



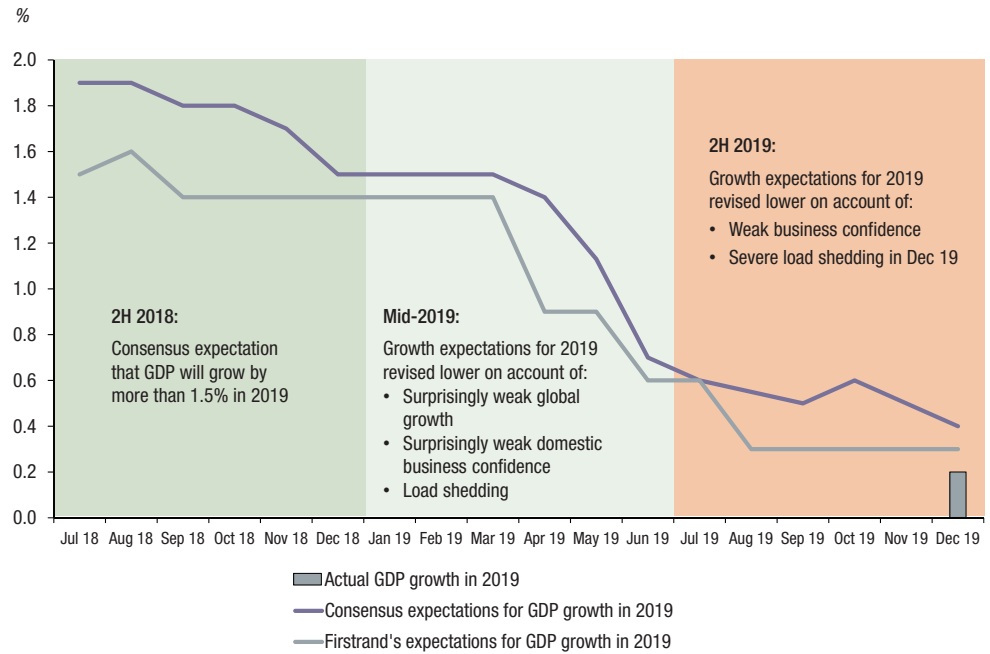
FirstRand

2019

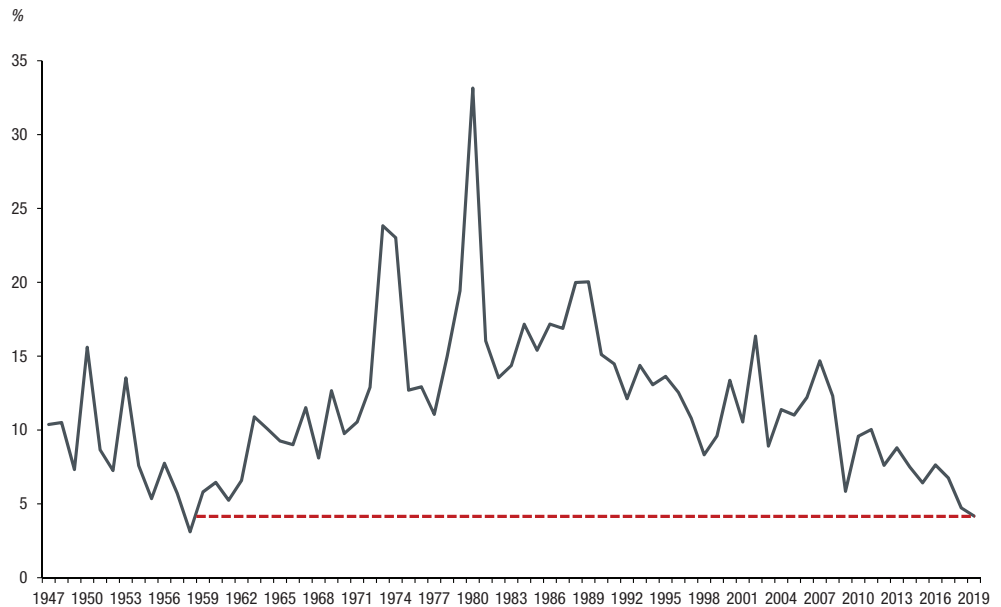
**results presentation**  
*for the six months ended 31 December*



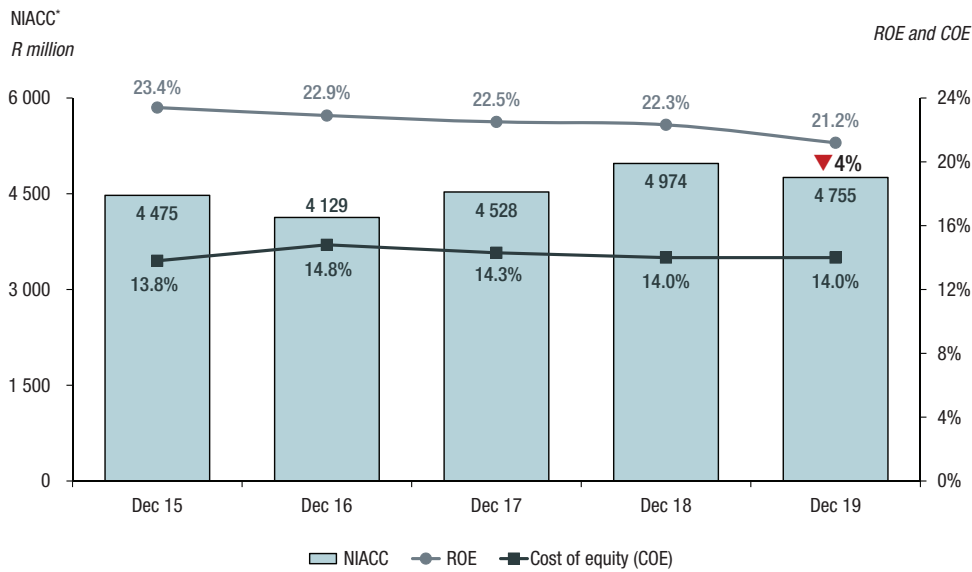
...against an **ever-deteriorating macro backdrop**



Nominal GDP growth rate at **worst level since 1957**



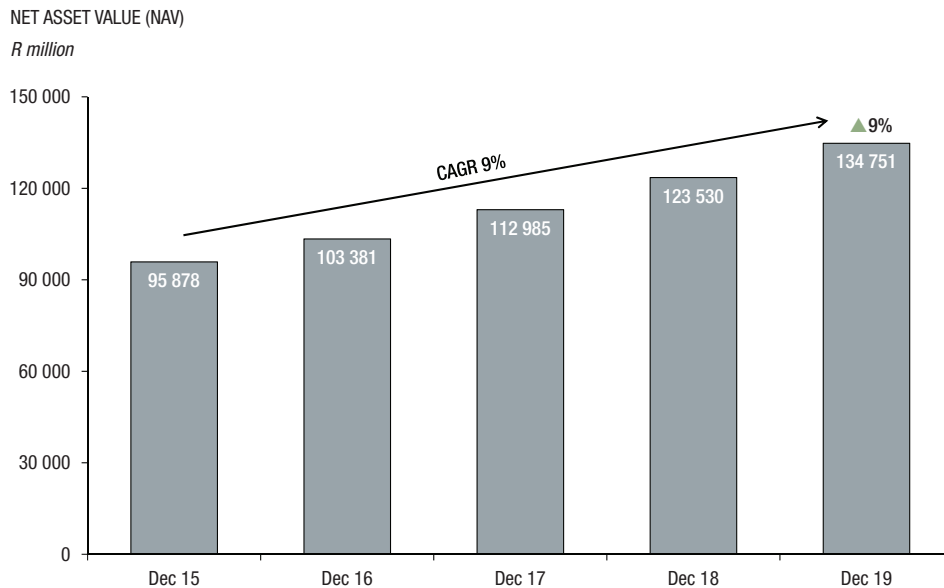
## Value creation continued, NIACC reflects lower gearing and reduction in ROA



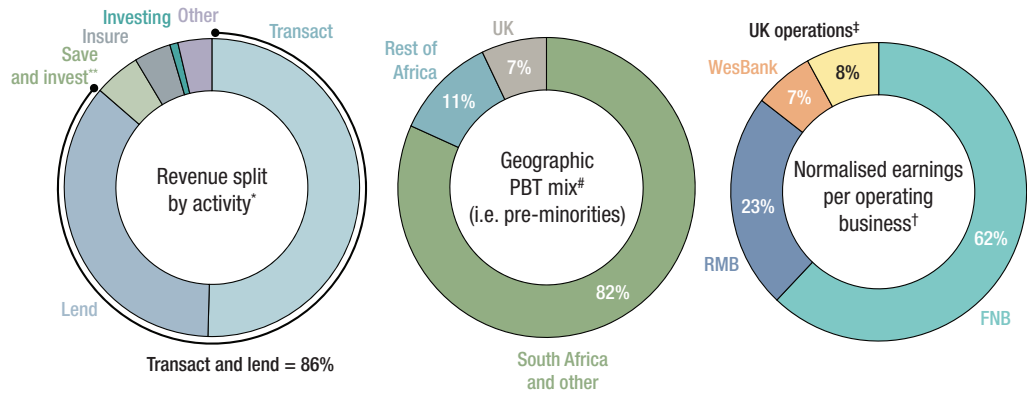
\* Net income after cost of capital.



## NAV demonstrates consistent shareholder value creation



## Current portfolio mix – activity, geography and business



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

\*\* Includes deposit taking and investment management.

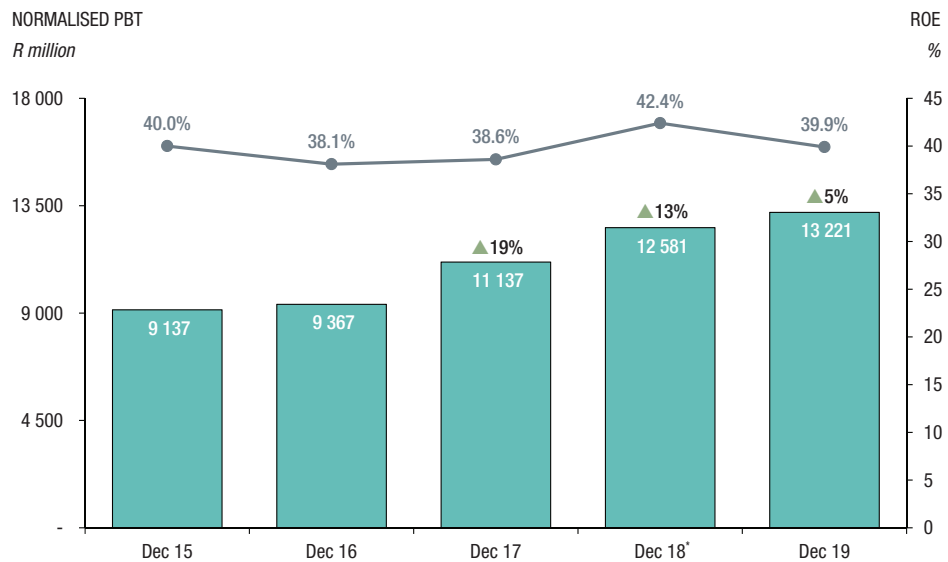
# Includes Group Treasury and Ashburton, excludes remainder of FCC, FirstRand company and consolidation adjustments.

† Excludes FCC (incl. Group Treasury), FirstRand company, consolidation adjustments and dividends on other equity instruments.

‡ Includes Aldermore group and MotoNovo standalone (i.e. new and back book).



## FNB PBT growth trend slowing

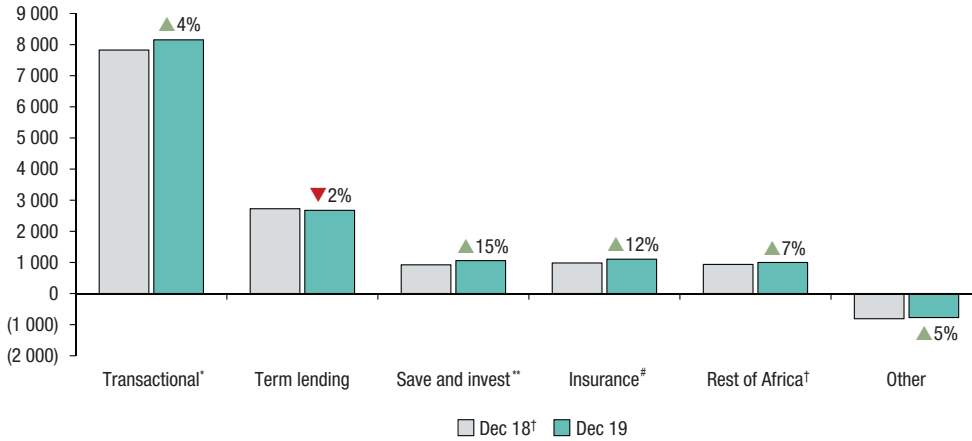


\* Dec 18 figures have been restated for intergroup cost recoveries and funding.



## Transactional slowing, pleasing growth from **diversification strategies**

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.

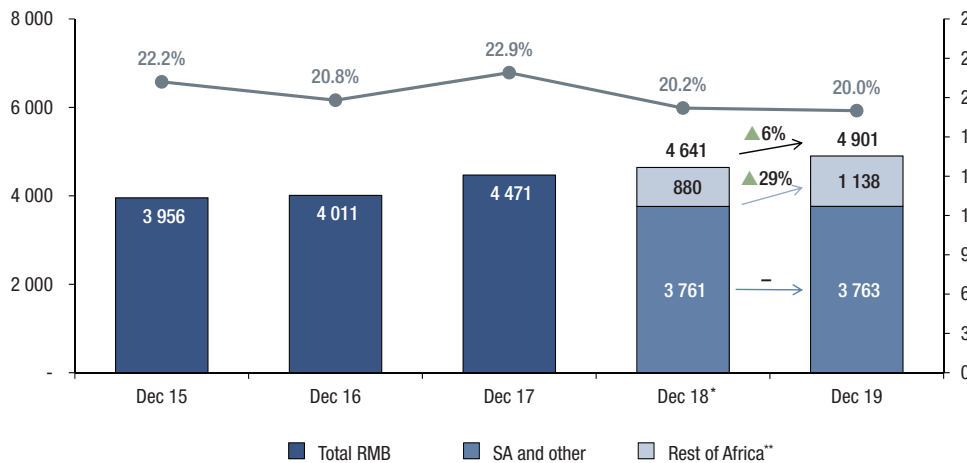
† Dec 18 figures have been restated for intergroup cost recoveries and funding.



## RMB performance driven by **growth in client activities**

NORMALISED PBT  
R million

ROE  
%

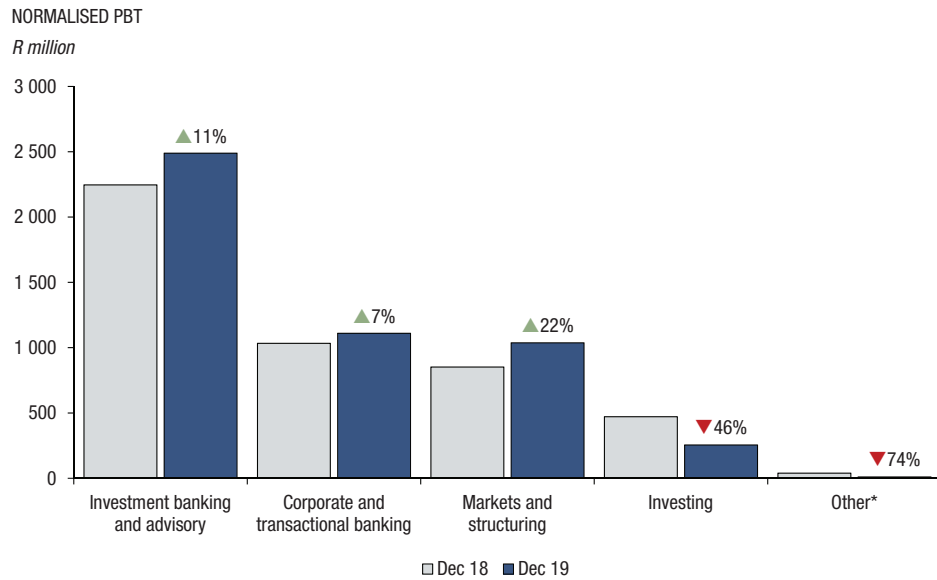


\* Dec 18 figures have been restated for intergroup cost recoveries and funding.

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



## Strong performance from portfolio despite **non-repeat** of Private Equity realisations

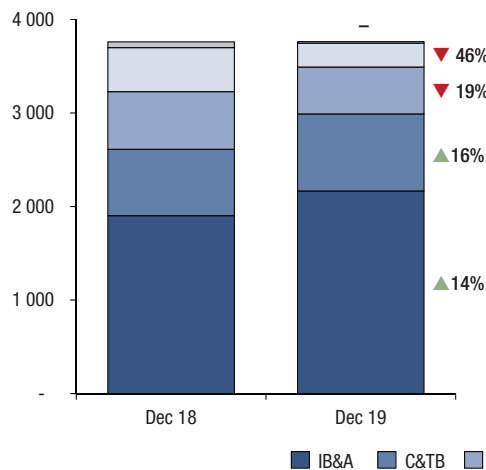


\* Includes investment management and other central portfolios.

