

FIRSTRAND NORTH AMERICAN INVESTOR ROADSHOW

May 2016



FIRSTRAND



FirstRand's financial position and track record...

FINANCIAL HIGHLIGHTS for the six months ended 31 December 2015	ZAR million	USD million
Total assets (normalised)	1 139 523	72 860
Normalised net asset value	95 878	6 130
Normalised earnings	10 915	802
Normalised ROE	23.4%	
Capital adequacy – CET1 ratio	13.7%	

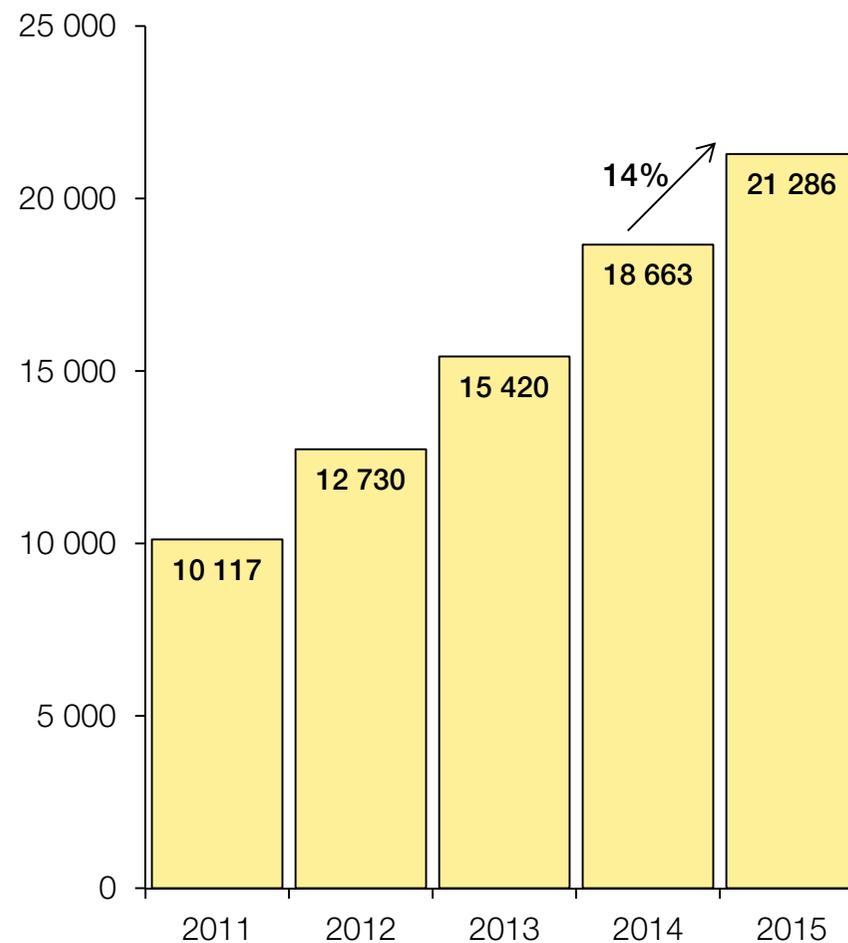
Conversion rates at 31 December 2015:

Income statement: USD1 = ZAR13.61, balance sheet: USD1 = ZAR15.64

KEY OPERATING STATISTICS for the six months ended 31 December 2015	Dec 2015
Employees	43 406
Physical representation points	862
ATMs	7 347

