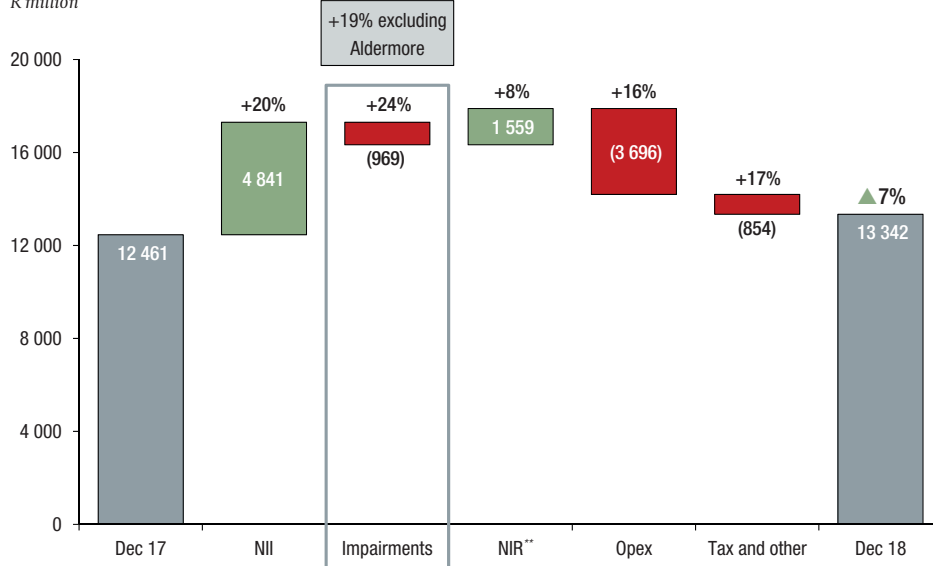
* International scale based on EAD.



High quality topline growth maintained

Normalised earnings*

R million



* Includes Aldermore.

** Includes income from associates and joint ventures.



IFRS 9 structurally rebases NPLs and provisions upwards

	1 July 2018 impact	
	Provision balance	NPLs balance
Interest in suspense	▲ > R2.1 billion	▲ > R2.1 billion
Customer rehabilitation	▲ > R2.0 billion	▲ > R4.0 billion
Forward looking – Performing book – Arrears: lifetime losses	▲ > R6.6 billion	N/A
Lengthening of write-off period	Only impacted post 1 July 2018	

Adoption of IFRS9 on 1 July 2018 impacts NPLs and provisions –
so 1 July 18 and Dec 18 comparable



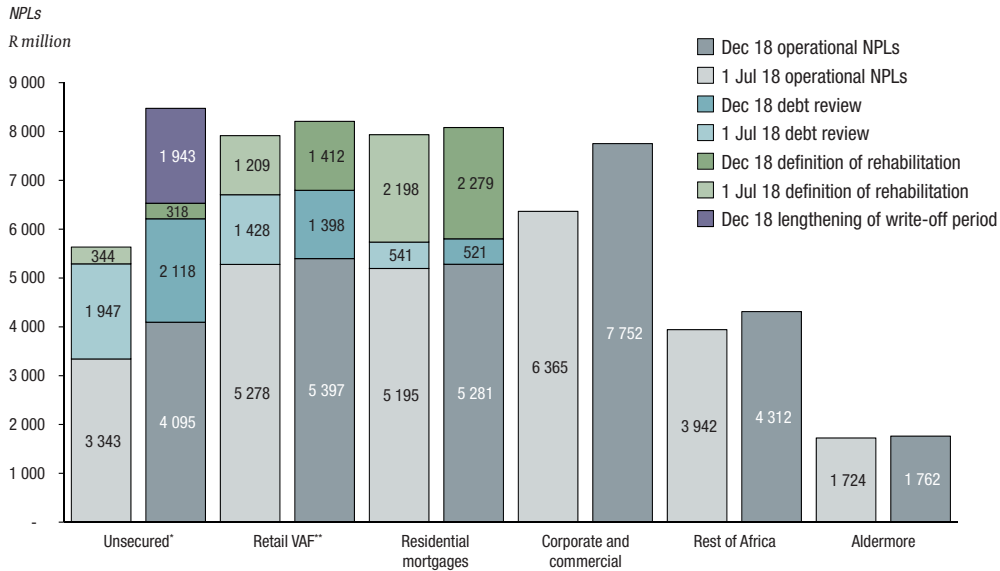
Unpacking NPLs: IFRS 9 vs operational

		R million
1 Jul 18 to Dec 18 NPL	▲ 15%	5 074
– Restructured debt review		121
– Definition of customer rehabilitation		258
– Lengthening of write-off period		1 943
Operational NPLs	▲ 11%	2 572

Note: Excluding Aldermore.