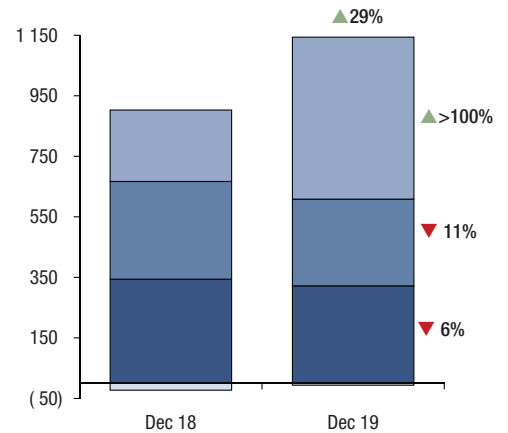


## SA flat, growth in rest of Africa underpinned by markets and structuring

RMB SOUTH AFRICA AND OTHER NORMALISED PBT  
R million



REST OF AFRICA\* NORMALISED PBT  
R million

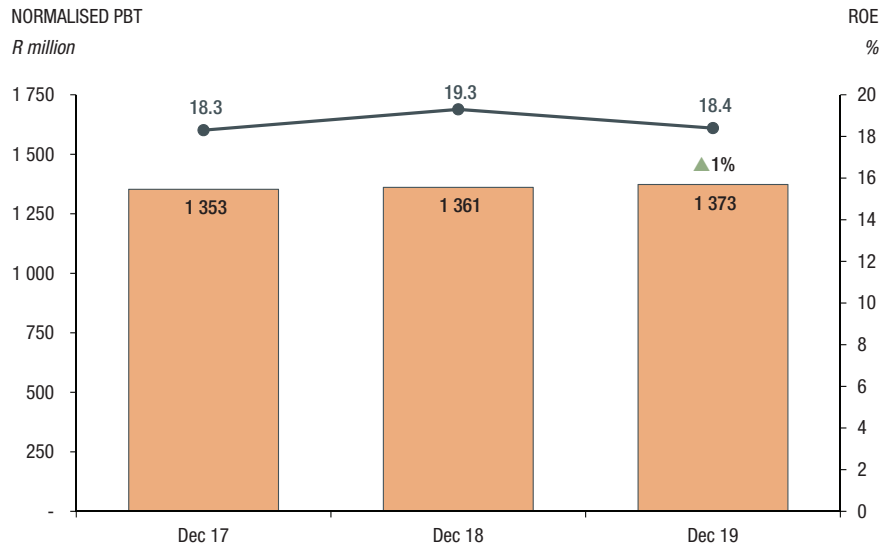


\* Strategy view including in-country and cross-border activities.

\*\* Includes investment management and other central portfolios.

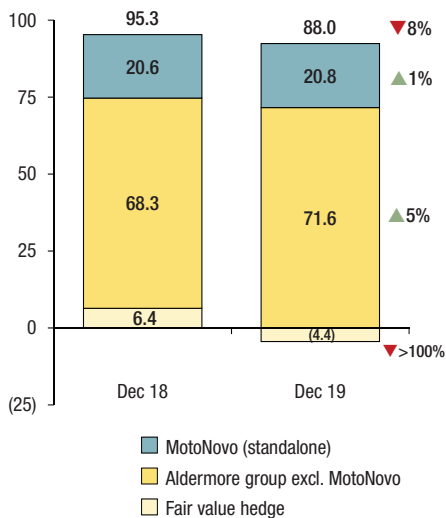


## WesBank's performance reflects declining vehicle sales and risk cuts



## Aldermore produced a solid operational performance

UK OPERATIONS NORMALISED PBT  
£ million



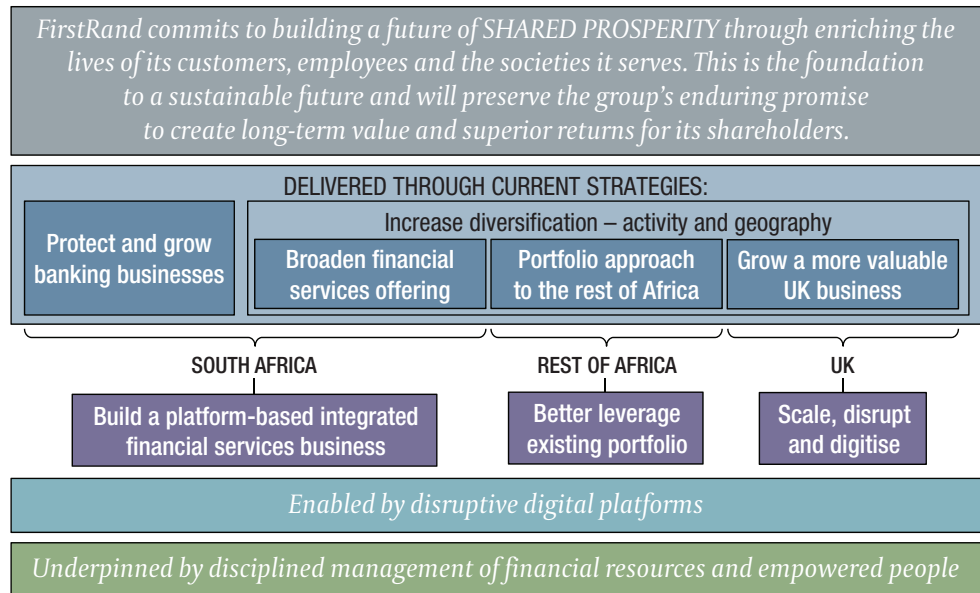
- Aldermore
  - Strong advances growth across portfolio
  - Credit loss ratio within appetite
  - Fair value hedge impact
  - Aldermore excl. MotoNovo ROE 12.4% in pound terms
- MotoNovo performance stabilised



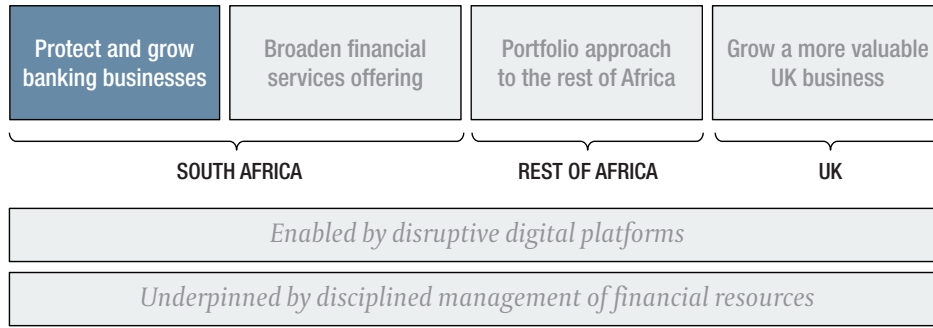


The slide features the FirstRand logo at the top center. Below it, the text 'FirstRand' is displayed. A large, stylized '19' is the central focus, with the word 'results presentation' and the subtitle 'for the six months ended 31 December' positioned underneath. To the right, a vertical grey bar contains the text 'Unpacking performance against strategy' in a bold, sans-serif font. A vertical bar with colored segments (teal, blue, orange, red, yellow) is located between the main text and the grey bar.

## Group strategic framework

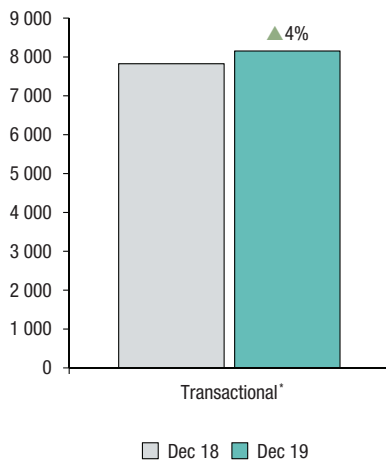


## Measuring execution on strategic priorities



## Transactional reflects macro pressures and competition

NORMALISED PBT  
R million

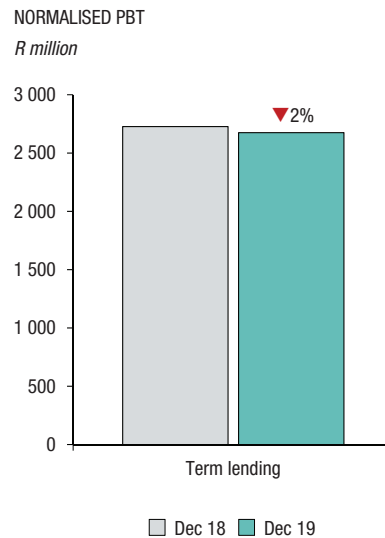


- Continue to focus on core transactional accounts
- Improving vertical sales index (VSI):  
Dec 18: 2.69, Jun 19: 2.86, Dec 19: 2.92
- Continued generosity on rewards remains key to value proposition (increased 18% to R1.1 billion)
- Fee rationalisation (R270 million) to improve value proposition
- Free business banking for entry-level SMEs
- Credit impairments rising

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



## Slowdown in FNB's term lending business



- Targeted and segment-specific origination strategies
  - Defending core transactional relationships
  - Unsecured still focused on main-banked customers, mainly in premium
  - Continued growth in key commercial subsegments and product lines
- Strain evident across lending portfolios
  - Adjustments to scorecards lagged speed of deterioration in macros
  - Collections performance below expectations



## Customer growth – different segmental trends

Customer\* growth = +1%

Segment	% change
Consumer	(3)
Premium	+15
Commercial	+8

eWallets active base +16%

- Free banking to wallet holders
- Potential for up-sell to consumer
- Supports value prop for all segments

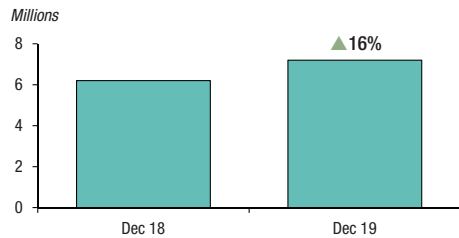
- Consumer segment impacted by competitive pressures and migration to premium
- Growth in premium – more than half from upward migration from consumer segment
- Commercial still growing base
  - 47% over last 5 years demonstrates significant market share gains

\* Excludes DirectAxis non-banked customers.

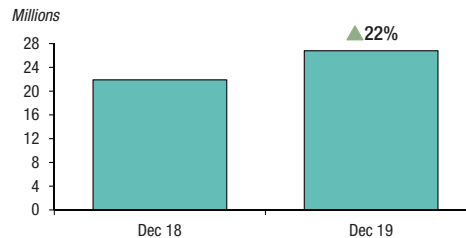


## Fastest-growing banking eWallet offering in SA

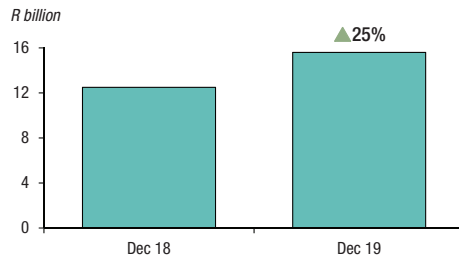
### eWallet active base



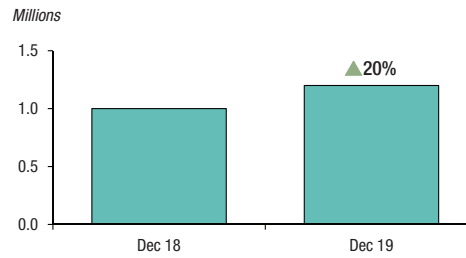
### Send money volumes



### Send money value

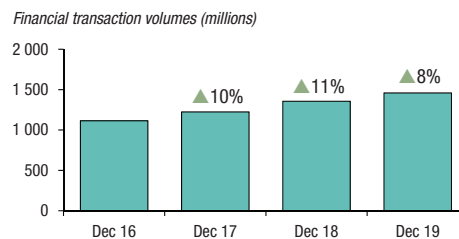


### Average monthly senders

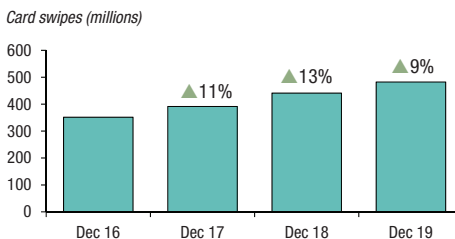


## Growth in transactional volumes resilient but slowing

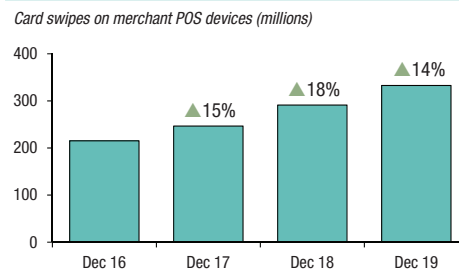
### Transactional volumes



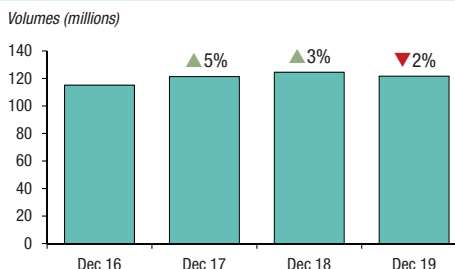
### Swipes by FNB card holders (issuing)



### Swipes at point-of-sale (acquiring)

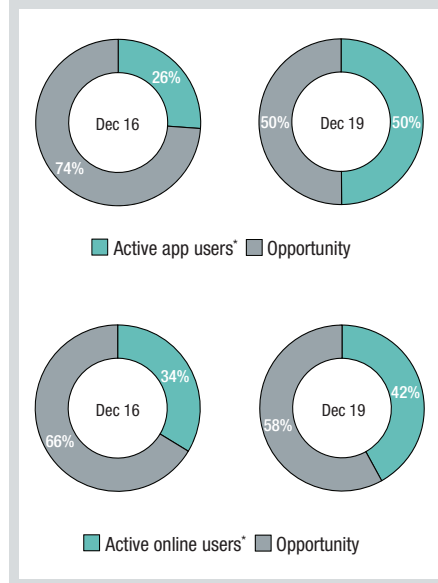


### ATM/ADT volumes

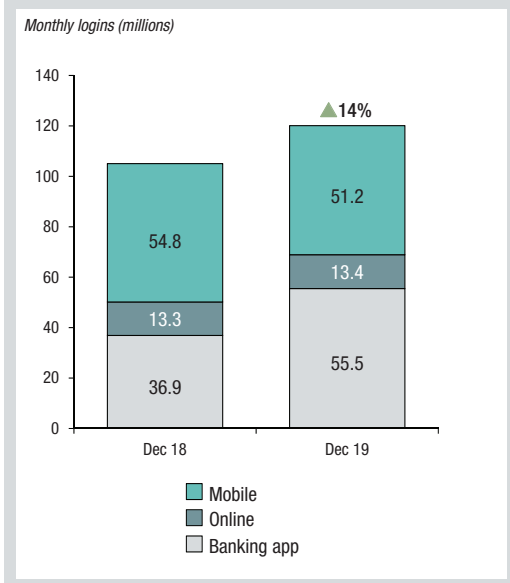


## Significant adoption of platform

Penetration of active customer base



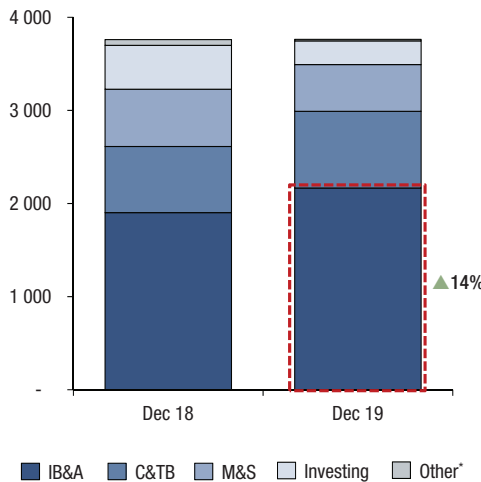
Digital interactions reflect platform adoption



\* Graphs reflect penetration of active customer base.

## Investment banking and advisory activities delivered a good performance in a constrained environment

RMB SOUTH AFRICA AND OTHER NORMALISED PBT  
R million

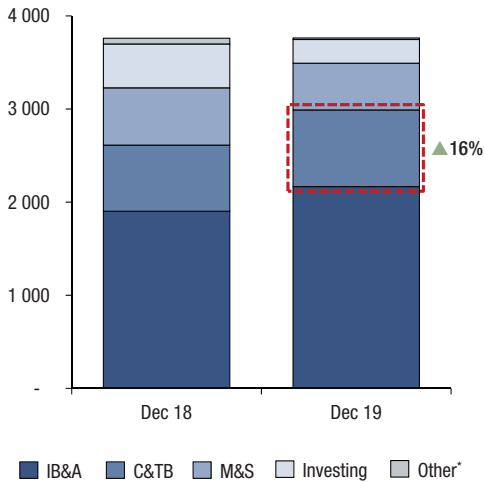


\* Includes investment management and other central portfolios.

- Solid income underpinned by disciplined origination
- Adequate credit coverage maintained
- Decline in advisory and equity capital markets
- Higher debt capital market fees earned

## Strong performance by corporate and transactional banking

RMB SOUTH AFRICA AND OTHER NORMALISED PBT  
R million



- Higher utilisation of working capital facilities with average balances up 23%
- Merchant services volumes up 12%

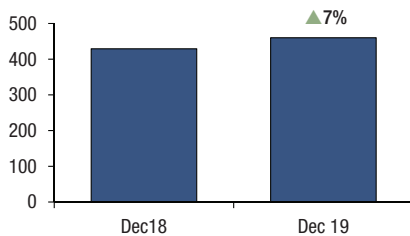
\* Includes investment management and other central portfolios.



