



REPORT TO SOCIETY 2013



**RAND
MERCHANT
BANK**

A division of FirstRand Bank Limited



Message from CEO



We are fortunate to experience another good year at RMB, enhanced by our competitive strengths – talent and unique culture, valuable client relationships, innovative thinking, long standing investment track record and prudent risk management. We continue to liberate our people to perform at their best and this remains our greatest brand and business differentiator. If a picture is worth a thousand words, you will find evidence of our great people in our many print adverts that often evoke an intelligent smile. We thought this would be a great way to illustrate our contribution to South Africa and stakeholders and we hope you enjoy this edition of Citizen RMB. Thank you to all who make RMB the great business it is – we encourage and applaud you for your contribution to thinking that can change the world.

Alan



AT RMB WE UNDERSTAND,
IT'S ALL ABOUT RELATIONSHIPS.

RMB and Petra Diamonds continue their long-term relationship in a new 6-year, R2.1-billion multi-currency transaction.

Rand Merchant Bank is proud to have arranged and structured new debt facilities of R1.6-billion and US\$60-million, co-funded with Absa Capital and the International Finance Corporation. Involving various debt tranches across each currency and innovative cross-collateralisation arrangements, this deal demonstrates RMB's long-term support for Petra's growth objectives to become a leading global diamond producer. For more information, contact Sandile Mbulawa on +27 11 282-1020, email sandile.mbulawa@rmb.co.za or Armond Boshoff on +27 11 282-4971, email armond.boshoff@rmb.co.za

2013 PERFORMANCE HIGHLIGHTS

21% 

normalised earnings

24.8%

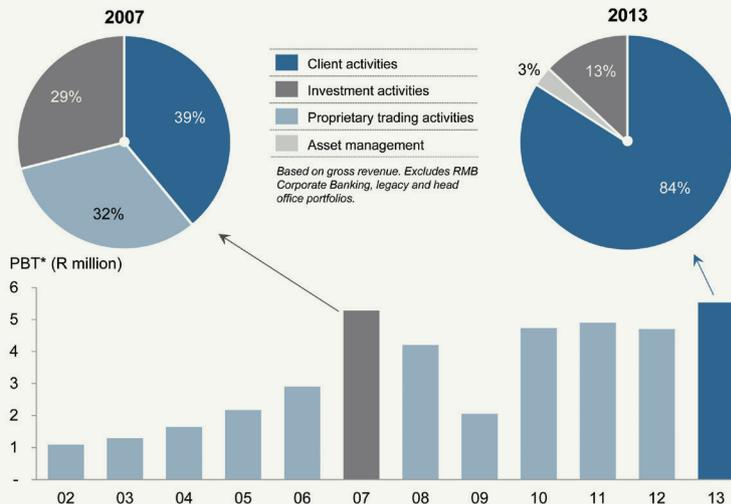
return on equity

20% 

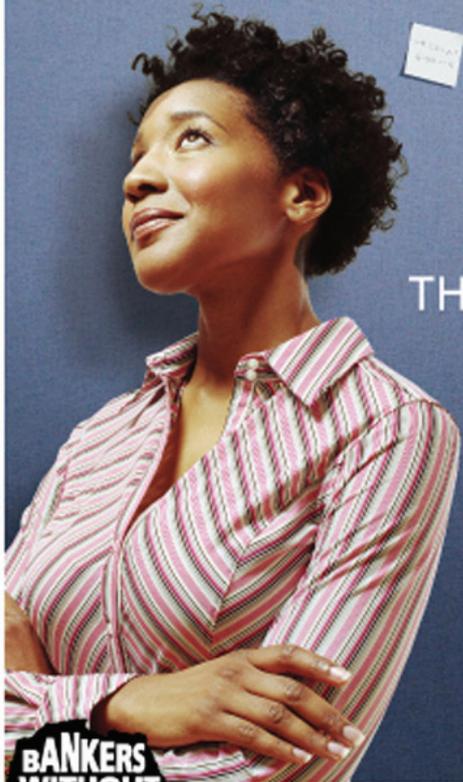
core advances

2013 represents RMB's highest year of earnings and an improvement in the quality of earnings with 84% of profit before tax being attributed to client-based activities.

Highest year of earnings and improved quality of earnings



* Excludes RMB Corporate Banking.



THINK. YOU CAN WORK AT RMB.



Traditional values. Innovative ideas.



RMB proudly serves the continent and her people for clients in a wide range of industries in over 35 countries. Rand Merchant Bank is rooted in traditional values and driven by innovative thinking – and as a truly African Bank, has been focused on doing good business while doing good. Our people, our greatest assets, work at the forefront of investment banking on the continent. We deliver solutions across borders. For more information visit www.rmb.co.za

THE MOST INNOVATIVE INVESTMENT BANK FROM AFRICA – THE BANKER INVESTMENT BANKING AWARDS, 2011.