Increase in operational NPLs within expectations and trend rate given growth in underlying advances

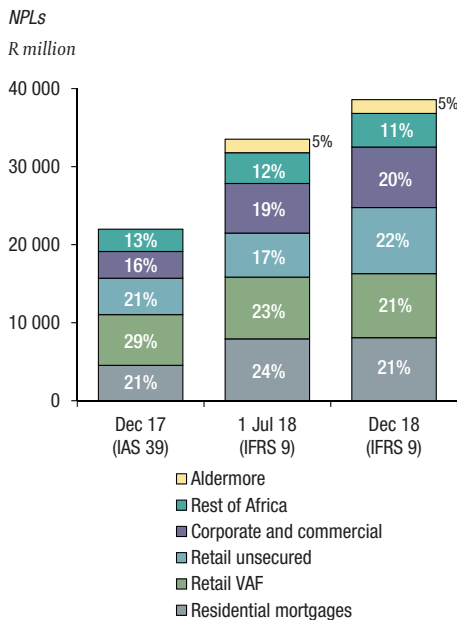


* Unsecured includes NPLs relating to MotoNovo personal loans (amounts immaterial).

** Retail VAF includes NPLs from MotoNovo, to which debt review is not applicable (SA only 2018: R7 099 million; 1 July 2018: R6 877 million).



Specific coverage remains appropriate



Coverage ratios
%

	Dec 18 IFRS 9	1 Jul 18 IFRS 9
Retail – secured	28.1	27.5
Residential mortgages	22.5	21.6
VAF	33.6	33.3
– SA	32.3	32.0
– MotoNovo	42.1	41.9
Retail – unsecured	78.9	76.0
Credit card	82.4	85.9
Personal loans*	76.5	71.4
Retail – other	82.2	80.2
Corporate and commercial	50.0	51.6
Rest of Africa	56.6	55.5
Specific impairments excl. ALD	47.7	44.4
Portfolio impairments excl. ALD**	38.6	45.1
Total excluding Aldermore	86.3	89.5
Aldermore	16.7	13.5
Specific impairments incl. ALD	46.3	42.8
Portfolio impairments incl. ALD**	38.1	44.0
Total including Aldermore	84.4	86.8

* Includes FNB and WesBank loans, and MotoNovo personal loans.

** Includes portfolio overlays.



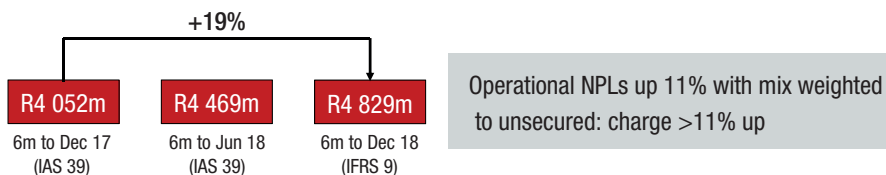
Portfolio provision coverage remains conservative

	Dec 18 IFRS 9		1 Jul 18 IFRS 9	
	Including Aldermore	Excluding Aldermore	Including Aldermore	Excluding Aldermore
Portfolio impairments as % of performing book	1.26	1.43	1.33	1.51
Stage 1 (%)	0.68	0.77	0.68	0.77
Stage 2 (%)	7.79	8.56	8.95	9.95
Portfolio impairments (R million)	14 696	14 215	14 735	14 330
Stage 1 (R million)	7 333	7 015	6 988	6 715
Stage 2 (R million)	7 363	7 200	7 747	7 615
Credit loss ratio (%)	0.86	0.96	0.84*	0.90*

* IAS 39 credit loss ratio.



Credit charge decomposition

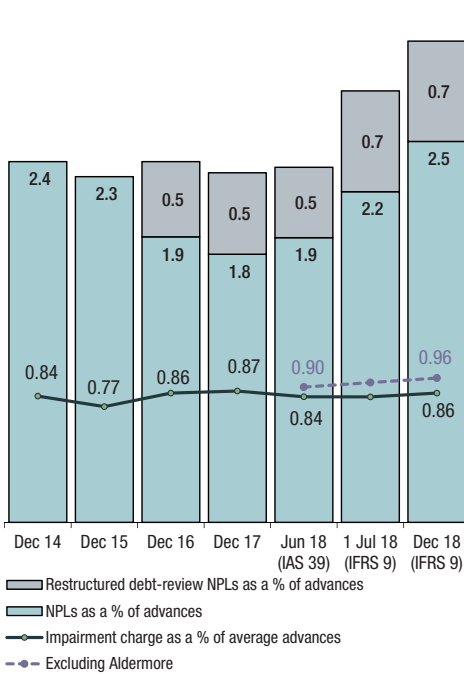


IFRS 9 not material on a net basis, however, directionally impacted as follows:

<p>Performing book: higher coverage</p> <ul style="list-style-type: none"> – Unsecured: 3 months increased to 12 months – Secured: 6 months increased to 12 months <p>Arrears changed to lifetime losses</p> <p>Lengthening of write-off period</p> <ul style="list-style-type: none"> – Conservatism built into the charge <p>Definition of customer rehabilitation</p>	<p>Credit charge front loaded on origination</p>	<p>▲</p> <p>▲</p> <p>▲</p> <p>▼</p> <p>▲</p> <p>–</p>
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Despite credit charge, trend still below TTC levels