NORMALISED EARNINGS

ZAR million





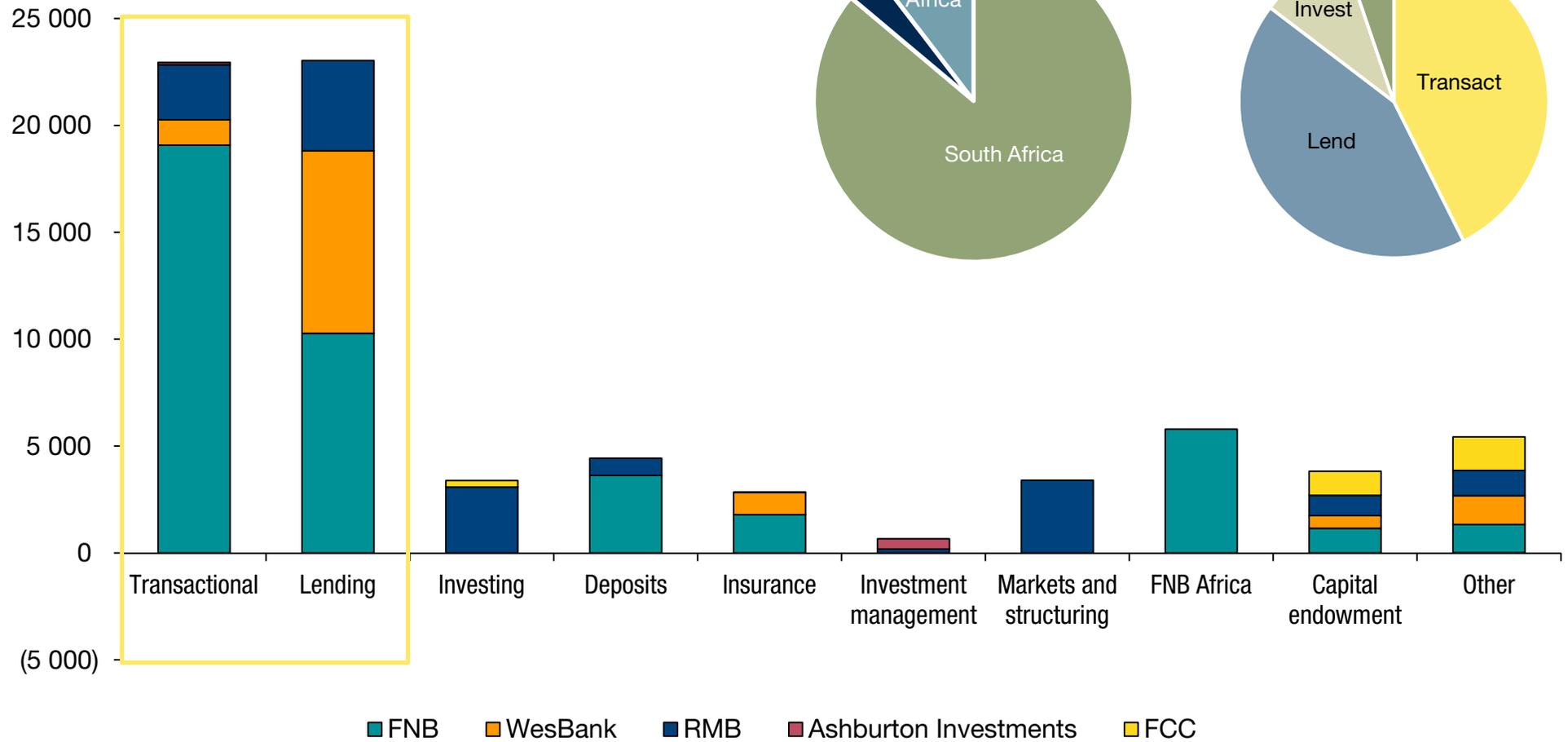
... delivered by a specific strategy post 2008/9 cycle

- Objectives
 - Be the **African financial services group of choice**
 - Create long-term franchise value
 - Deliver superior and sustainable returns within acceptable earnings volatility
 - Maintain balance sheet strength
- ... driven by two growth strategies
 - In South Africa, focus on existing markets and areas currently under-represented
 - Further grow African franchises in key markets and mine the Africa/Asia corridors



Current revenue mix an outcome of this strategy

Revenue* (R million)



* For the year ended 30 June 2015.