## Corporate and transactional banking volumes demonstrate strength of client proposition

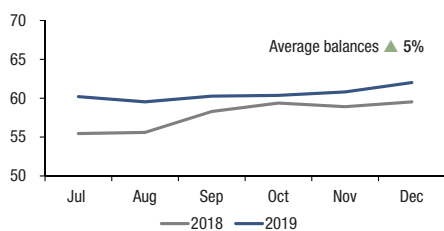
### SA primary-banked relationships

Number of primary-banked relationships



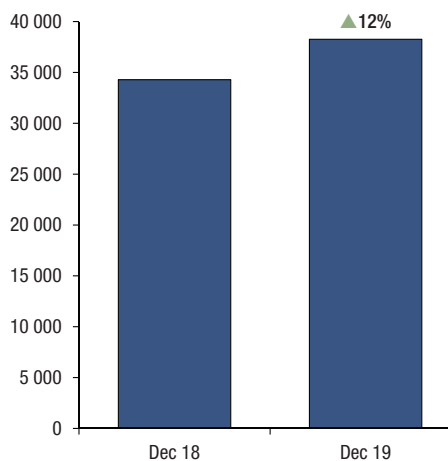
### Operational deposits

R billion



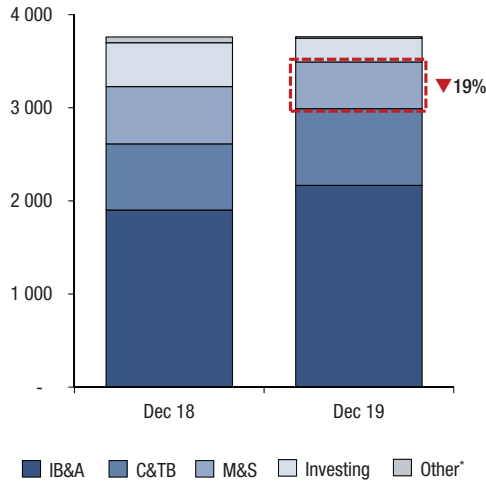
### Merchant services (SA)

TURNOVER  
R million



## Markets and structuring impacted by **subdued activity** and ongoing platform investment

RMB SOUTH AFRICA AND OTHER NORMALISED PBT  
R million



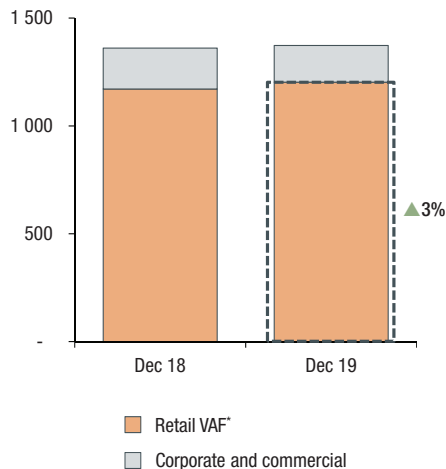
\* Includes investment management and other central portfolios.

- Lower FX volatility in the current year contributed to softer performance
- Benign inflation environment with limited client activity
- Continued platform investment



## Retail VAF benefited from efficiencies and **stable credit performance**

WESBANK NORMALISED PBT  
R million



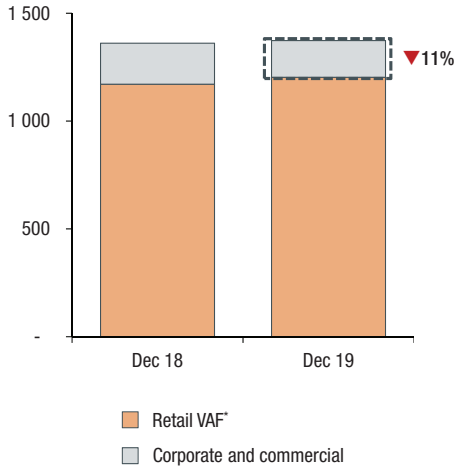
\* Retail VAF includes MotoVantage.

- Declining vehicle sales lower than 2011 levels
  - 2018: (1%), 2019: (2.8%), 2020 forecast: (3.5%)
- Lengthening replacement cycle
- Bad debts increased marginally
  - Dynamic risk adjustments over last 18 months
  - Focus on collections
- Margin pressure from mix shift from fixed to floating and to lower-risk bands
- Operational efficiencies



## Core corporate book reflecting **difficult environment**

WESBANK NORMALISED PBT  
R million

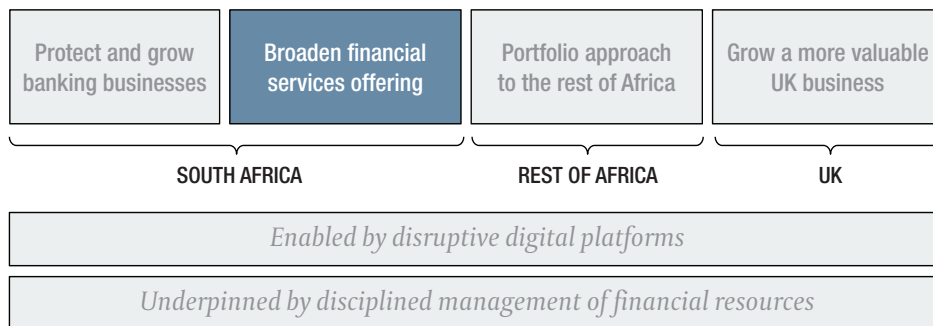


- Low growth in capital intensive industries (transport and mining)
- Increased stress in commercial and SME sector, rising impairments
- Continued risk cuts in high risk areas
- Growing full maintenance leasing portfolio
  - R925 million of incremental fleet assets increased depreciation R73 million

\* Retail VAF includes MotoVantage.



## Measuring **execution on strategic priorities**

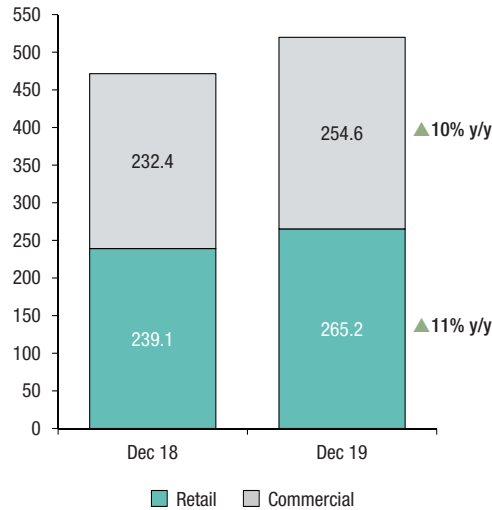




## Strong deposit growth from FNB

FNB SOUTH AFRICA DEPOSITS\*

R billion



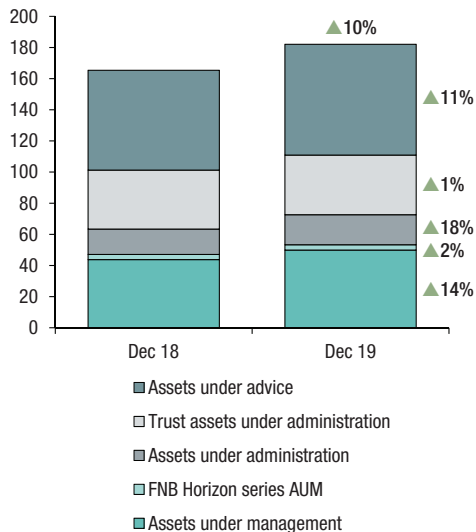
\* Include transactional and other deposits.

- Aligned to strategy to grow group's deposit franchise
- Value proposition underpinned by
  - Competitive products and rates
  - Platform-enabled execution – traction in deposits sourced through digital channels
  - Supported cross-sell and up-sell to existing base

## WIM product distribution into FNB base gains traction

WIM ASSETS\*

R billion



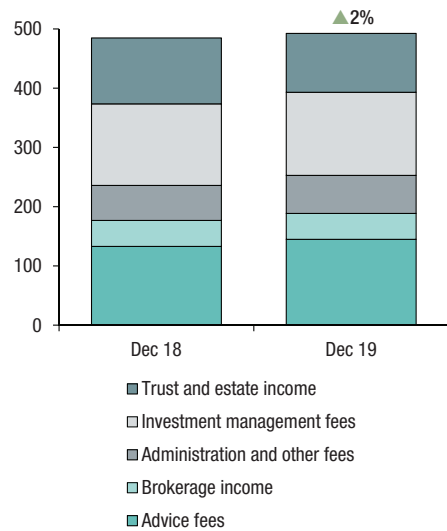
\* Excluding assets under execution.

- Creating investment solutions to meet customer needs
- Enabling digital channels for customer self-management
- Strong investment performance in local and offshore products

## FNB WIM revenue stable while transitioning

### NON-INTEREST REVENUE

R million



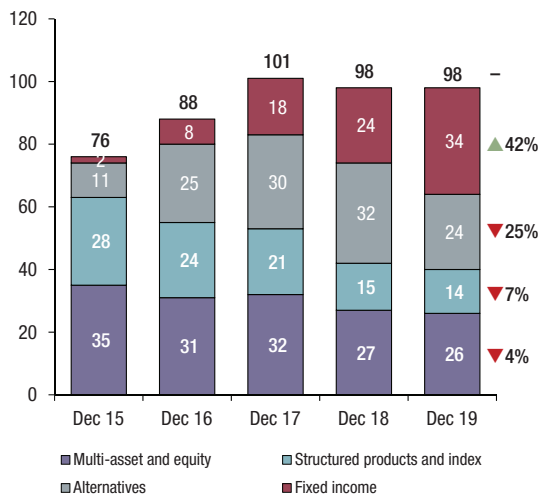
- Investment industry experiencing higher flows to fixed income products that attract lower fees
- New generation products offer better value to customers
- Reduced trading activity resulted in lower brokerage



## Ashburton AUM held steady in a difficult market

### ASSETS UNDER MANAGEMENT\*

R billion



- Healthy flows into retail and institutional fixed-income products, benefiting from FNB distribution
- Decrease in alternatives due to disposal of Westport
- Declines in structured products, multi-asset and equities due to rationalisation of local and offshore product offering

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

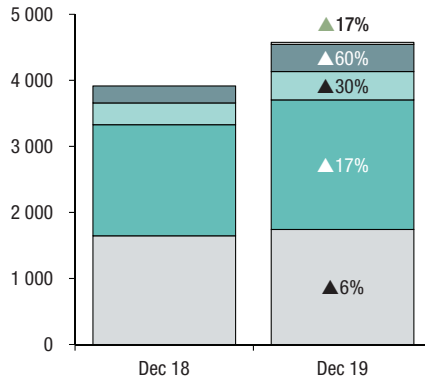


## Strong growth across all products in FNB Life

### Annual premium equivalent (APE)

#### IN-FORCE APE ON LIFE PRODUCTS

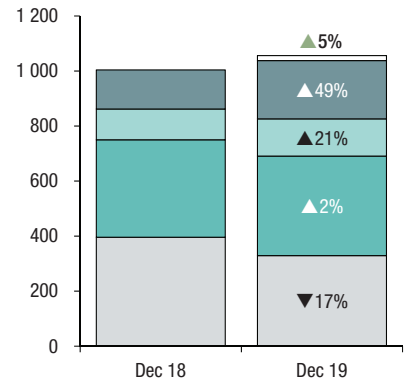
R million



### New business APE

#### NEW BUSINESS APE ON LIFE PRODUCTS

R million



□ Credit life ■ Funeral ■ Core life\* ■ Underwritten\*\* □ Commercial#

\* Core life includes accidental death, health cash and pay protect plans.

\*\* Underwritten life includes individual life, critical illness, disability and income protection plans.

# Commercial includes key-person insurance, business credit protect and employee funeral plans.

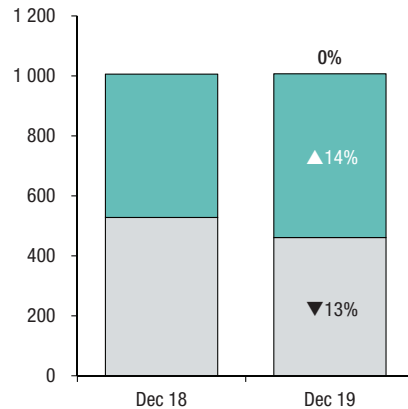


## Value creation continues

### Value of new business

#### VALUE OF NEW BUSINESS – ALL LIFE PRODUCTS\*

R million

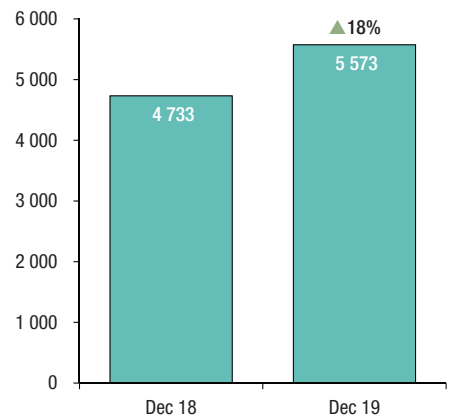


□ Credit life ■ Standalone life products

### Embedded value

#### GROSS EMBEDDED VALUE\*\* – ALL LIFE PRODUCTS

R million



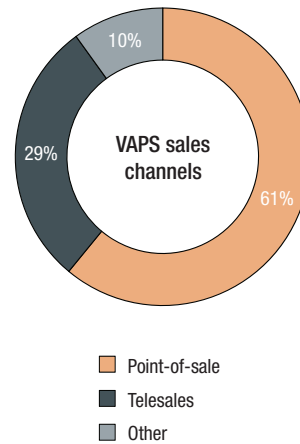
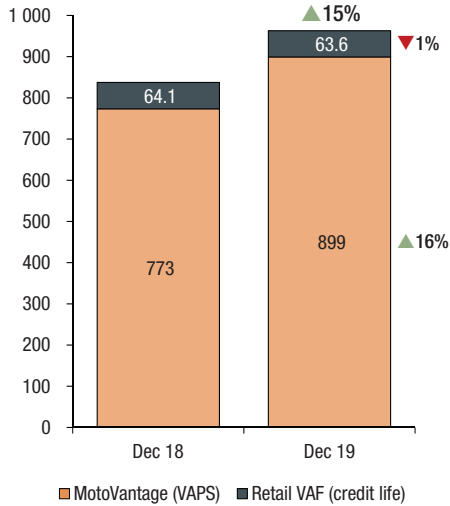
\* Defined as the present value of expected post-tax profits at point-of-sale for new business during the year.

\*\* Gross embedded value is the amount before dividends declared. FNB Life is preparing to comply with Advisory Practice Note (APN) 107 embedded value disclosure for the year end. This note encourages consistency and transparency of embedded value reporting across the industry. This is expected to result in restatements.

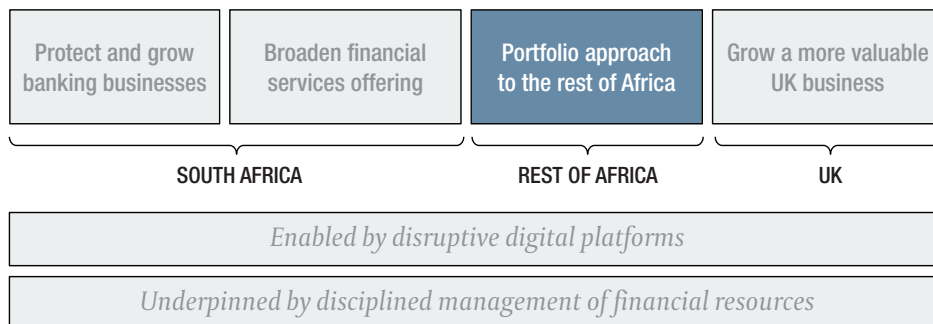


## WesBank's insurance reflects **strong MotoVantage performance** despite declining new unit volumes

GROSS WRITTEN PREMIUM (GWP)  
R million



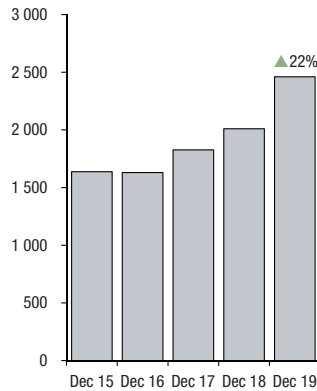
## Measuring **execution on strategic priorities**



## CIB drove strong rest of Africa growth

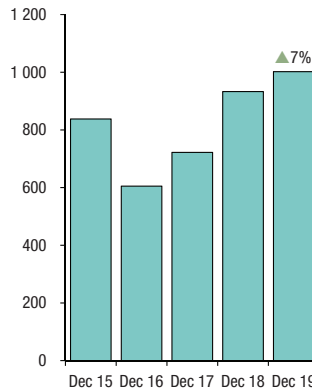
GROUP REST OF AFRICA NORMALISED PBT\*

R million



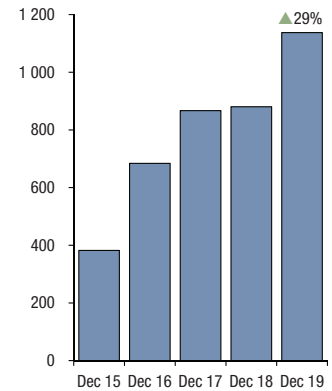
FNB REST OF AFRICA NORMALISED PBT

R million



RMB REST OF AFRICA NORMALISED PBT\*\*

R million



All subsidiaries' ROE = 22.8%, mature subsidiaries' ROE = 23.4%#

\* Strategy view – includes in-country and cross-border activities. Includes GTSY, excludes FCC, FirstRand company and dividends on other equity instruments. Dec 18 figures have been restated for intergroup cost recoveries and funding.

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

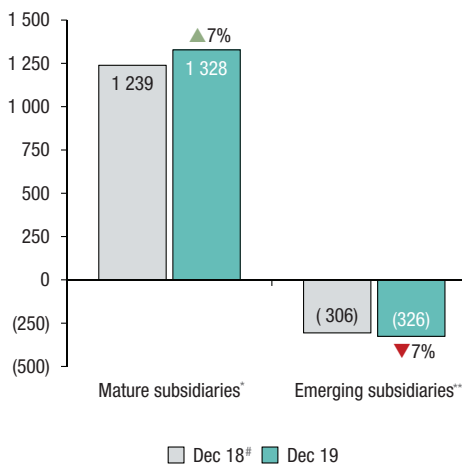
# ROEs based on legal entity (in-country) view.



## FNB rest of Africa – improved performance despite ongoing macro headwinds

NORMALISED PBT

R million



- Mature subsidiaries
  - Resilient performance given macros
  - NIR recovered on the back of repricing and customer acquisition
  - Deposit growth of 5%, mainly from Botswana and Namibia
- Mixed picture in emerging subsidiaries

\* Mature subsidiaries: Botswana, Namibia, Eswatini (mature subsidiaries' performance shown gross of minority interests).