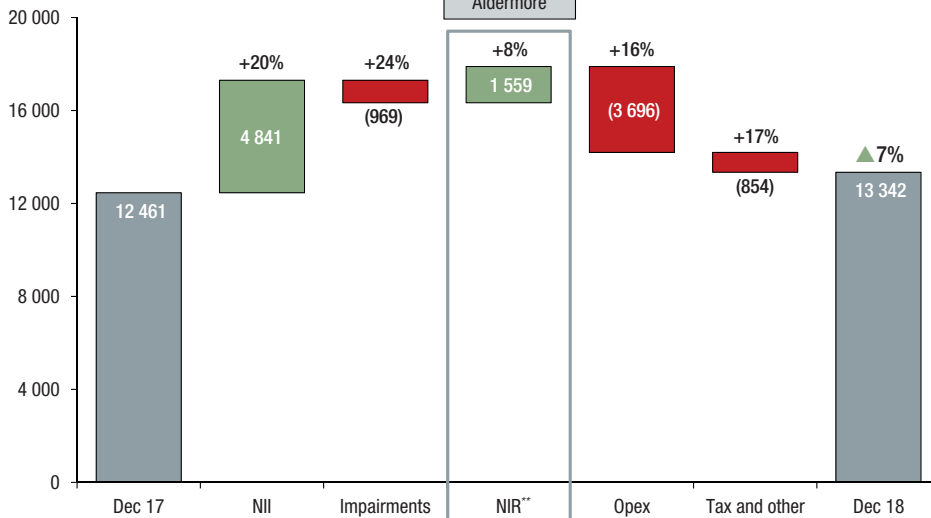


Credit loss ratio %	Dec 2018 IFRS 9	Dec 2017 IAS 39
Retail – secured	0.72	0.84
Residential mortgages	0.09	0.15
VAF	1.51	1.72
– SA	1.48	1.80
– MotoNovo	1.55	1.58
Retail – unsecured	5.95	5.48
Credit card	2.74	2.41
Personal loans	7.43	6.51
– FNB	7.03	5.53
– DirectAxis	8.60	7.54
– MotoNovo	(4.06)	6.15
Retail – other	8.31	8.48
Total retail	1.64	1.60
Corporate and commercial	0.30	0.17
Rest of Africa	1.39	1.49
FCC (incl. Group Treasury)	0.02	(0.02)
Total excluding Aldermore	0.96	0.87
Aldermore	0.23	-
Total including Aldermore	0.86	0.87

High quality topline growth maintained

Normalised earnings*

R million



* Includes Aldermore.

** Includes income from associates and joint ventures.

Total NIR growth underpinned by resilient client-franchise performance, offset by lower private equity income

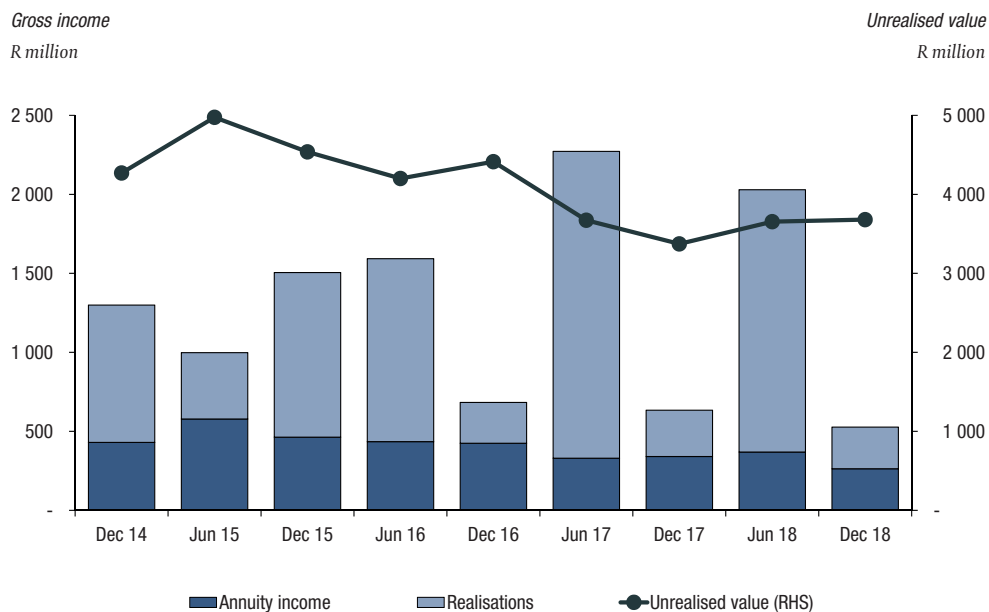
<i>NIR</i> <i>R million</i>	Dec 18 IFRS 9	Dec 17 IAS 39	% change
Total fee and commission income, insurance, markets and other	20 773	19 170	8
Fee and commission income	15 632	13 956	12
Insurance income	2 072	1 942	7
Markets, client and other fair value income	1 837	2 066	(11)
Other	1 232	1 206	2
Total investment income	788	832	(5)
Investment income	307	344	(11)
Equity-accounted earnings	481	488	(1)
Total non-interest revenue	21 561	20 002	8