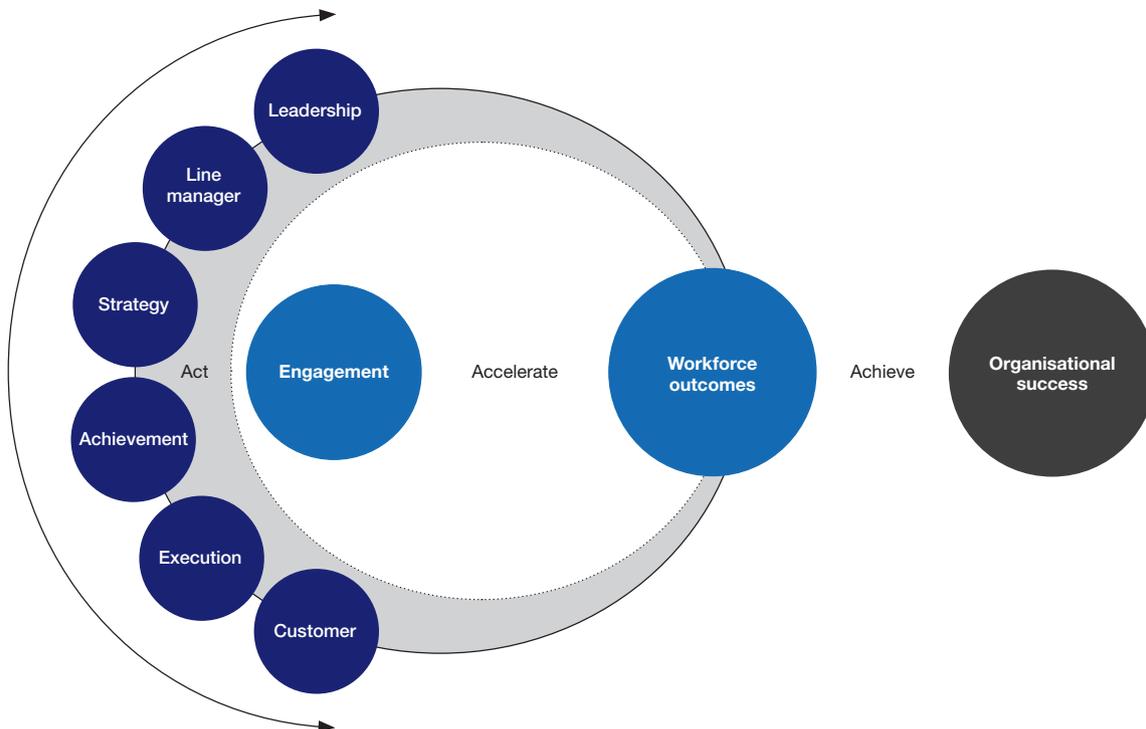
www.rmb.co.za

Thinking that can change your world

Rand Merchant Bank is an Authorised Financial Services Provider

ONE TEAM – INSPIRED THINKERS

Our strategy does not live in files, but in our people. It is important that we understand what drives our people, ask if our workplace delivers on these, and identify areas for improvement and change. **At RMB we nurture and celebrate inspired thinkers and entrepreneurs who challenge the boundaries, engage in vigorous debate, create their own opportunities and apply thinking that can change our world.** We do not subscribe to business-as-usual practices – rather big thinking that requires employees to stretch themselves, push the boundaries, think differently, have an entrepreneurial spirit and a desire to make a difference in the world.



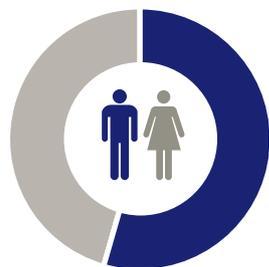


PERMANENT STAFF



■ 47% African Coloured Indian (ACI)
■ 53% White

SKILLS DEVELOPMENT



■ ACI (R11 million)
■ White (R10 million)

Employment equity at RMB is about the active development of relationships that lead to more inclusive behaviour which, while enhancing the diversity of our talent pool, simultaneously strengthens the RMB culture.

RMB's employment equity (EE) committee represents all employees in meetings relating to the analysis of policies, practices and procedures, working environment, preparation and implementation of RMB's EE plan and the reports required to be submitted to the Department of Labour in terms of the EE Act. The committee works with management board representatives to set achievable EE goals and to do whatever is reasonably possible to achieve them.

SUSTAINABLE VALUE FOR OUR CLIENTS AND SHAREHOLDERS

Our primary business objective at RMB is to create sustainable value for clients and shareholders. By placing clients at the centre of our innovation, we unlock possibilities and opportunities for them to grow their investments and businesses. We nurture mutually rewarding relationships and constantly challenge the norm, question existing models and develop innovative and bespoke products to grow our clients' businesses.