Asked ourselves if we could continue to outperform with this strategy

- Analysed FirstRand's portfolio:
 - Geographic diversification
 - Macroeconomic environment
 - Profit pools/income streams
 - Regulatory challenges and competitive threats
 - Other headwinds (cost pressures)

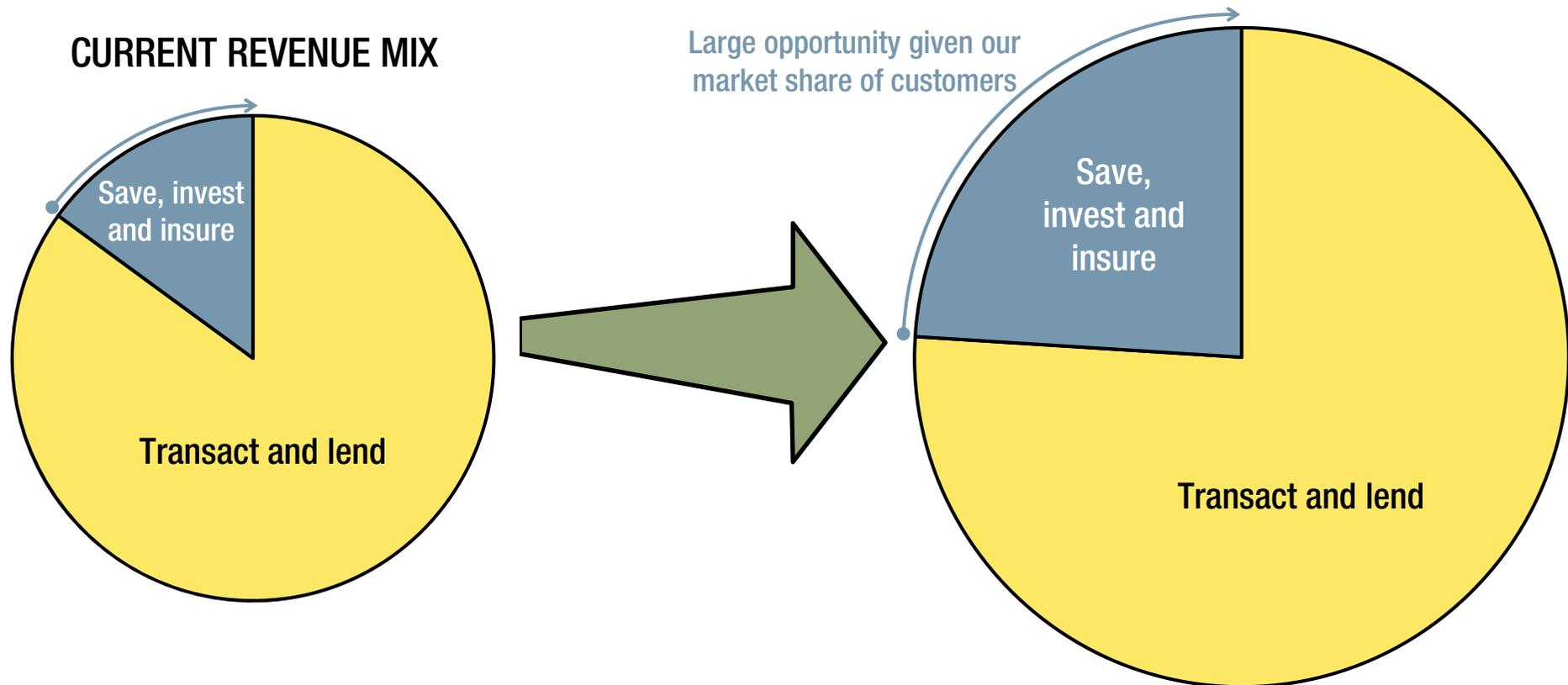


This resulted in an adjusted strategy

- South Africa
 - Protect and grow existing banking franchises
 - Broaden financial services offering
- } Platform- and franchise-neutral business model a key enabler
- Rest of Africa – still aim to be dominant regional player
 - Developed markets – a protection and diversification strategy