Driven by pricing review, client and volume growth

Reflects lower equity earnings



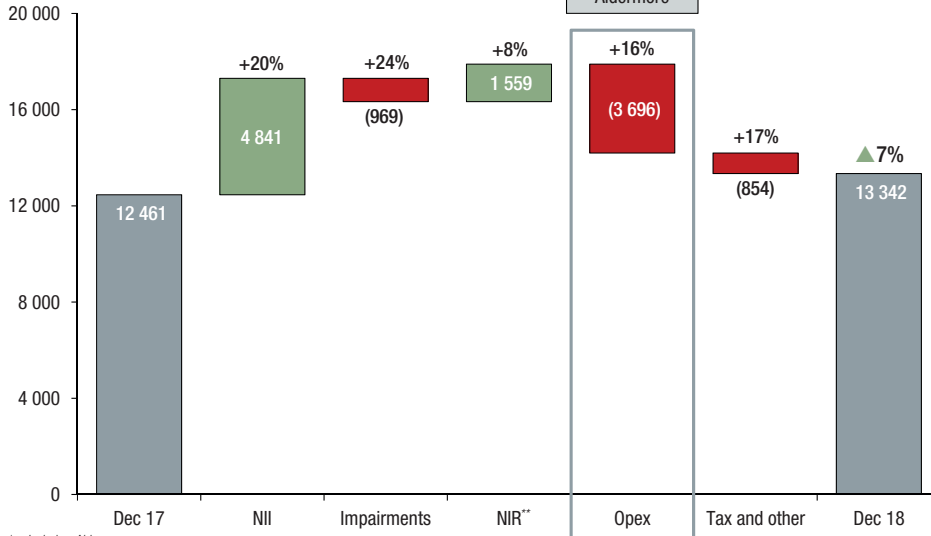
Private equity now in an investment cycle



High quality topline growth maintained

Normalised earnings*

R million



* Includes Aldermore.

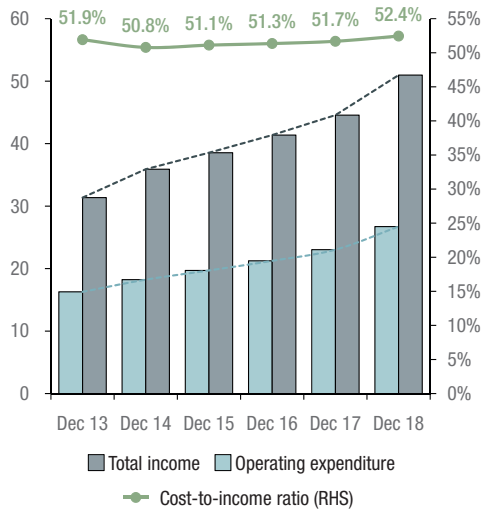
** Includes income from associates and joint ventures.



Cost growth reflects continued investment for growth

R billion

Cost-to-income ratio



Overall costs up 16%:

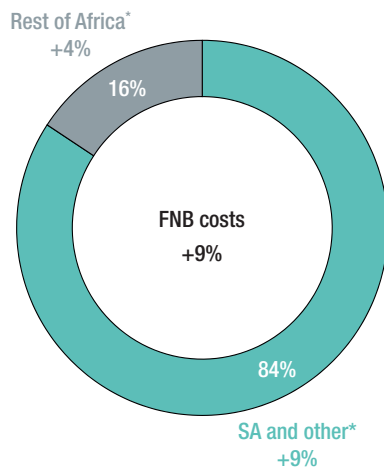
- Aldermore contributed 6% to overall cost growth
- Amortisation of Aldermore intangible assets +1%

9% growth in remaining costs driven by:

- Headcount increase 5% to >47 000 with above-inflation salary adjustments
- Continued investment in growth strategies, systems and platforms
- IFRS 9 cost once off and ongoing



FNB's costs driven by continued investment in growth initiatives

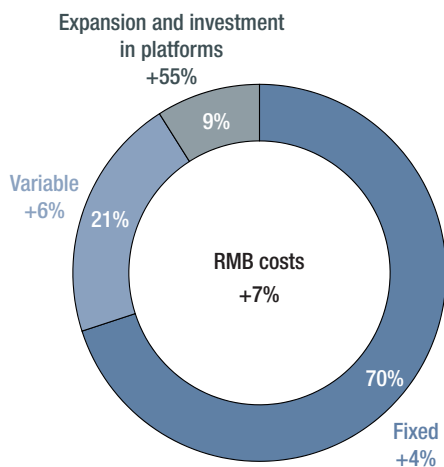


- Growth initiatives
 - Insurance and WIM build-out
 - Card acquiring (PowerCARD)
 - Branch digitisation
 - Technology infrastructure
- Majority of development costs are expensed
- Cost-to-income ratio improved to 51.0% (Dec 2017: 52.1%), despite investments

* Rest of Africa excludes India, which is shown as part of SA and other in the chart. FNB discontinued its activities in India in 2017. The reduction in FNB India operating expenses benefited SA and other cost growth – excluding India, SA costs increased 10%.