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

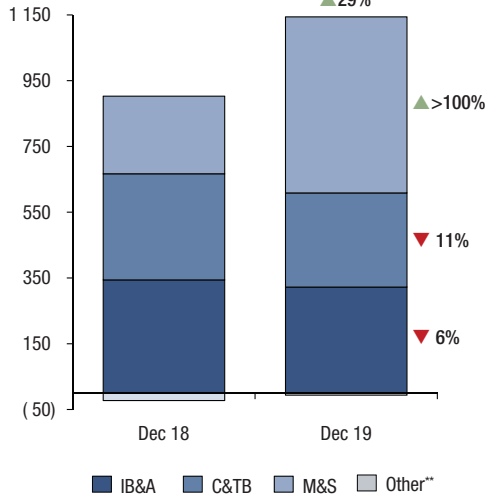
# Dec 18 figures have been restated for intergroup cost recoveries and funding.



## Strong markets performance drives growth in rest of Africa

REST OF AFRICA\* NORMALISED PBT

R million



### M&S

- Increased client activity across markets
- Strong flow trade activities in Nigeria
- Robust growth leveraging off investments into the London-Africa corridor strategy

### C&TB

- Significantly lower FX margins
- Softer volumes partially offset by solid transactional banking performance

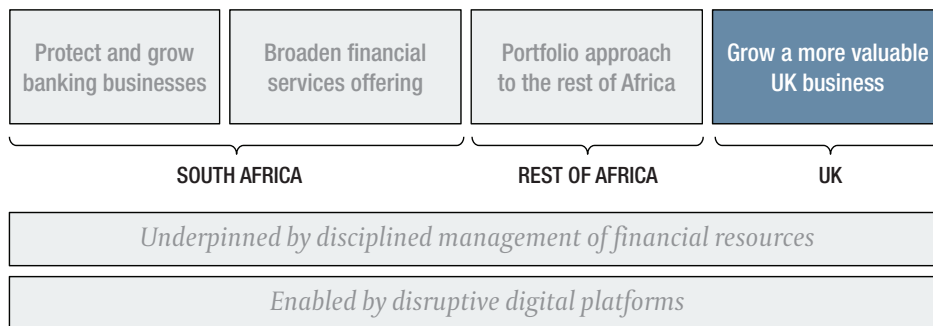
### IB&A

- Credit migration of certain counters to stage 2 resulting in higher credit impairments

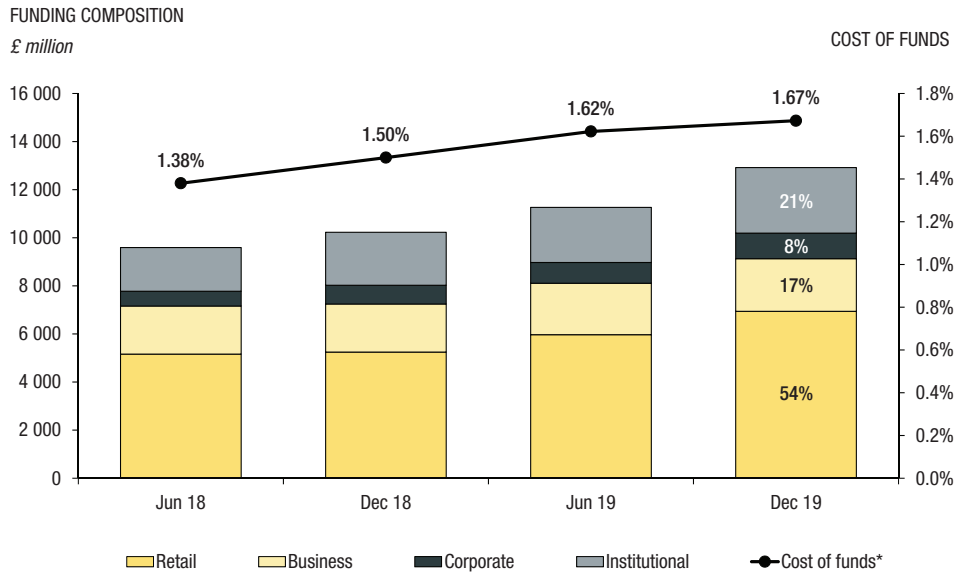
\* Strategy view including in-country and cross-border activity.  
 \*\* Includes central portfolios.



## Measuring execution on strategic priorities



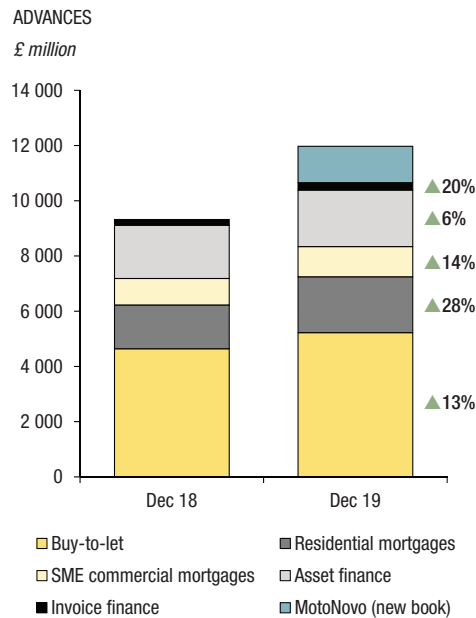
## Aldermore funding strategy anchored to its deposit franchise



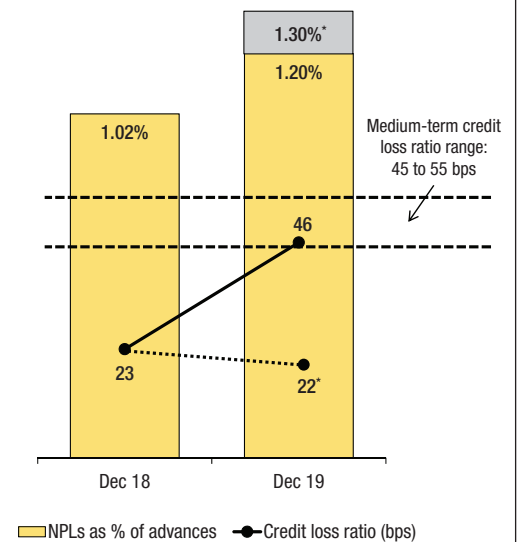
\* Cost of funds: annualised interest expense over average net loans (average between opening and closing balance for the period).

A

## Strong advances growth across portfolio and credit experience within appetite



### NPLs AND CREDIT LOSS RATIO

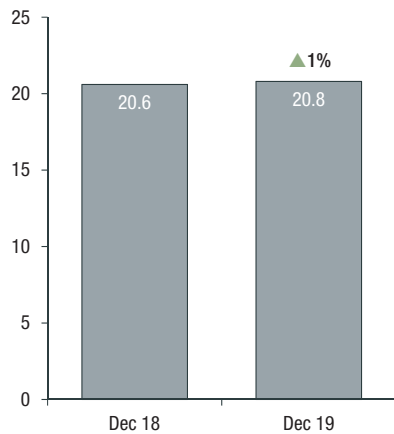


\* Aldermore group excluding MotoNovo.

A

## Standalone **MotoNovo** performance has **stabilised**

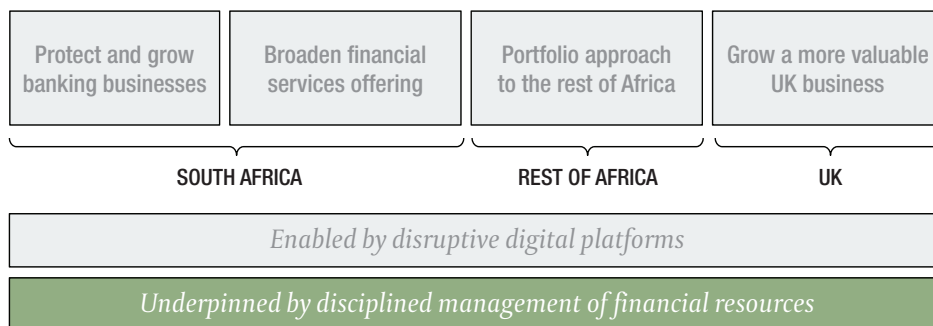
STANDALONE MOTONOVO NORMALISED PBT  
£ million



- New book benefiting from Aldermore funding (c. 50 bps)
- Credit loss ratio 1.45% (Dec 18: 1.46%)
  - Scorecard tightening
  - Focus on collections
- Good cost containment
- Margin pressure remains due to competition and lower risk origination



## Measuring **execution** on strategic priorities



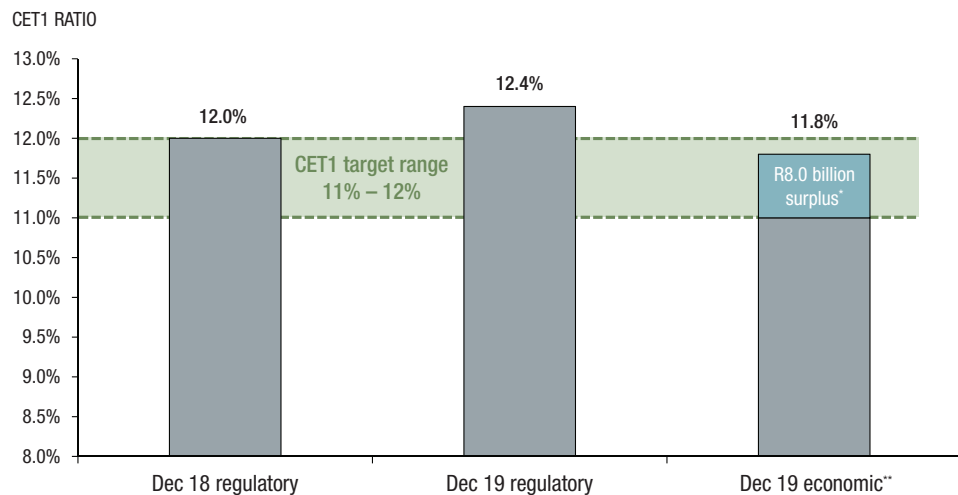


## Continued focus on improving **balance sheet strength**

	ACTUAL	TREND
Assets in marketable format	>R330 billion	Increased
Liquid assets as % total assets	19%	Increased
Credit quality of assets	BB/BB-	Marginal shift
Institutional funding term	37 months	Improved duration
Deposit franchise (SA only)	65% core deposit funding	Increased
ROE	21.2%	Within long-term target range of 18% to 22%
RWA risk density	59.7%	Improved
Group CET1 ratio	12.4%	Improved
Standalone bank credit rating	Best standalone bank rating in SA	Maintained



## Increase in CET1 driven by **RWA slowdown and optimisation**



Sufficient surplus to support growth

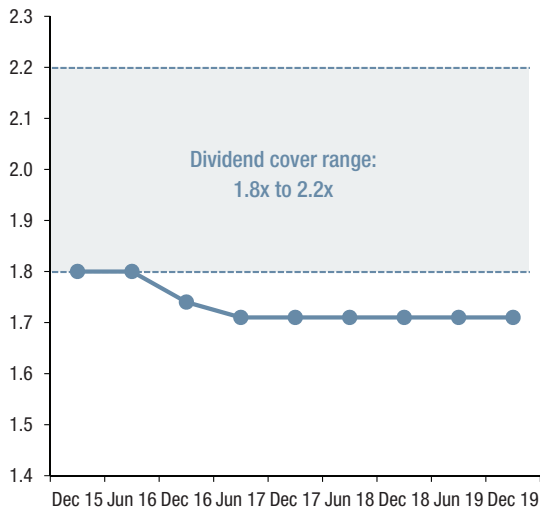
\* Above the bottom end of the internal target range.

\*\* The economic view of CET1 is reduced by the foreign currency translation reserve, transitional impact of IFRS 9 and known regulatory changes.



## Payout continues to reflect **strong capital generation**

DIVIDEND COVER (TIMES)



- Cover remains below long-term range:
  - Balance sheet growth has not returned – lowest RWA growth rate since GFC
  - Supported by disciplined financial resource management, balance sheet strength and earnings resilience
- Board will revisit cover should capital demand increase:
  - To support sustainable growth, and/or
  - Macro risks worsen materially outside current scenarios



FirstRand

'19

results presentation  
for the six months ended 31 December

Financial  
review

### Performance highlights (normalised)

	Dec 19	Dec 18	% change
Diluted EPS (cents)	249.7	237.8	5 ▲
Dividend per share (cents)	146	139	5 ▲
Earnings (R million)	14 009	13 342	5 ▲
NIACC (R million)	4 755	4 974	(4) ▼
Net asset value per share (cents)	2 402.2	2 202.2	9 ▲
Net interest margin (%)	4.64	4.70	▼
Credit loss ratio (%)	0.95	0.86	▲
Credit loss ratio (excluding Aldermore) (%)	1.05	0.96	▲
Cost-to-income ratio (%)	52.1	52.3	▼
Return on equity (%)	21.2	22.3	▼
Return on assets (%)	1.66	1.71	▼
CET1 ratio* (%)	12.4	12.0	▲

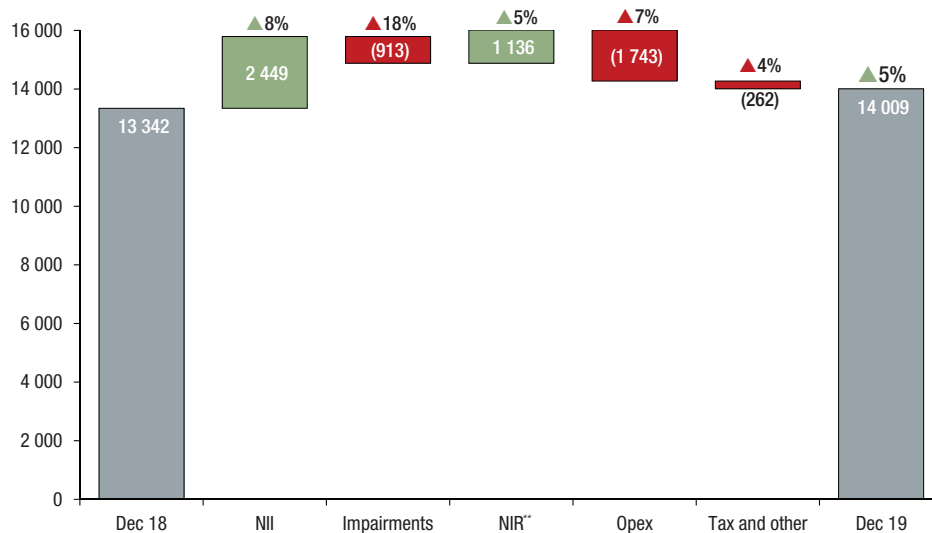
\* Includes unappropriated profits.



### Quality of topline growth maintained, growth slowing

NORMALISED EARNINGS\*

R million

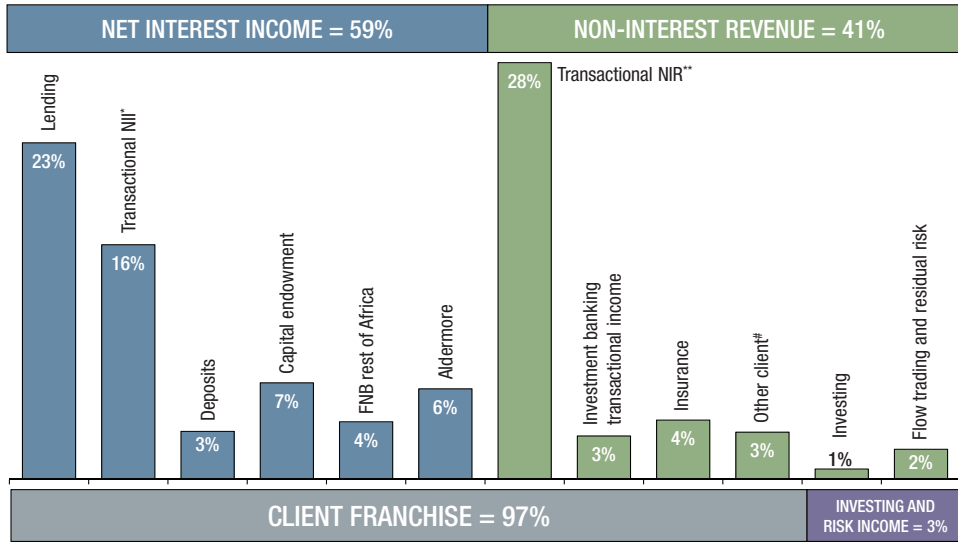


\* Including Aldermore.

\*\* Including income from associates and joint ventures.



## Revenue mainly generated by large **lending** and **transactional franchises**



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

\*\* From retail, commercial and corporate banking.

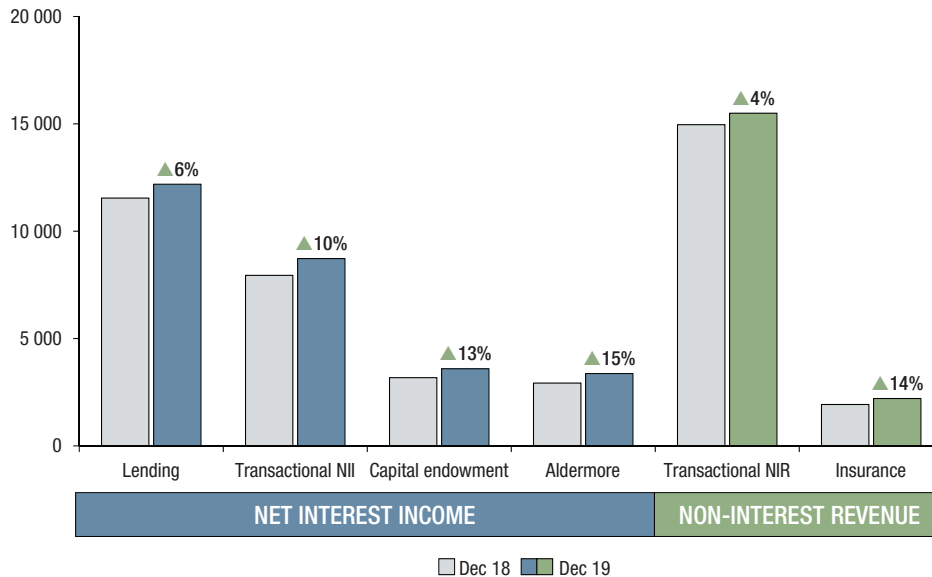
# Includes all associates other than those relating to Private Equity.