Objective is to increase relative contribution from other financial services, whilst growing existing franchises



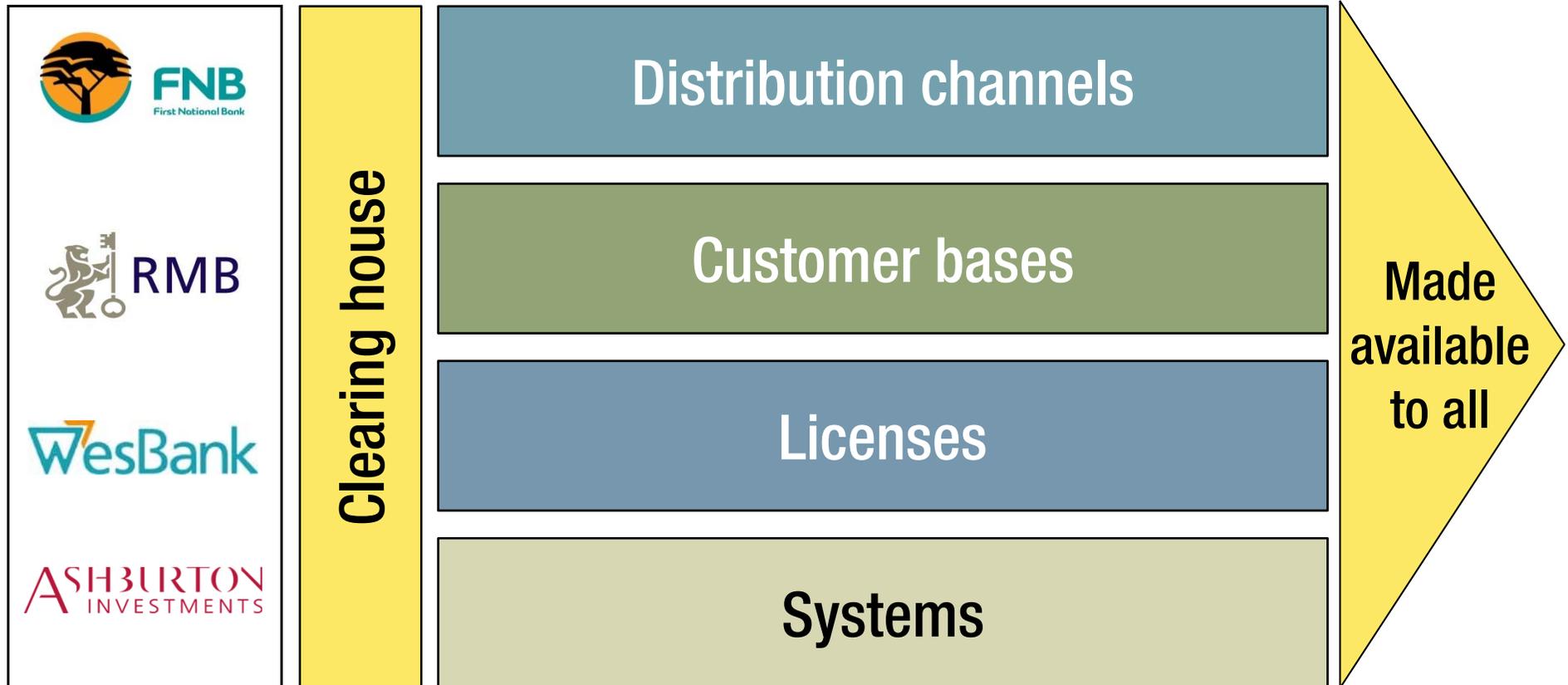
Large opportunity given our market share of customers

Protect and grow banking franchises:

- Grow profitable market share
- Cross-sell and up-sell
- Leverage group platforms (collaboration)