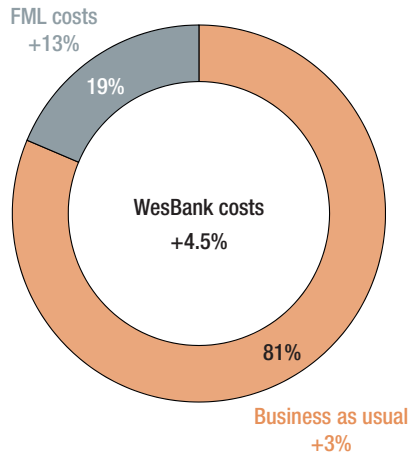
RMB's fixed cost growth contained, ongoing investment in platforms



- Investment spend targeted at:
 - Africa expansion
 - Global Markets infrastructure programme
 - Ongoing platform enhancements
 - Digital and data capabilities
- Below-inflation growth on fixed cost base
- Efficiency gains from:
 - Historical platform investments
 - Ongoing automation initiatives
- Cost-to-income ratio improved to 45.7% (Dec 17: 46.5%)



Subdued topline and growth in FML strategy impacted WesBank's cost-to-income ratio



- Operating expenses +4.5%
 - FML costs up due to volume growth
- Continued investment in IT and data analytics capabilities
- Cost-to-income ratio increased to 48.0% (Dec 17: 46.2%), due to pressure on income



Summing up

Revenue growth +7% (14% incl. Aldermore)

- Deposit growth +11% (29% incl. Aldermore)
- Advances growth +9% (28% incl. Aldermore)
- Strong NIR growth benefited from volume and customer growth

Bad debts +19% (24% incl. Aldermore)

- At 96 bps (86 bps incl. Aldermore), in line with expectations
- IFRS 9 had a structural impact on NPLs
- Portfolio provisions remained conservative
- NPLs up 15% (16% incl. Aldermore) since 1 Jul 18

Opex growth* +9% (16% incl. Aldermore)

- Continued investments
- Negative jaws impacted cost-to-income ratio

Dividend +7%

- Year-end dividend cover maintained
- Payout ratio of 58.5%
- Dividend growth in line with earnings growth

* 9% is the operational cost growth pre-amortisation of intangibles relating to Aldermore acquisition and excludes Aldermore. 16% overall cost growth includes amortisation of Aldermore intangibles and Aldermore expenses.





Prospects

results
presentation '18
for the six months ended 31 December

Prospects

- South Africa
 - Macro fundamentals will not change quickly – domestic economic activity and confidence expected to remain weak
 - However:
 - Lending and transactional franchises have good momentum and are well positioned to benefit from any uptick in system growth
 - Elevated private equity realisations in the second half of the previous financial year will constrain short-term growth
- Rest of Africa
 - Early signs that economic activity is improving – the portfolio expected to show continued improvement



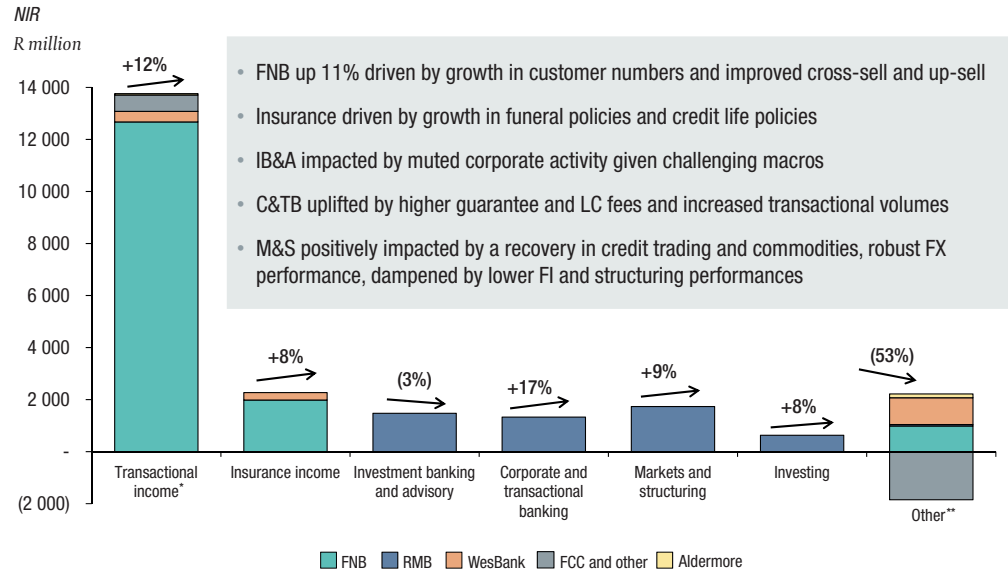
Prospects

- UK
 - Continue to expect a soft Brexit deal will emerge and this should support a rebound in the UK economy
 - Aldermore growth trajectory expected to slow marginally due to:
 - MotoNovo integration costs
 - Investments into building scale in systems and processes
 - Expected normalisation of the cost of credit given the maturing Aldermore portfolios