## Growth across all drivers of topline

GROSS REVENUE

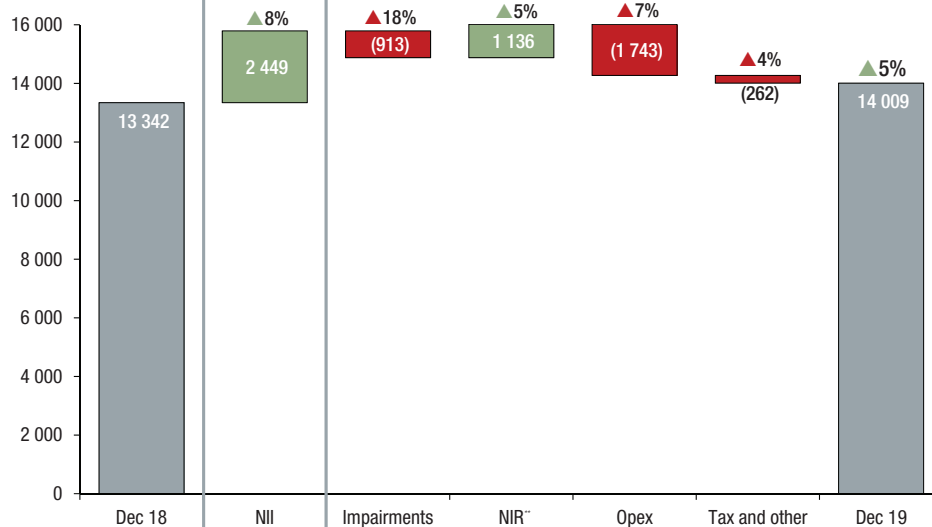
R million



## Quality of topline growth maintained, growth slowing

NORMALISED EARNINGS\*

R million



\* Including Aldermore.

\*\* Including income from associates and joint ventures.



## NII driven by **lending** and **transactional deposit growth**

NET INTEREST INCOME

R million

	Dec 19	Dec 18*	% change
Lending	12 189	11 787	3
Transactional**	8 725	7 706	13
Deposits	1 786	1 629	10
Capital endowment	3 591	3 177	13
Group Treasury	(592)	(1 001)	(41)
FNB rest of Africa	2 145	2 039	5
Group ALM and other activities (other NII in operating businesses)	681	1 182	(42)
<b>Total NII excluding Aldermore</b>	<b>28 525</b>	<b>26 519</b>	<b>8</b>
Aldermore	3 368	2 925	15
<b>Total NII including Aldermore</b>	<b>31 893</b>	<b>29 444</b>	<b>8</b>

\* 2018 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

### Capital endowment

- Higher capital base >R400 million

### Interest rate and FX management

- Interest rate risk and FX management >R650 million
- FX carry cost (>R50 million)

### Group Treasury activities

- Excess HQLA carry cost (>R160 million)

### Accounting volatility in Group Treasury NII

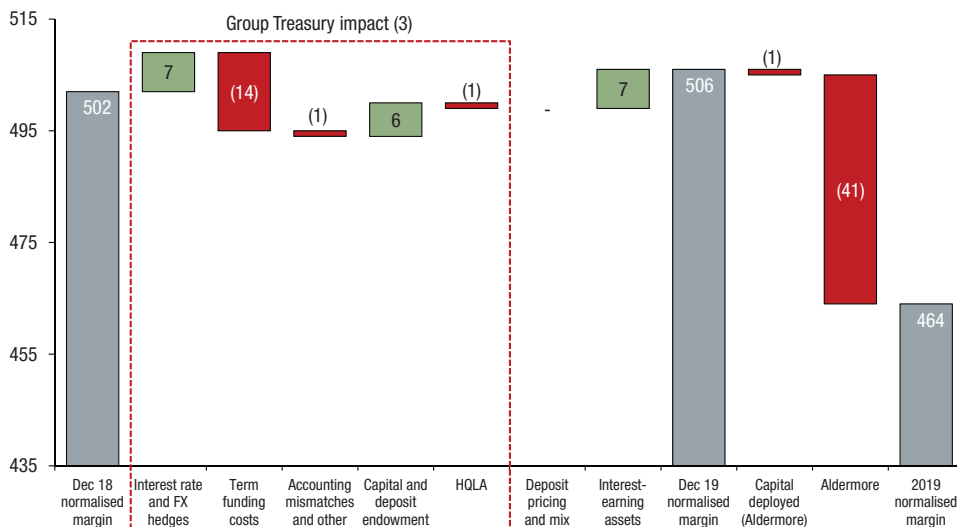
- MTM on fair value of term and structured funding (>R50 million)



## Excluding Aldermore margin up on asset mix

MARGIN

Basis points



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

<i>Basis points</i>	FirstRand excl. Aldermore	Aldermore*
Advances margin	365	323
Deposit margin	214	-
<b>Total margin</b>	<b>505</b>	<b>276</b>
Overall weighting of average assets	81%	19%

### Aldermore margin:

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

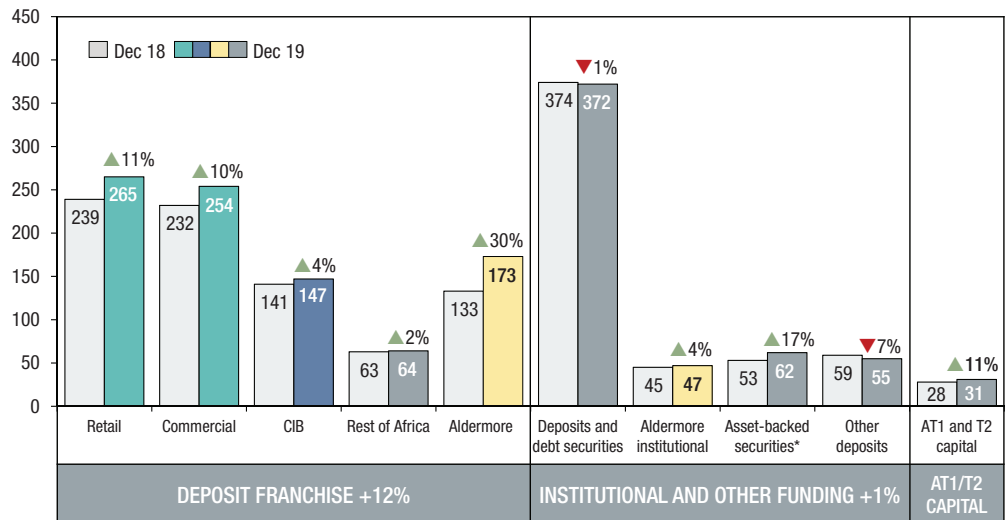
Group margin reset to 464 bps, at a better risk-adjusted return

\* Margins in the above table are on a rand basis and include MotoNovo new book.



## Strong growth in deposit franchise across all segments

LIABILITIES  
R billion



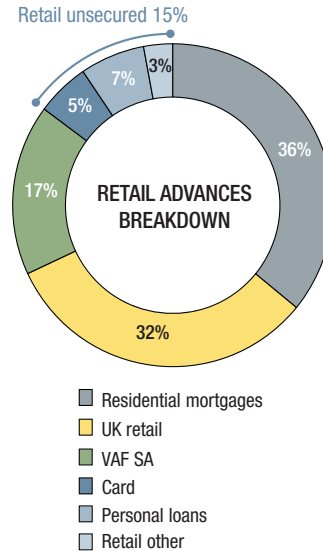
\* Asset-backed securities include Aldermore's securitisations.

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



## Domestic retail advances growth resilient

<i>R million</i>	Dec 19	Dec 18	% change
Residential mortgages	223 979	210 484	6
WesBank VAF (SA)	106 705	105 684	1
FNB card	30 098	24 799	21
Personal loans	40 796	35 956	13
– FNB	24 216	20 072	21
– DirectAxis loans	16 580	15 884	4
Retail other	18 214	16 982	7
<b>Retail advances excl. Aldermore and MotoNovo</b>	<b>419 792</b>	<b>393 905</b>	<b>7</b>
Aldermore and MotoNovo – retail <sup>†</sup>	200 162	174 432	15
Retail VAF securitisation notes	25 923	25 994	-
Rest of Africa advances	54 819	54 548	-
Discovery card	3 400	4 314	(21)



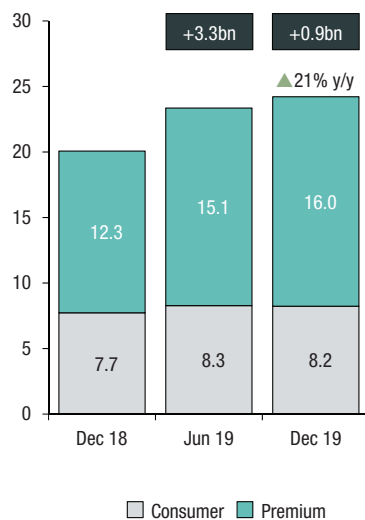
<sup>\*</sup> Total MotoNovo VAF = £3.60 billion (from Dec 18, +11% in £ terms, +11% in rand terms R66.28 billion in Dec 19).  
MotoNovo back book = £2.28 billion (-30% from Dec 18 £3.25 billion).  
Aldermore retail advances = £8.56 billion (+15% from Dec 18). Aldermore (excl. MotoNovo VAF) = £7.25 billion (from Dec 18, +16% £6.23 billion).



## Growth in personal loans moderating given risk cuts

### FNB PERSONAL LOANS

*R billion*



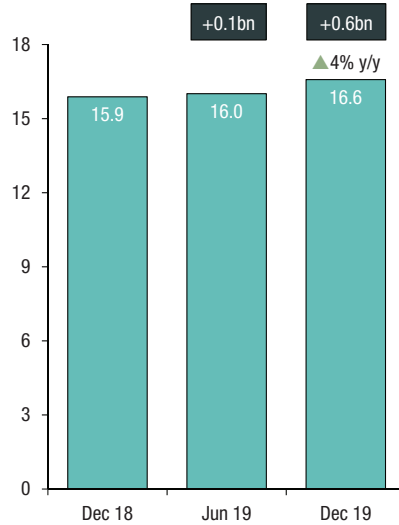
- Driven by historical growth but slowdown since June
- Upward migration of customers from consumer to premium (incl. up-sell)
- Continued displacement of other providers of credit
- Cross-sell
- Leveraging digital platforms





## DirectAxis delivered **advances growth** despite increasing **competition**

DIRECTAXIS ADVANCES  
R billion

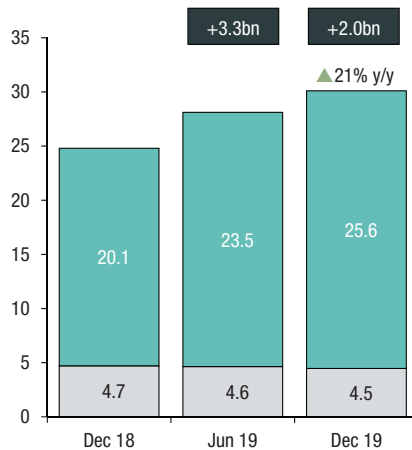


- Effective open market strategy
- Continued optimisation of direct marketing channels
- Focus on low-risk segments and repeat business

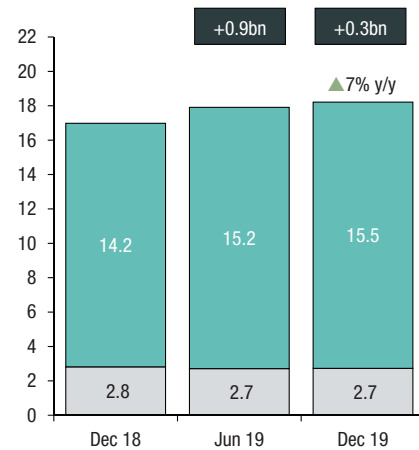


## Growth in card trending down **reflecting risk cuts**

FNB CARD ADVANCES  
R billion



OTHER RETAIL ADVANCES\*  
R billion



■ Consumer ■ Premium

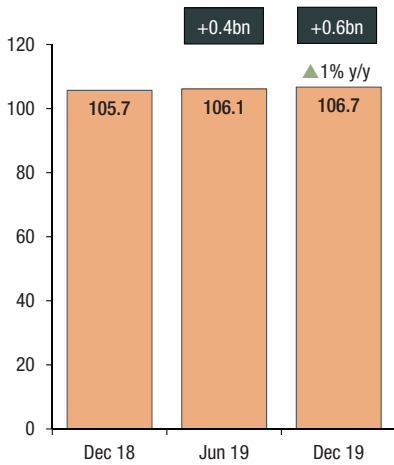
\* Transactional account-linked overdrafts and revolving term loans.



## VAF advances reflect **disciplined origination** in tough market

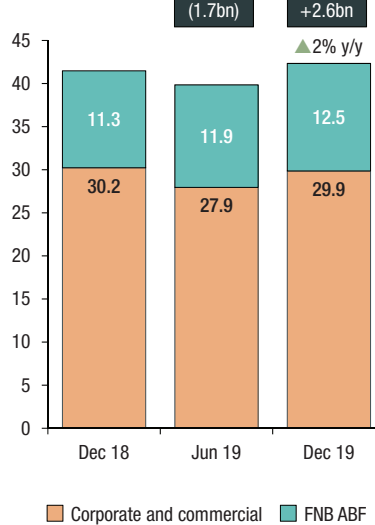
MOTOR ADVANCES

R billion



CORPORATE AND COMMERCIAL ADVANCES

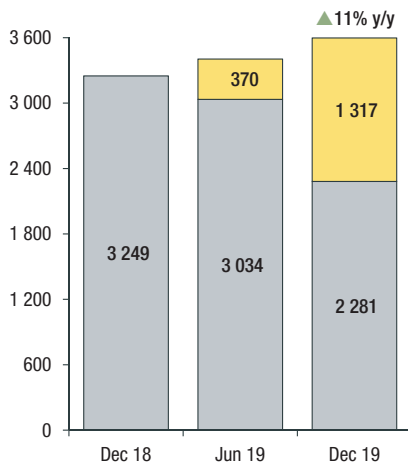
R billion



## Aldermore funding franchise supports MotoNovo growth

MOTONOVO VAF ADVANCES

£ million



New book volumes ahead of expectations as funding synergies support competitive position

Despite Brexit uncertainty demand for point-of-sale vehicle finance remains buoyant

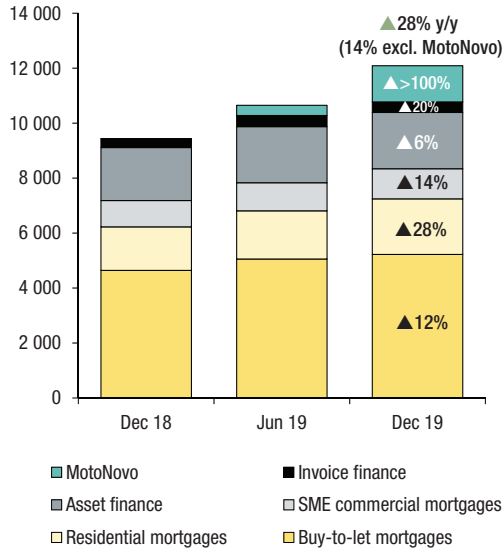
Credit profile of combined business has remained broadly stable

■ MotoNovo (back book) ■ MotoNovo (new book)



## Growth in Aldermore advances across all product lines

ADVANCES BREAKDOWN  
£ million



### Growth driven by:

- Buy-to-let growth in the specialist market
- Residential mortgages supported by targeted customer proposition and focused retention strategy
- SME commercial mortgages successfully repositioned to focus on larger deals
- Retaining leadership in asset finance broker market
- £1.3 billion MotoNovo new book growth

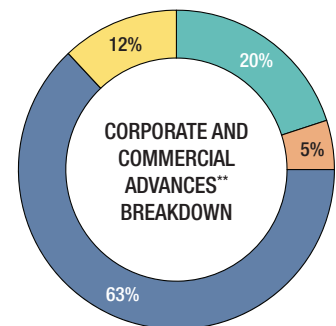
A

## Muted corporate advances reflect tough macros in SA, FNB commercial remained resilient

R million	Dec 19	Dec 18	% change
CIB core advances – South Africa	249 198	265 026	(6)
– Investment banking	188 239	198 628	(5)
– HQLA corporate advances	19 683	14 644	34
– Corporate banking	41 276	51 754	(20)
CIB core advances – rest of Africa*	58 238	52 324	11
<b>CIB total core advances**</b>	<b>307 436</b>	<b>317 350</b>	<b>(3)</b>
FNB commercial	107 402	97 546	10
WesBank corporate	29 855	30 226	(1)
RMB repurchase agreements	33 256	39 903	(17)
<b>Corporate and commercial advances</b>	<b>477 949</b>	<b>485 025</b>	<b>(1)</b>
Aldermore corporate advances	64 983	58 749	11

\* Include cross-border and in-country advances.

\*\* Exclude RMB repurchase agreements.