Leveraging a portfolio of building blocks



PLATFORM AND FRANCHISE NEUTRAL



Still want to be a regional player

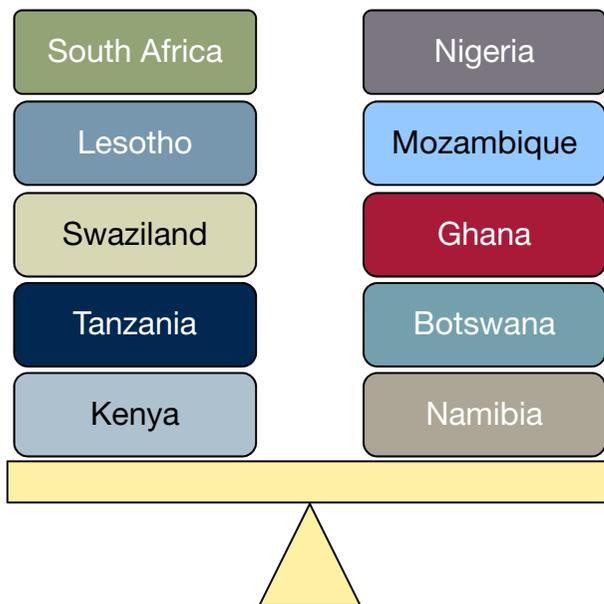
- Risk/reward landscape in the rest of Africa has changed
 - Negative commodity cycle – (structural rebalancing of Chinese economy from investment to consumption)
 - Undiversified markets susceptible to macro shocks often exacerbated by policy mistakes
 - Higher correlation between markets
- Long-term growth opportunity remains attractive
 - Projected growth rates are higher than SA
 - Demographics are supportive
 - Infrastructure development is on going
 - Markets remain under penetrated with CCIB the deepest profit pool



Aim to build a portfolio of businesses

APPROACH INFORMED BY:

PORTFOLIO THINKING (SHAREHOLDER VIEW)



- Balanced portfolio
- Avoid concentrations
- Diversify risk and earnings streams
- Optimise risk/return
- Portfolio resilience

BUSINESS STRATEGY

- Profit pools
 - Transact
 - Invest
 - Lend
 - Insure
- Value proposition
- Platforms
- Resources
- FSR coordination



Our approach?

- Prioritise
 - Profit pools
 - Competitive and differentiated client value proposition
 - Operational capacity
 - Disciplined financial resource allocation
- What this means
 - Not necessarily universal banking
 - Temper our aspirations (size and timing)
 - Smaller bets



DM required to protect existing strategies...

- Access to hard-currency funding will enable rest of Africa strategy
- Protect cross-border counterparty status to access financial markets
- MotoNovo (ring-fence in CFC)



...and provide growth and diversification

- MotoNovo
 - Demonstrated exportable value proposition
 - 8 years later it constitutes a significant part of WesBank's business
 - Provides diversification for WesBank which it did not have in the previous cycle
 - Sizeable business (approximately R1 billion PBT)
 - Expanding mandate with in strict framework
 - Disciplined, organic, incremental approach



The updated strategic framework provides broader opportunities for growth



Protect and grow banking franchises
Broaden financial services offering



Portfolio approach will capitalise
on long-term growth opportunity



Protect and diversify



Resulting in a revised statement of intent...

- FirstRand's **portfolio** of **leading financial services** franchises:
 - provides a universal set of **transactional, lending, investment and insurance** products and services
 - seeks to **operate in markets and segments** where franchises can deliver **competitive** and **differentiated client-centric value propositions...**
 - ...by **leveraging** the relevant **distribution channels, product skills, licences and operating platforms** of the wider group
- Strategy is executed on the back of **disruptive and innovative thinking** underpinned by:
 - **owner-manager culture**
 - **disciplined allocation of financial resources**



...which will underpin delivery of...

**...superior and sustainable
economic returns to shareholders
within acceptable levels of volatility
and maintain balance sheet strength**