Appendix

Unpacking NIR per operating business



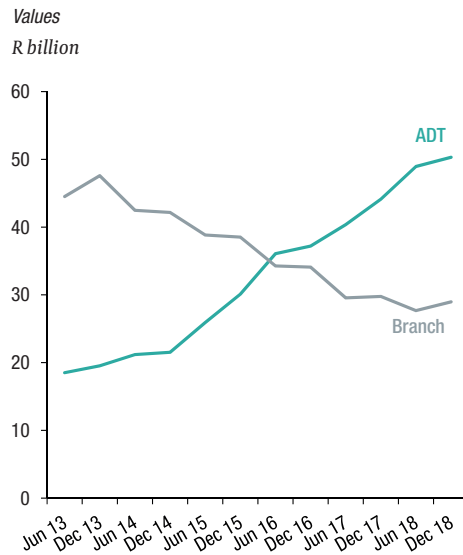
* Excludes RMB transactional income.

** Other includes FCC (including Group Treasury) and other.

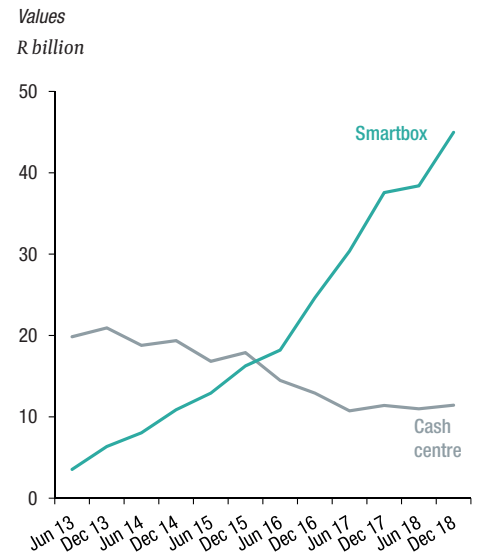


FNB's shift in physical platforms driving customer behaviour

Deposit values (excl. cheques) – branches vs ADTs



Deposit values – smartbox vs cash centres



Recalibration of branch network continues

INFRASTRUCTURE COST REDUCTION	INVESTMENT TO TAKE OUT MORE COSTS	FOCUS ON GROWTH IN LONG-TERM COSTS
<ul style="list-style-type: none"> Branch costs 1% Branch m² (9%) Outcomes-based remuneration paying off Branch fitment is more cost effective Average new branch configuration reduced to R4.2 million 	<ul style="list-style-type: none"> Electronic channels Growth in ADT device cash Flat Smartbox devices (business cash processing) +20% Digital capabilities in branch activations App +32% Online +15% 	<ul style="list-style-type: none"> Staff costs +4% Long-term leases +3% Rationalise: <ul style="list-style-type: none"> Property portfolio Operational process Location

Percentages shown above relate to year-on-year changes for points of presence.



1 July 2018 IFRS 9 restatement impact on equity

Affected balance R million	Day 1 adjustment (actual)
Provision increase (ECL)	(8 598)
Stage 1	(2 440)
Stage 2	(3 452)
Stage 3	(2 706)
Current and deferred tax	2 161
Remeasurement	896
ISP due to difference in coverage ratio	430
Other	(300)
Net impact on equity	(5 411)