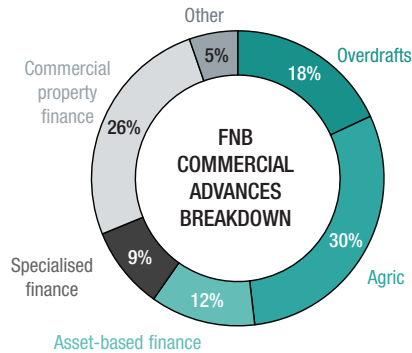
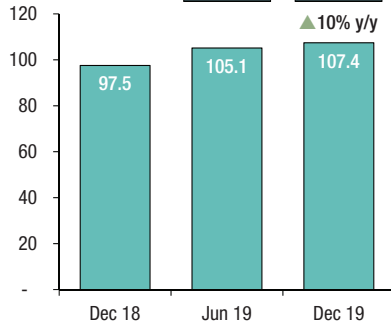
- FNB commercial
- WesBank corporate
- RMB
- Aldermore

A

## FNB commercial continued to focus on **targeted origination strategies**

FNB COMMERCIAL ADVANCES

R billion

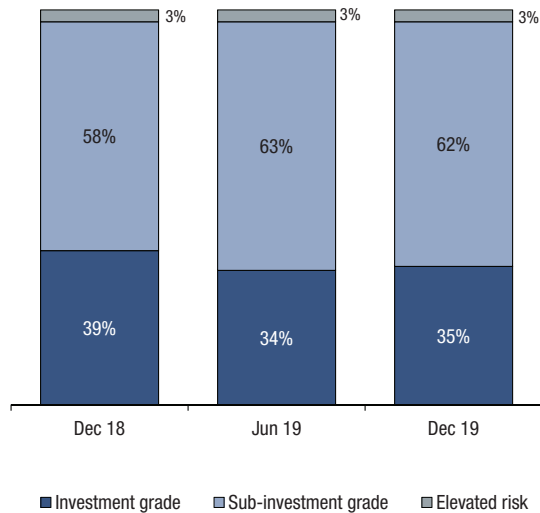


- Targeted cross-selling in the small business segment
- Expanded term-lending product offering to existing client base
- Strong growth in niche segments
- Consistent market share gains in key subsegments



## CIB rating profile reflects origination strategy

WHOLESALE CREDIT PERFORMING BOOK\*



- Underlying quality of portfolio has remained unchanged
- Adequate portfolio coverage ratios maintained at 99 bps
- Cross-border up 14% in dollar terms

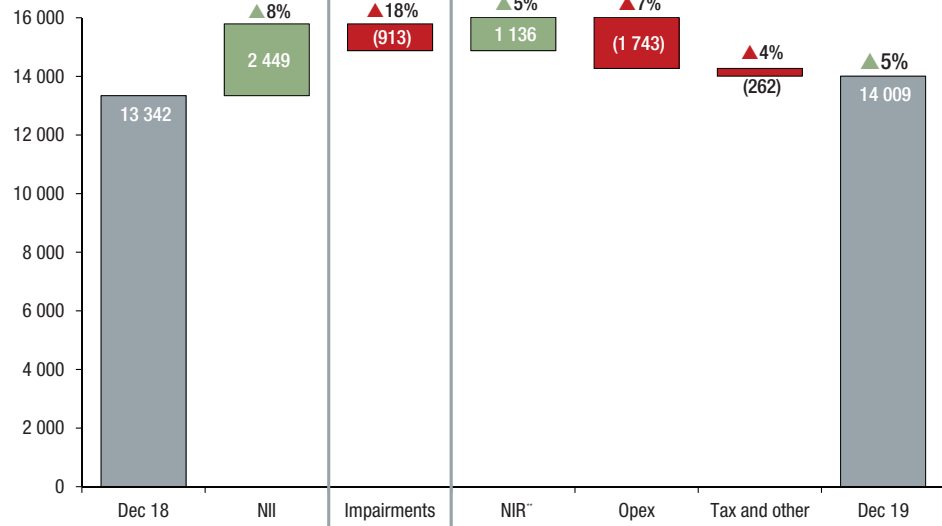
\* International scale based on EAD.



## Quality of topline growth maintained, growth slowing

NORMALISED EARNINGS\*

R million



\* Including Aldermore.

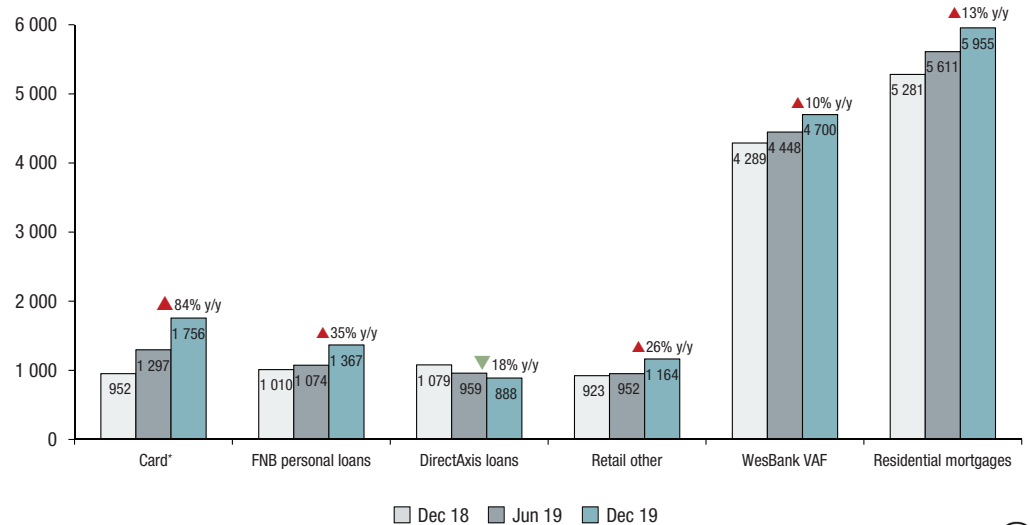
\*\* Including income from associates and joint ventures.



## Increase in operational NPLs reflects new business strain and deteriorating macros

OPERATIONAL NPLs

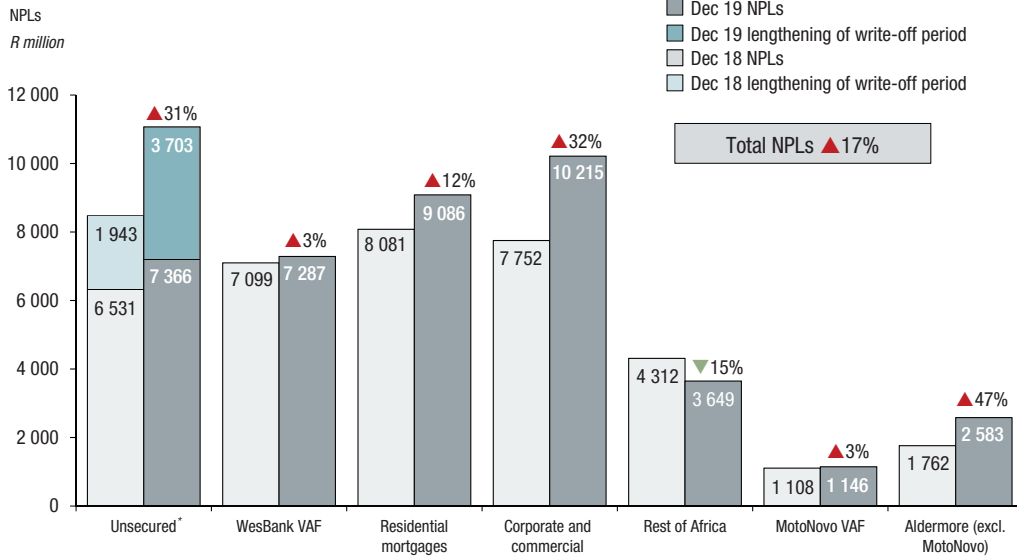
R million



\* Excludes Discovery Card.



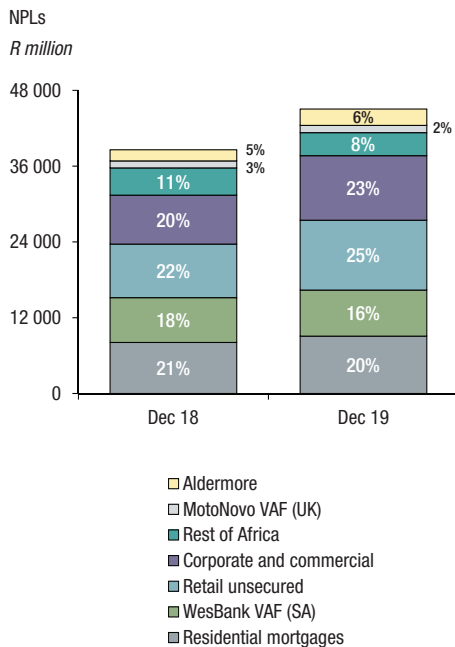
## Lengthening write-off period also drives growth in unsecured NPLs



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



## Specific coverage maintained



### SPECIFIC COVERAGE RATIOS %

	Dec 19	Dec 18
Retail – secured	26.3	28.1
Residential mortgages	19.4	22.5
VAF	33.8	33.6
– WesBank (SA)	33.0	32.3
– MotoNovo (UK)	39.7	42.1
Retail – unsecured	79.0	78.9
Card*	75.3	82.4
Personal loans**	80.6	76.5
Retail – other	79.1	82.2
Corporate and commercial	37.7	50.0
Rest of Africa	55.1	56.6
Specific impairments excl. ALD	45.4	47.7
Aldermore	20.8	16.7
Specific impairments incl. ALD	44.0	46.3

\* Including Discovery card.

\*\* Including FNB, DirectAxis and MotoNovo.

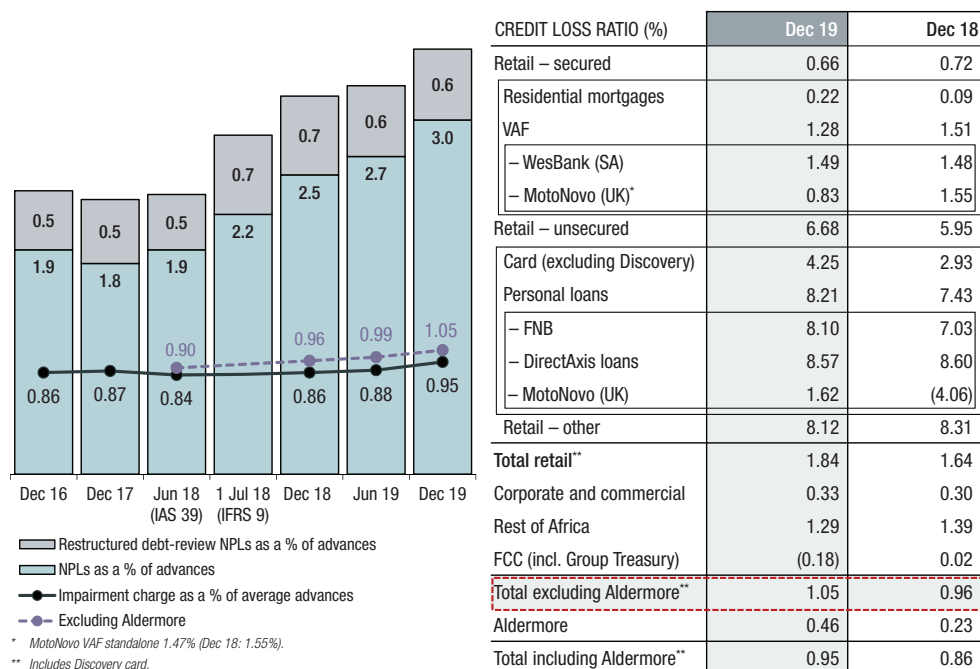


## Portfolio coverage remains conservative

	Dec 19		Dec 18	
	Including Aldermore	Excluding Aldermore	Including Aldermore	Excluding Aldermore
Portfolio impairments as % of performing book	1.30	1.51	1.26	1.43
Stage 1 (%)	0.66	0.75	0.68	0.77
Stage 2 (%)	9.76	12.17	7.79	8.56
Portfolio impairments (R million)	15 757	14 979	14 696	14 215
Stage 1 (R million)	7 504	6 984	7 333	7 015
Stage 2 (R million)	8 253	7 995	7 363	7 200
Credit loss ratio (%)	0.95	1.05	0.86	0.96



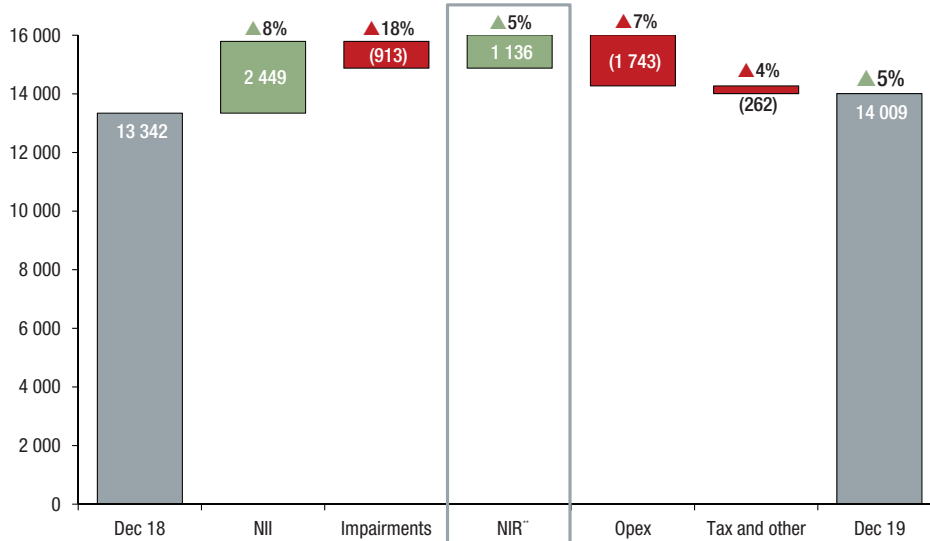
## Credit charge marginally weaker than expectations



## Quality of topline growth maintained, growth slowing

### NORMALISED EARNINGS\*

R million



\* Including Aldermore.

\*\* Including income from associates and joint ventures.



## NIR growth underpinned by resilient client franchise performance, despite significant **rebase in private equity**

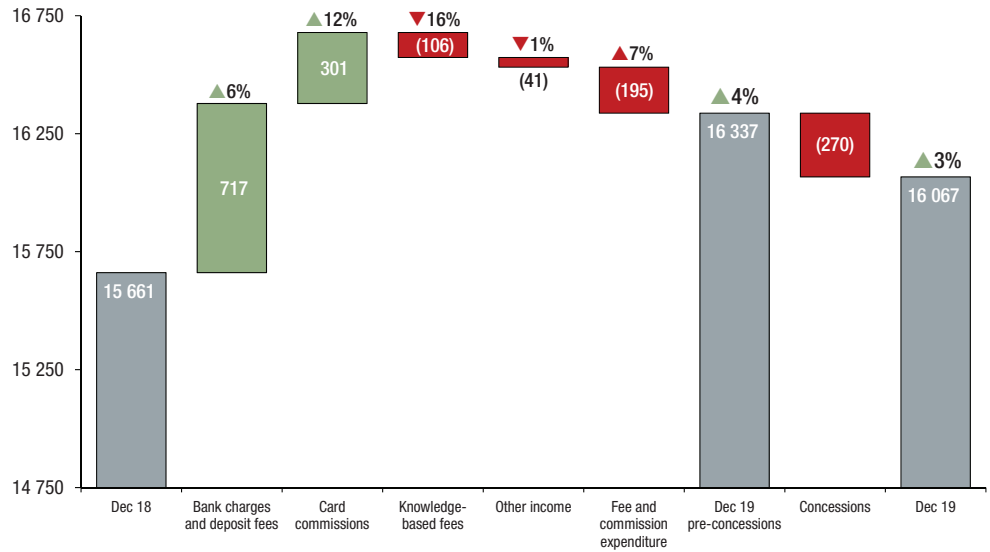
NIR R million	Dec 19	Dec 18	% change
Total fee and commission income, insurance, markets and other	20 440	19 427	5
Fee and commission income	16 067	15 661	3
Insurance income	2 207	1 929	14
Markets, client and other fair value income	2 166	1 837	18
Other	1 532	1 232	24
Total investment income	611	788	(22)
Investment income	84	307	(73)
Equity-accounted earnings	527	481	10
<b>Total non-interest revenue</b>	<b>22 583</b>	<b>21 447</b>	<b>5</b>





## Healthy underlying volumes drive banking charge fee growth

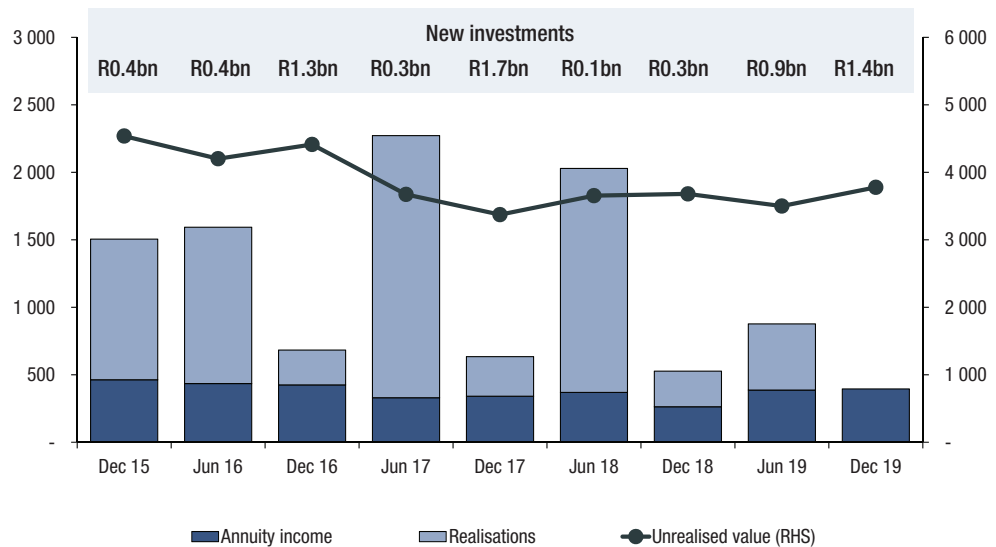
FEE AND COMMISSION  
R million



## Private equity remains in an investment cycle

GROSS INCOME\*  
R million

UNREALISED VALUE  
R million



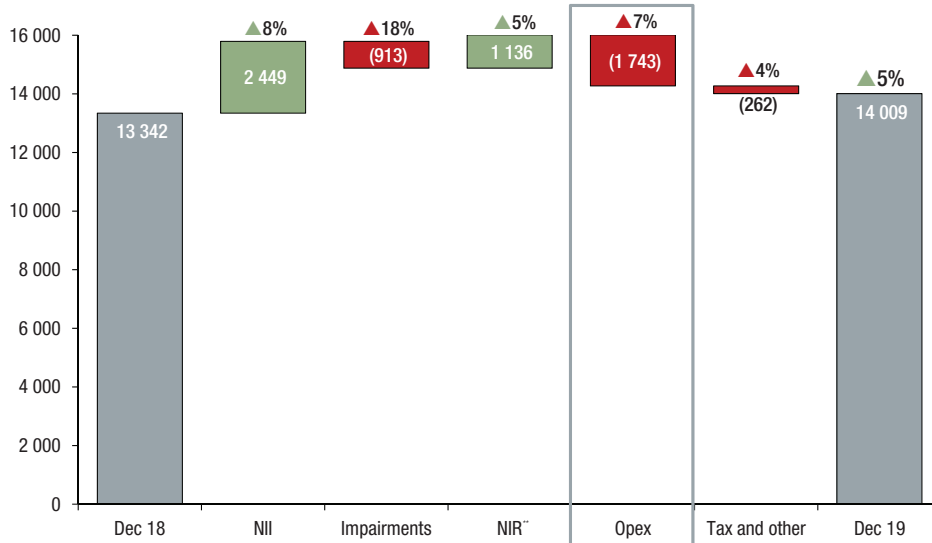
\* Six-monthly gross income.



