FIRSTRAND

STRONG GROWTH IN EARNINGS AND RETURNS CONTINUES AT FIRSTRAND
Normalised earnings up 20% and ROE at 23.4%

Johannesburg, 4 March 2014 – FirstRand Limited (FirstRand) today reported results for the six months to 31 December 2013, with its portfolio of financial services franchises producing another strong performance.

HIGHLIGHTS

- Normalised earnings improved 20% to R8.7 billion.
- The Group's normalised return on equity (ROE) and return on assets (ROA) continued to trend upwards to 23.4% and 1.97% respectively.
- Dividend cover of 2.0x with an interim dividend declared of 77.0 cents per share.
- Balance sheet remains strong; the Group is very well capitalised with a total capital adequacy ratio of 16.2%.

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

> *"These results are very pleasing given how challenging the operating environment has been with all three of FirstRand's operating franchises, FNB, RMB and WesBank, delivering good operational performances, characterised by topline growth, profitability and excellent returns.*
>
> *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 resilient new business growth and RMB's diversified corporate and investment banking portfolio produced both good growth in profits and higher returns."*

The Group's income statement benefited from an increase of 20% in net interest income (NII). This was driven by good growth in new business in all of the large retail and commercial portfolios of FNB and WesBank, with RMB continuing to grow its core corporate lending book strongly, particularly driven by activities in the rest of Africa where advances more than doubled to R25 billion.

Total non-interest revenue (NIR) increased 8%, underpinned by ongoing fee and commission income growth at FNB. WesBank continued to derive good growth in its full maintenance rental book. Despite subdued corporate activity levels in its local market, knowledge-based fees at RMB remained resilient with client execution activities particularly benefiting from deployment in the rest of Africa.

Impairments and non-performing loans (NPLs) in all of the Group's lending portfolios are trending in line with expectations, reflecting decisions taken as early as 2011 to reduce origination in high risk segments, particularly in the unsecured lending market. Absolute NPLs decreased 8%, mainly as a result of continuing reductions in FNB's residential mortgages book, where NPLs reduced 22%. NPLs in FNB's personal loans book were flat.

All three of the franchises continue to focus on cost control, however, ongoing investment in growth strategies within South Africa, the rest of Africa and India continues. The Group's cost-to-income ratio reduced to 52.2%.

Nxasana believes that the Group is well positioned to weather what is expected to be a tougher macro environment, particularly for the consumer.

> *"GDP growth has to date been supported by wage inflation, consumption and government spending, and these trends are all slowing down. Although manufacturing, exports and investments will provide some underpin to growth, South Africa has now entered an interest rate hiking cycle which will place further pressure on the South African consumer.*
>
> *"Against this background, the Group believes that its strategy to grow customers, drive NIR and exercise discipline in its credit origination strategies in the retail market, particularly over the past 18 months will place it in a position to outperform the tougher local economic environment. In addition, our expanding footprint in the rest of Africa is delivering good growth in profits, despite the considerable investment that is taking place.*
>
> *"Going forward we will continue to execute on our strategies and focus on growing the topline and delivering returns."*

ENDS