Lift in total impairment coverage ratio and reduction in CET 1 ratio

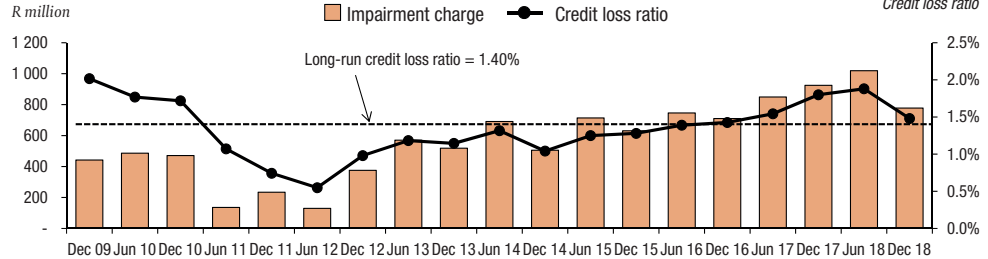


Credit portfolios

WESBANK RETAIL SA VAF

Impairment charge

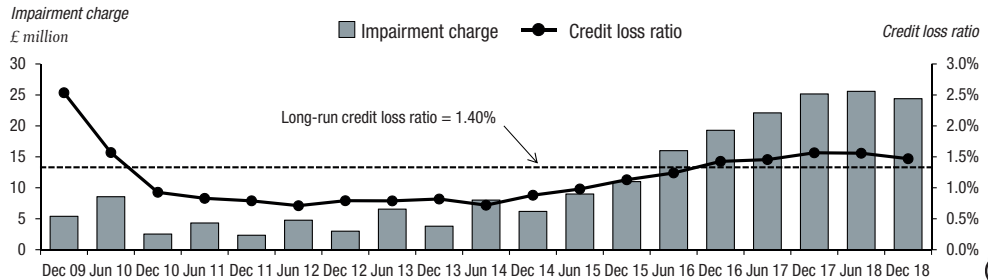
R million



MOTONOVO (UK)

Impairment charge

£ million

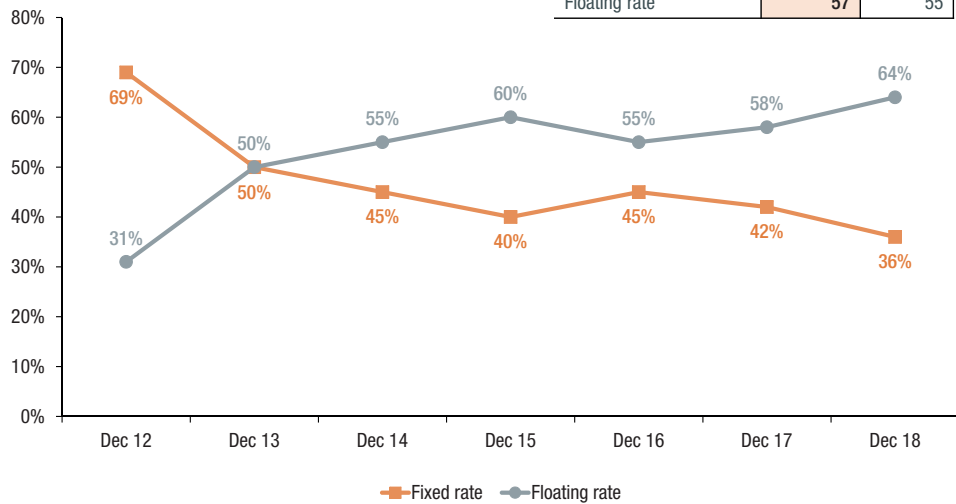


Margin pressure from shift in rate mix in WesBank's VAF book

Proportion of retail VAF SA new business

% of total advances

	Dec 18	Dec 17
Fixed rate	43	45
Floating rate	57	55



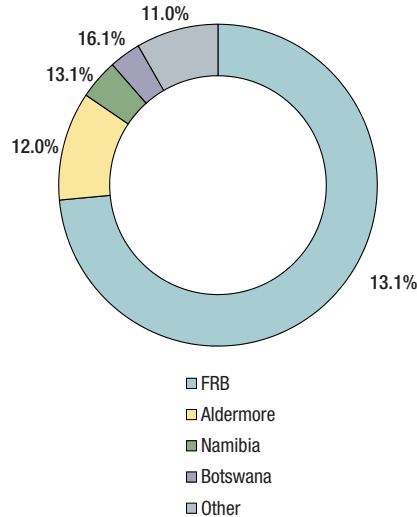
Aldermore impairment does not impact capitalisation in the bank and other regulated entities

Divergence between bank and group CET1 ratios

%	Dec 18 IFRS 9	Jun 18 IAS 39	Dec 17 IAS 39
FirstRand Bank CET1	13.1	12.7	13.9

%	Dec 18 IFRS 9	Jun 18 IAS 39	Dec 17 IAS 39
FirstRand CET1	12.0	11.5	14.0
Aldermore intangibles	0.8	1.0	-
FirstRand CET1 pre-impairment	12.8	12.5	14.0

Standalone capitalisation remains solid



Credit performance reflects origination strategies and prudent provisioning in prior periods

Asset class	Contribution to I/S impairment charge	Credit loss ratio	Specific coverage*	Portfolio coverage*	Commentary
Residential mortgages	2%	0.09% ▼	↑	↔	<ul style="list-style-type: none"> Model calibration and changes benefiting charge
VAF SA	15%	1.48% ▼	↑	↓	<ul style="list-style-type: none"> Tightening risk appetite in higher-risk origination buckets, specifically in the self-employed and small business segments
MotoNovo (VAF UK)	9%	1.55% ▼	↑	↑	<ul style="list-style-type: none"> Risk cuts over the last 24 months, however, NPL formation remains elevated, reflecting new business strain given strong book growth over multiple periods and the impact of business written prior to the risk cuts in the previous year

* Movement since 1 July 2018.