## Quality of topline growth maintained, growth slowing

NORMALISED EARNINGS\*

R million



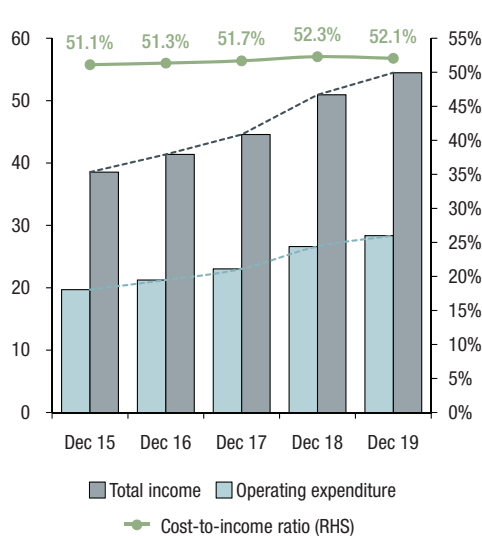
\* Including Aldermore.

\*\* Including income from associates and joint ventures.



## Cost to income marginally down, despite continued investment for growth

R billion

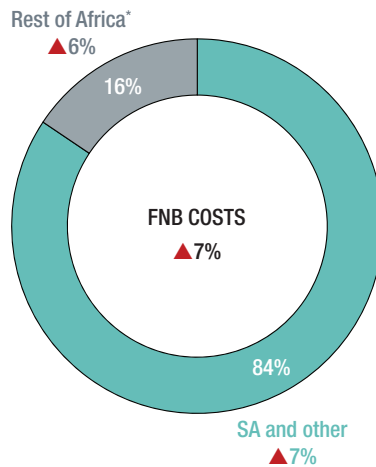


### Cost increase of 7% driven by:

- Direct staff costs up 10% impacted by unionised increases in SA of 7.2% and headcount increase of 5%
- Continued investment in growth strategies, systems and platforms
- Cost focus drives certain efficiencies



## Efficiencies in SA, however, investment drag from growth initiatives continues

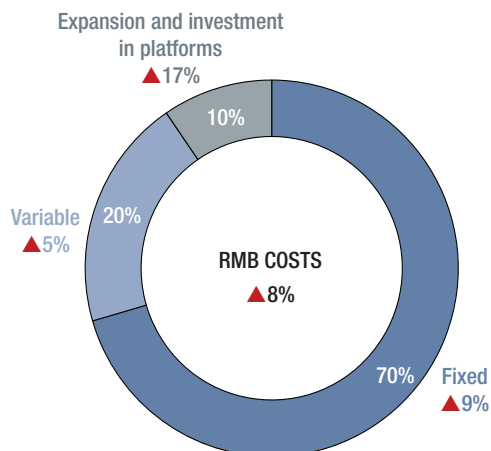


- Cost-to-income ratio improved to 49.9% (Dec 18: 50.6%), despite investments
- Growth initiatives continue
  - Insurance and WIM build-out
  - Card acquiring (PowerCARD)
  - Branch digitisation
  - Technology infrastructure
- Majority of development costs are expensed

\* Dec 18 figures have been restated for intergroup cost recoveries and funding.



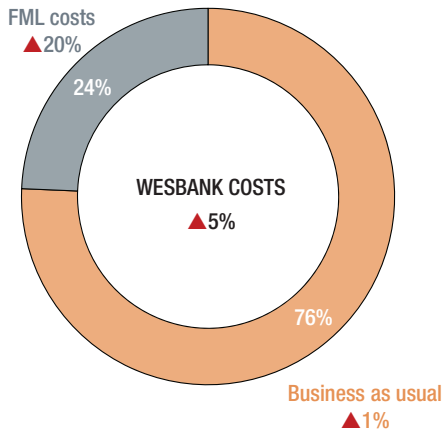
## RMB continues to invest in core platform modernisation



- Investment spend targeted at:
  - Enhancing platform capabilities in Africa
  - Global Markets infrastructure programme
  - Core platform modernisation through digital and data capabilities



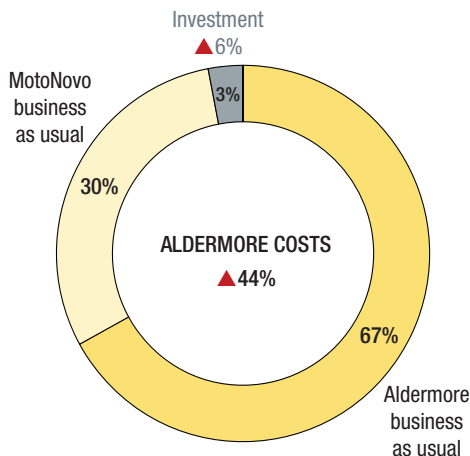
## Despite **efficiencies**, WesBank cost-to-income ratio reflects **topline pressures**



- Efficiencies achieved due to cost containment and productivity focus
- Continued investment in IT, data analytics and robotics capabilities
- Full maintenance leasing (FML) costs up due to depreciation linked to volume growth
- Cost-to-income ratio increased to 49.0% (Dec 18: 47.9%), due to pressure on income and FML depreciation



## Aldermore costs driven up by the addition of **MotoNovo** cost base



### Total cost base for H1 2020 £115 million:

- £34 million BAU cost increase due to addition of MNFL
- Aldermore flat as absence of integration expense offsets increased costs related to business growth
- Cost-to-income ratio at 56.0%\* has increased as MNFL costs are incurred ahead of income being earned

\* Cost-to-income ratio includes cost and income incurred in MotoNovo Finance for servicing the MotoNovo back book in FirstRand Bank London Branch. Excluding this, cost-to-income ratio is 53.5%.



## Summing up

### Revenue growth ▲7%

- Deposit growth +7%
- Advances growth +4%
- NII resilient although advances growth slowed
- NIR reflecting lower fee and commission income and non-repeat of private equity realisations

### Bad debts ▲18%

- At 105 bps (95 bps incl. Aldermore), within the group's TTC range of 100 - 110 bps
- Portfolio provisions remained conservative
- Operational NPLs impacted by new business strain and macros

### Opex growth ▲7%

- Unionised increases
- Continued investments
- Positive jaws 0.5% impacted cost-to-income ratio

### Dividend ▲5%

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



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results presentation  
for the six months ended 31 December

Prospects

## Prospects

- UK
  - Reduced Brexit uncertainty
  - Incremental GDP growth expected and labour market strong
  - House price trend to improve
  - Aldermore group expected to contribute to growth and returns
- Rest of Africa
  - Macros broadly similar to recent period
  - Certain markets may experience macro pressures
  - Portfolio performance expected to be muted



## Prospects

- South African business is slowing materially
  - GDP to contract further:
    - Weak wage growth with reduced consumer spending
    - Consumer and business confidence to remain low
    - COVID-19 expected to impact further

Expect full year earnings to reflect growth, however, below group's current forecast of real GDP plus CPI

ROE expected to trend well within the long-term target range of 18% to 22%





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results presentation  
for the six months ended 31 December

Appendix

### 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 contributed to 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

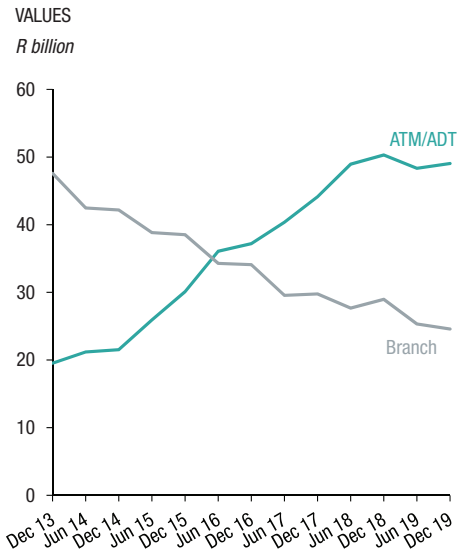
## Aldermore remains earnings accretive

<i>R million</i>	Dec 19	Dec 18	% change
Normalised earnings reported	14 009	13 342	5.0 ▲
Less: net impact of Aldermore	188	289	
– Attributable earnings (excluding MotoNovo)	917	1 037	
– Forgone interest on capital deployed (post-tax)	(510)	(530)	
– Amortisation of intangibles	(219)	(218)	
Normalised earnings (excluding Aldermore)	13 821	13 053	5.9 ▲

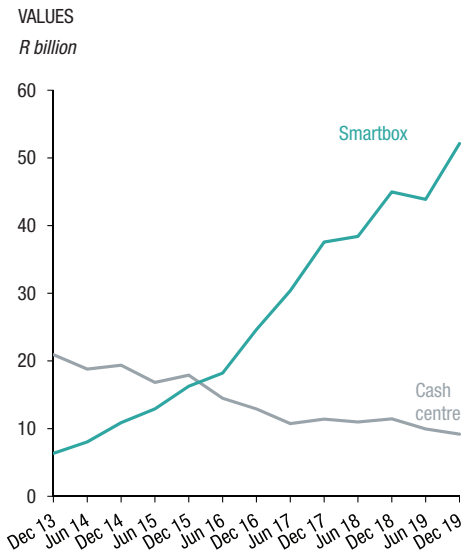


## FNB's shift in physical platforms drives customer behaviour

Deposit values (excl. cheques) – branches vs ADTs



Deposit values – smartbox vs cash centres





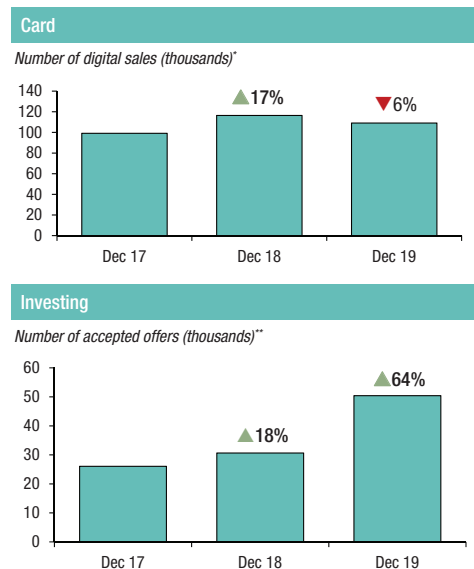
## Recalibration of branch network continues

INFRASTRUCTURE COST REDUCTION	INVESTMENT TO TAKE OUT MORE COSTS	FOCUS ON GROWTH IN LONG-TERM COSTS
<ul style="list-style-type: none"> <li>Branch costs (2%)</li> <li>Branch m<sup>2</sup> (8%)</li> <li>Outcomes-based remuneration paying off and becoming more pervasive</li> <li>Branch fitment is more cost-effective as the customer becomes more digitised</li> <li>Average new branch configuration reduced to R4.1 million</li> <li>Leveraging branch footprint for commercial client engagement</li> </ul>	<ul style="list-style-type: none"> <li>Electronic channels                             <ul style="list-style-type: none"> <li>Automated teller minutes (2%)</li> <li>Growth in ADT device cash value 3%</li> <li>Service minutes (28%)</li> <li>Telling minutes (14%)</li> <li>Sales minutes 4%</li> </ul> </li> <li>Digital capabilities in branch activations                             <ul style="list-style-type: none"> <li>App +50%</li> <li>Online +26%</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Staff costs Flat</li> <li>Long-term leases +3.3%</li> <li>Rationalise:                             <ul style="list-style-type: none"> <li>Property portfolio</li> <li>Operational processes across delivery channels</li> <li>Moving towards more retail locations</li> </ul> </li> </ul>

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

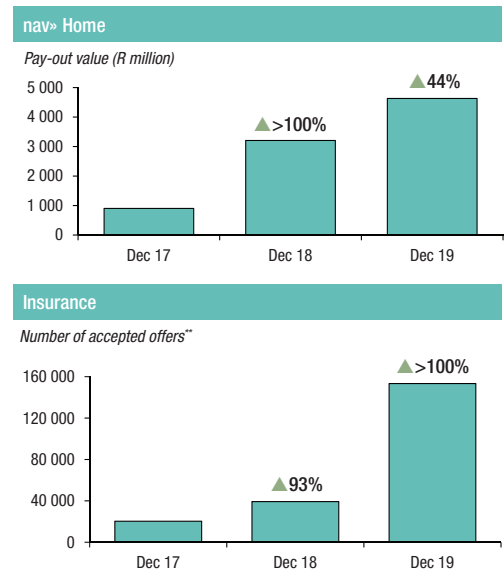


## Efficient fulfilment on **digital platforms** drives cross-sell, new origination impacted by credit strategies



\* Includes new origination, upgrades and existing product limit increases.

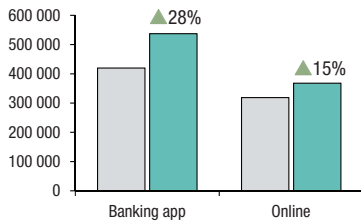
\*\* Accepted offers may not have been fulfilled.



## Platform adoption in commercial continues

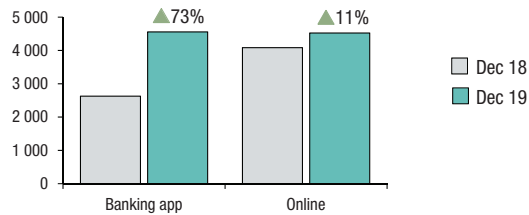
### Active customer base

Number of customers



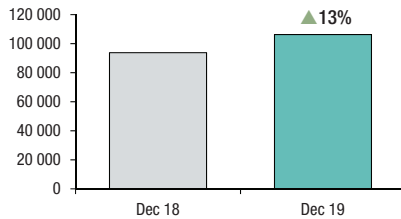
### Platform adoption continues

Monthly logins (thousands)



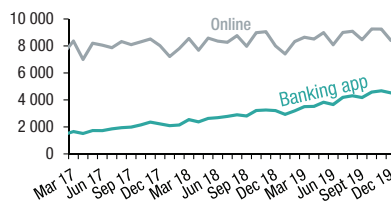
### Merchant services

Turnover (R million)



### Digital platforms support volume growth

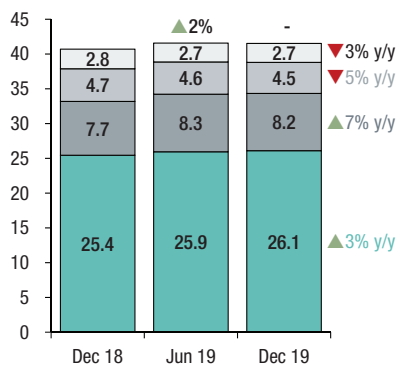
Transaction volumes (thousands)



## Advances growth reflects softening macros and differing segment strategies

### FNB CONSUMER ADVANCES\*

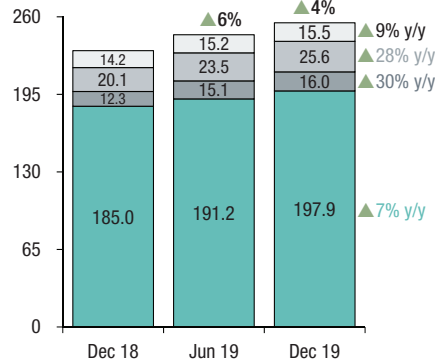
R billion



- Retail other
- Card
- FNB loans
- Residential mortgages

### FNB PREMIUM ADVANCES

R billion



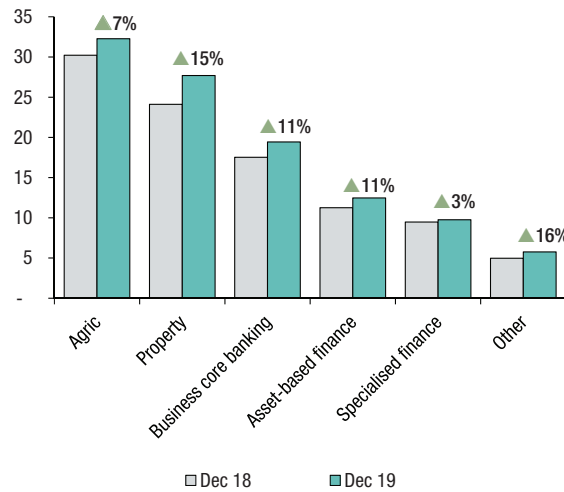
- Retail other
- Card
- FNB loans
- Residential mortgages

\* Excluding DirectAxis.



## Targeted lending strategy driving advances growth in commercial segment

FNB COMMERCIAL ADVANCES  
R billion

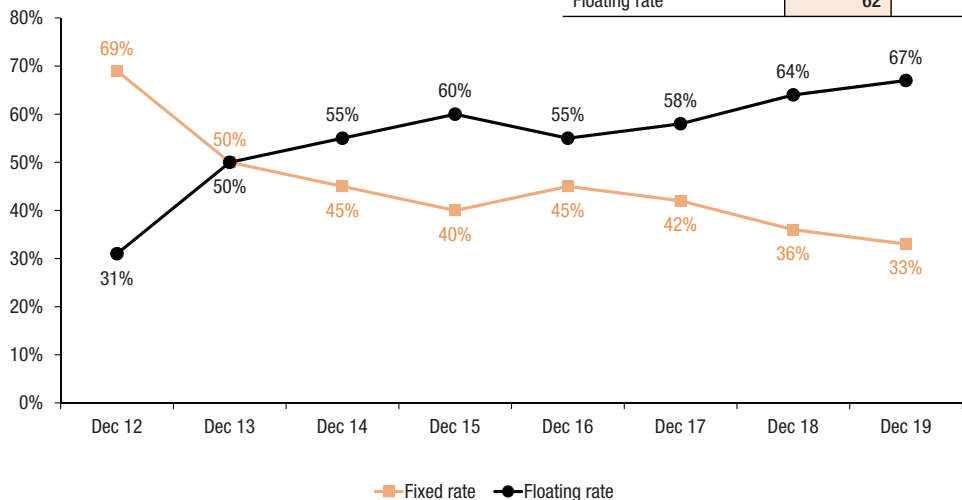


- Targeted lending to key customer segments
- Property-driven targeted strategy (predominantly owner occupied)
- ABF benefits from leveraging existing relationships
- Growth in automated client decisioning



## Margin pressure from **shift in rate mix** in retail book

PROPORTION OF WESBANK RETAIL VAF NEW BUSINESS



% OF TOTAL ADVANCES	Dec 19	Dec 18
Fixed rate	38	43
Floating rate	62	57

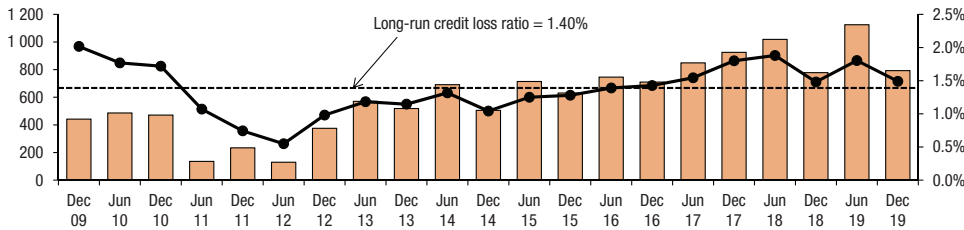


## WesBank credit portfolios

### RETAIL VAF

Impairment charge (R million)

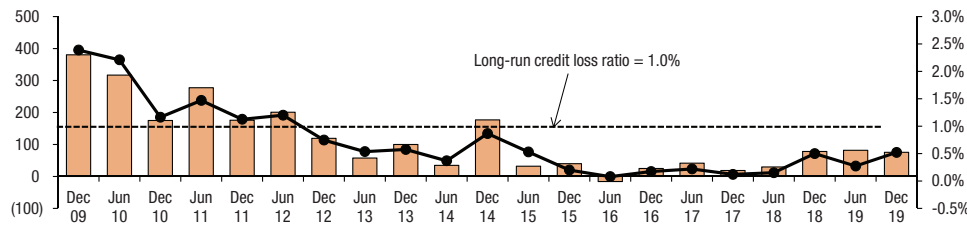
Credit loss ratio



### CORPORATE AND COMMERCIAL

Impairment charge (R million)

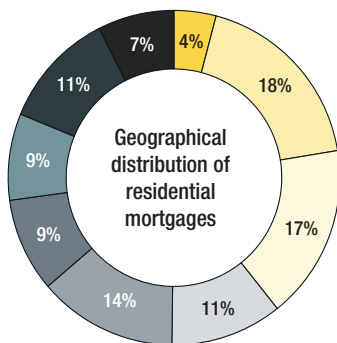
Credit loss ratio



Impairment charge      Credit loss ratio

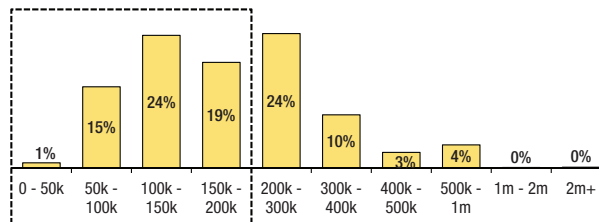


## Residential mortgage portfolio geographically diversified

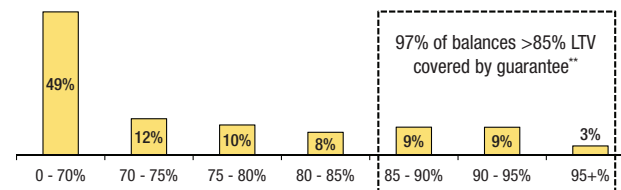


- Greater London
- Midlands
- North West
- Yorkshire
- Other
- South East
- East Anglia
- South West
- Scotland

59% of the portfolio has a balance <£200k



Average LTV\* of non-guarantee book is 59%



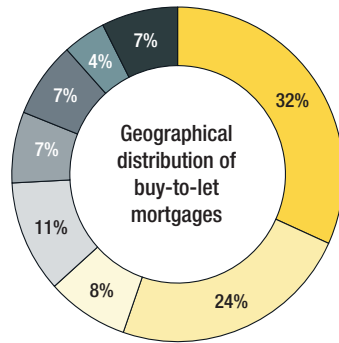
97% of balances >85% LTV covered by guarantee\*\*

\* Loan to value on indexed origination.

\*\* Guarantee refers to mortgages guaranteed by the UK Government's Help to Buy scheme (pre-2016) or the Mortgage Indemnity Guarantee (post-2016)

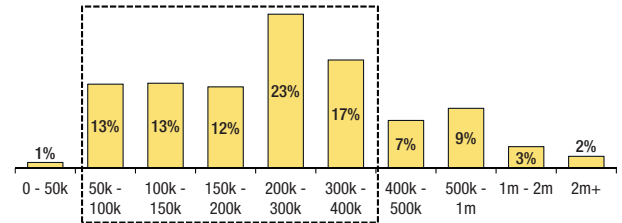


## Buy-to-let portfolio – highly secured

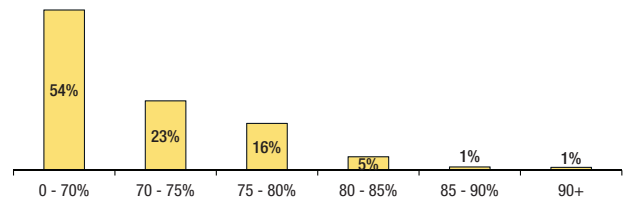


- Greater London
- South East
- Midlands
- East Anglia
- North West
- South West
- Yorkshire
- Other

c.78% of loans at £50k – £400k, with only 5% >£1 million



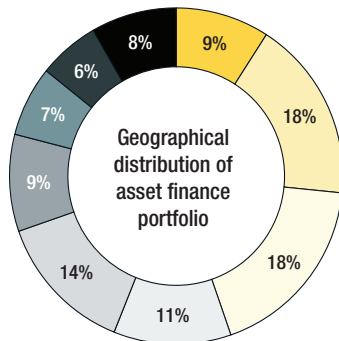
Average LTV\* of 66%, with only 7% of balances >80% LTV



\* Loan to value on indexed origination.

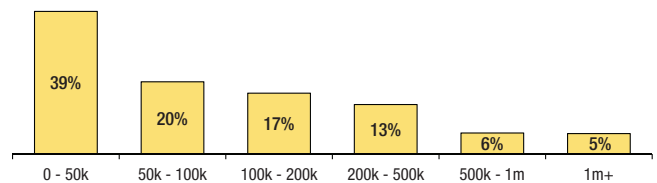
**A**

## Aldermore **asset finance** – diverse UK coverage, strong collateral, robust secondary market



- Greater London
- South East
- Midlands
- East Anglia
- North West
- South West
- Yorkshire
- Scotland
- Other

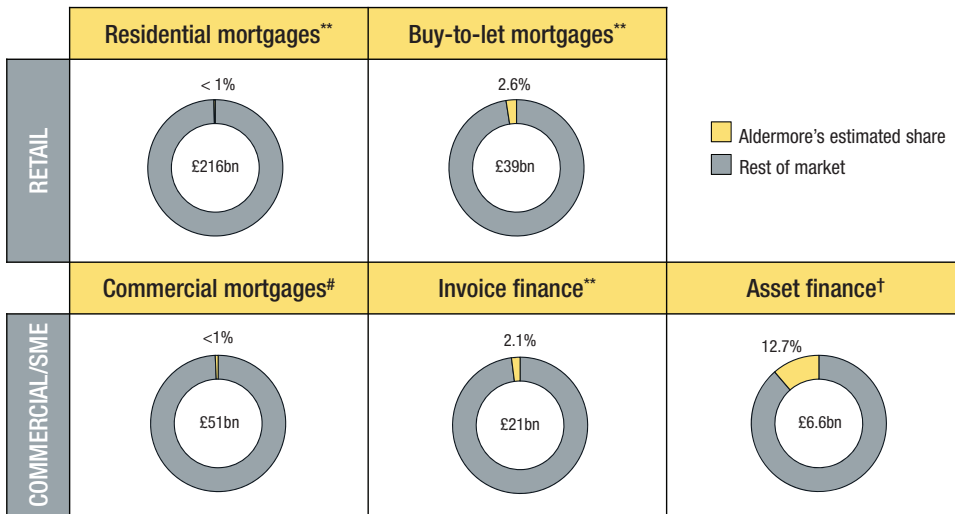
Majority of portfolio has an average balance of <£100k



**A**

## Aldermore is a specialist bank with a **small share of large profit pools in the UK**

ORIGINATION MARKET SIZE\* AND ALDERMORE'S ESTIMATED SHARE



\* Estimated FY 2019 market size based on most recent data.

\*\* Sources: UK Finance 12 months to November 2019, Aldermore estimates.

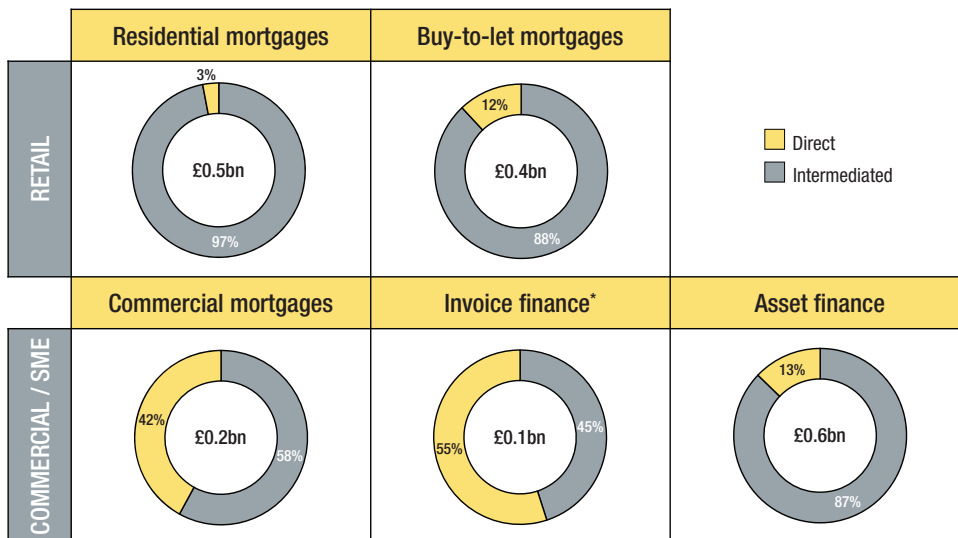
# Sources: CASS mid-2019 CRE Lending Survey, Aldermore estimates.

† Sources: FLA Broker Market data, Aldermore estimates.

A

## Current origination model **remains core to strategy**

DEC 19 ALDERMORE ORIGINATION BY CHANNEL

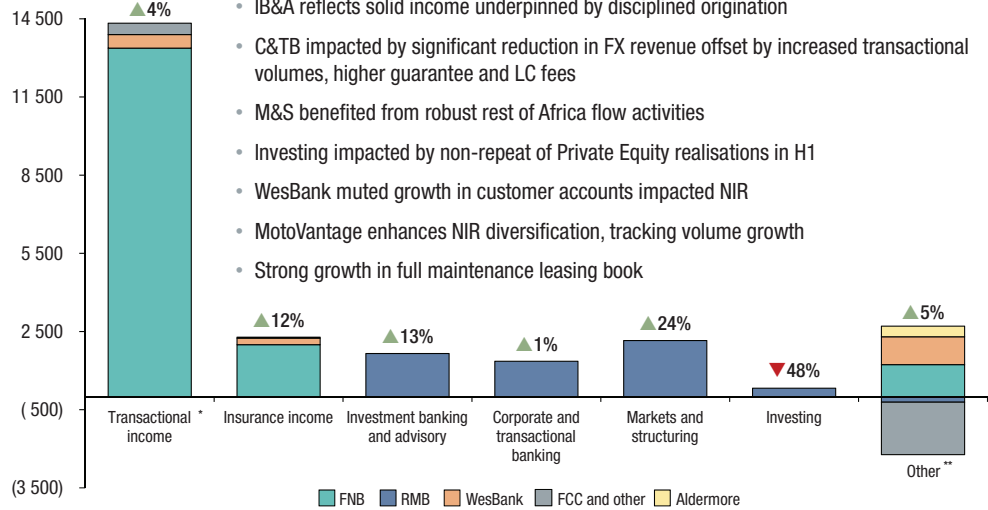


\* Direct includes referral.

A

## Unpacking NIR per operating business

NIR  
R million



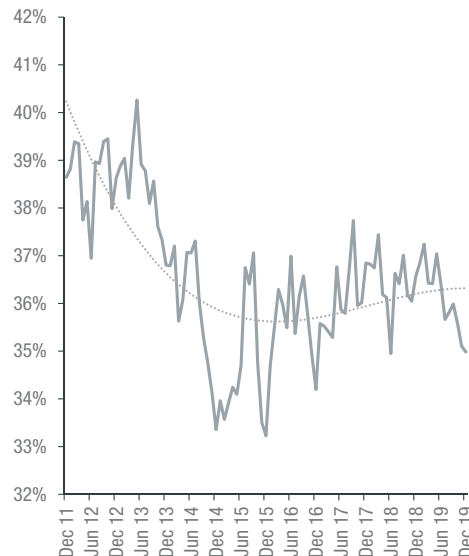
\* Excludes RMB transactional income.

\*\* Includes FCC (including Group Treasury) and other.

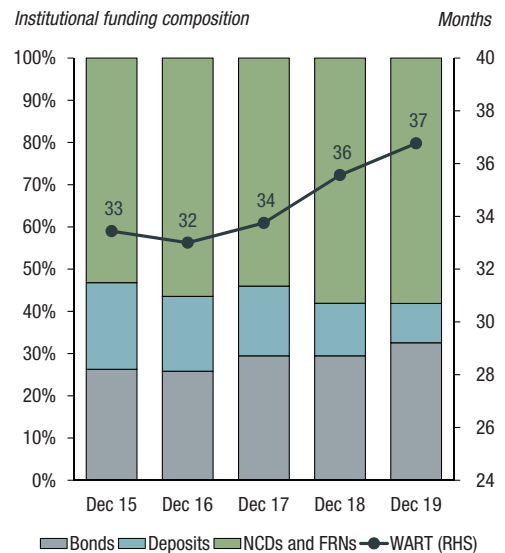


## Group continues to optimise institutional funding profile

Institutional funding as % of total funding



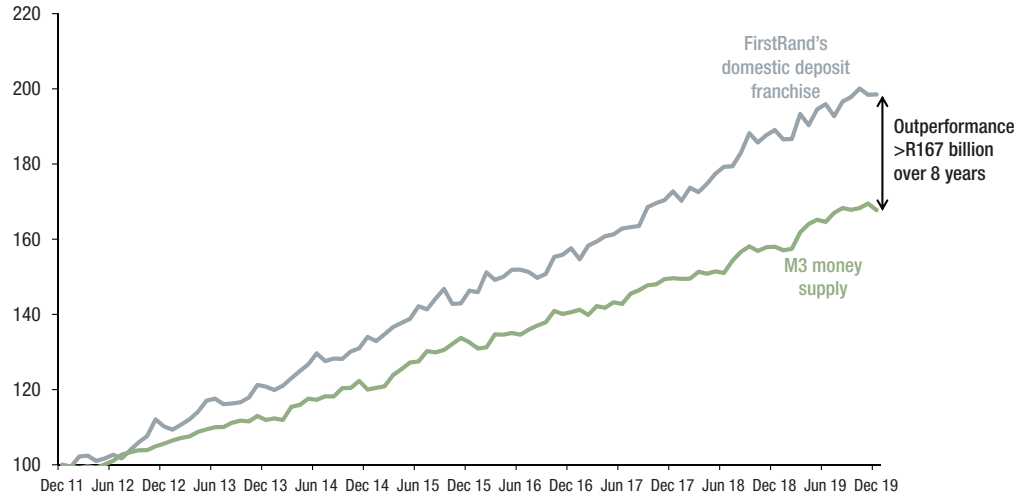
Diversified institutional funding mix and term profile



Local **deposit franchise** continues to **outperform market** due to success of save and invest strategy

INDEX

December 11 = 100



Coverage breakdown: **residential mortgages**

Type	R million	Specific coverage ratio
Sold property awaiting registration	196	22.2%
Deceased	254	24.6%
Debt review – mostly paying per agreement	1 055	21.3%
Insolvencies and litigation	3 185	27.2%
Non-debt review – payments being made	498	18.4%
Technical cures	2 645	8.8%
Other	1 253	19.6%
<b>Total</b>	<b>9 086</b>	<b>19.4%</b>





Coverage breakdown: **WesBank retail VAF**

<i>Type</i>	R million	Specific coverage ratio
Technical NPL – debt review	462	10.5%
Technical NPL – arrears	1 375	11.6%
Restructured debt review	750	15.3%
Non-restructured debt review	473	40.2%
>3 months' missed instalments	2 246	43.5%
Repossession	216	48.5%
Legal action for repossession	1 272	46.9%
Other (includes absconded, insurance and alienations)	493	43.4%
<b>Total</b>	<b>7 287</b>	<b>33.0%</b>





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*[www.firstrand.co.za](http://www.firstrand.co.za)*