Credit performance reflects origination strategies and prudent provisioning in prior periods

Asset class	Contribution to I/S impairment charge	Credit loss ratio	Specific coverage*	Portfolio coverage*	Commentary
Card	8%	2.74% ▲	↓	↑	<ul style="list-style-type: none"> Reflecting new business strain, particularly on the back of cross-sell and up-sell strategies
Personal loans	26%	7.43% ▲	↑	↓	<ul style="list-style-type: none"> Higher operational NPLs in personal loans, but in line with expectations, given the strong book growth
Retail other	14%	8.31% ▼	↑	↔	<ul style="list-style-type: none"> Growth in charge expected given customer acquisition and credit cross-sell

* Movement since 1 July 2018











Credit performance reflects origination strategies and prudent provisioning in prior periods

Asset class	Contribution to I/S impairment charge	Credit loss ratio	Specific coverage*	Portfolio coverage*	Commentary
Corporate	6%	0.17% ▲	↑	↓	<ul style="list-style-type: none"> Migration of certain secured counterparties, with a normalisation of the credit charge in the current period
Commercial	7%	0.78% ▲	↓	↓	<ul style="list-style-type: none"> FNB commercial NPLs increased 17% since 1 July 2018, primarily due to increases in higher collateralised agric NPLs and increases in commercial property finance and specialised finance
Rest of Africa	9%	1.39% ▼	↑	↓	<ul style="list-style-type: none"> Proactive provisioning in the prior financial year, although ongoing tough macros in some jurisdictions the group operates in resulted in a 9% increase in NPLs since 1 July 2018

* Movement since 1 July 2018.












Retail advances growth reflects appropriate origination strategies

RETAIL ADVANCES			
Mortgages	Affordable housing	SA VAF (WesBank)	UK VAF (MotoNovo)
 <ul style="list-style-type: none"> Continued focus on origination quality Uptick in last quarter Tracked industry trend 	 <ul style="list-style-type: none"> Credit demand and performance remain robust 	 <ul style="list-style-type: none"> Volumes resilient and appetite reduced for higher-risk customers 	 <ul style="list-style-type: none"> Market position and performance remain strong Risk appetite conservatism
Card	Personal loans	Rest of Africa	Transactional facilities
 <ul style="list-style-type: none"> Growth following FNB customer cross-sell strategy and transactional spend growth Growth constrained in consumer segment 	 <ul style="list-style-type: none"> Customer migration and cross-sell driving growth. Growth, mainly in premium segment Activation of digital-led origination grew new business volumes 	 <ul style="list-style-type: none"> Moderating growth and appetite with focus on FNB-banked customers Cautious lending given challenging macros 	 <ul style="list-style-type: none"> Ongoing cross-sell and lending activation Moderating in consumer segment, growth mainly in premium segment



Targeted lending strategies in corporate and commercial

COMMERCIAL ADVANCES					
Working capital	Commercial property finance	Agri finance	Asset-backed finance	Small businesses (SMEs)	Rest of Africa
 <ul style="list-style-type: none"> Organic growth to existing clients with increasing utilisation levels Selective acquisition of new clients 	 <ul style="list-style-type: none"> Remain focused on banked owner-occupied – selective acquisition of multi-tenanted deals 	 <ul style="list-style-type: none"> Continue to diversify exposure across commodities and geographically 	 <ul style="list-style-type: none"> Growth focus on customers across targeted industries Cross-sell to banked clients 	 <ul style="list-style-type: none"> Continue to cross-sell to relationship base with some tightening on new-to-bank and higher risk business 	 <ul style="list-style-type: none"> Unlocking synergies and renewed focus to grow upper end of mid and large corporate segments
CORPORATE ADVANCES					
Domestic short-term lending	Domestic long-term lending	Rest of Africa strategy			
 <ul style="list-style-type: none"> Increase in utilisation of working capital facilities Maintained SOE limits 	 <ul style="list-style-type: none"> Tracking nominal GDP 	 <ul style="list-style-type: none"> Driven by resource and industrial finance in presence jurisdictions 			

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



Coverage breakdown: residential mortgages

<i>Type</i>	R million	Specific coverage ratio
Sold property awaiting registration	281	28.3%
Deceased	929	18.3%
Debt review – mostly paying per agreement	1 543	26.2%
Insolvencies and litigation	1 758	25.8%
Non-debt review – payments being made	1 809	19.5%
Other	1 761	20.4%
Total	8 081	22.5%



Coverage breakdown: retail VAF (SA)

<i>Type</i>	R million	Specific coverage ratio
Technical NPL – debt review	578	17.9%
Technical NPL – arrears	1 412	7.9%
Restructured debt review	818	33.4%
Non-restructured debt review	435	38.7%
>3 months missed instalments	1 951	43.0%
Repossession	278	42.0%
Legal action for repossession	1 149	41.8%
Other (includes absconded, insurance and alienations)	478	41.1%
Total	7 099	32.3%





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