RMB acknowledges the challenge faced by the growing South African economy: to stay within an allocated carbon budget and simultaneously respond to increasing energy demand. To understand and manage systemic financial risk is part of the challenge, but expecting business models to change quickly is not realistic and requires extraordinary business leadership and longer term planning.



**RMB FACILITATES CAPITAL FLOW FOR
BRAIT WITH A SUCCESSFUL R500-MILLION TAP ISSUE**



Traditional values. Innovative ideas.

ATM NAME : VICTORY PARK
ATM NR : 08775 DATE : 2012/10/10
SEQ NR : 0088606 TIME : 09:04:44
CARD NR *****2923 BATHO BONKE

WITHDRAWAL

FROM ACC *****8890
AMOUNT DELIVERED R*****3,26BILLION
BALANCE *****0
TOTAL *****

THANK YOU FOR 8 YEARS OF
SHAREHOLDER VALUE.

RANDS AND SENSE
FOR 'ALL THE PEOPLE'

Line 08001 Stopkaan
ted/Beperk, 36/009989/

RMB|MorganStanley

EQUITY SALES, TRADING & RESEARCH

A Member of the JSE Limited

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**THINK
RENEWABLE ENERGY.
THINK RMB.**

RMB arranges R10-billion financing for renewable energy projects
Rand Merchant Bank's innovative funding solutions are enabling the development of some of the world's largest wind and solar energy projects, being developed under the first round of the SA Department of Energy's ground-breaking Renewable Energy Programme. These projects will help make a meaningful contribution to the delivery of a sustainable renewable energy industry in the country and will deliver tangible benefits to local communities through skills transfer and the creation of jobs. For more information, contact Dario Musso on +27 11 282-4433, email dario.musso@rmb.co.za or Hugh Hawarden on +27 11 282-8153, email hugh.hawarden@rmb.co.za

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SUSTAINABLE FINANCE

As subscribers to the Equator Principles (EP), we want to ensure that the projects we finance are developed in a manner that is socially responsible and reflect sound environmental management practices to avoid negative impacts on project-affected ecosystems and communities.

Environment Social Risk Assessment (ESRA) has been incorporated into existing compliance controls across RMB giving comfort that 100% of transactions go through an ESRA screening process.

The projects screened are the structured EP-defined project finance deals, which were reviewed by an in-house environmental and social risk specialist. All category A and B transactions were subjected to independent EP review to establish environmental and social risks of the project for the first time during the reporting period. Financial close is assumed when all conditions precedent to initial drawing of the debt have been satisfied or waived. EP reporting is externally assured for public disclosure by an independent third party as per requirements set out by the EP Association.



KENYA'S FUTURE IN A NEW LIGHT

**THINK
AFRICA.
THINK RMB.**

RMB serves as mandated lead arranger and sole funder in a 6-year, US\$60-million loan for The Kenya Power and Lighting Company Limited.

Building on its existing relationship with Kenya Power, Rand Merchant Bank facilitated an innovative financial solution that will enable the company to expand its power transmission and distribution activities, and to deliver against the infrastructure component on the Kenyan government's Vision 2030 Initiative. For more information contact Misheck Chingaya on +27 11 282-8280, email misheck.chingaya@rmb.co.za or Lloyd Muposhi on +254 020 233-7927, email lloyd.muposhi@rmb.co.za

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RMB THINKS. THINK AFRICA.

RMB is a proud African corporate and investment bank with an extensive deal footprint across 35 African countries. RMB has funded several significant infrastructure and resource finance projects, mergers and acquisitions, and developments in many African countries over the past decade.

During the year RMB provided and supported financing of R13 billion, including R11 billion in debt and equity financing, and R2 billion in property finance for loans or investments which will assist sustainable financing. This includes the total value of project finance deals that RMB has participated in and the total value of credit limits provided to clients. Financing spans all segments of the renewable energy market, waste water treatment, water infrastructure finance, and financing of green buildings and green property developments.

Specific commitments were made in support of the renewable energy sector during the South African government's renewable energy independent power producer procurement programme and RMB supported bidding companies by committing R8.4 billion to five renewable energy projects in wind and solar industries during the first round of the bidding process (November 2012) and R3.4 billion to four renewable energy projects during the second round of the bidding process (May 2013). These facilities included senior and mezzanine debt facilities, preference shares in projects and hedging facilities.



CIPLA MAKES A HEALTHY R4.5-BILLION INVESTMENT IN SOUTH AFRICA

THINK
ADVISORY.
THINK RMB.

Rand Merchant Bank helps Cipla India acquire 100% of Cipla Medpro in a R4.5-billion deal

In one of the largest single investments by an Indian company on the African continent, RMB is proud to have acted as merchant bank, guarantee provider and FX counterparty for Cipla India's recent acquisition of 100% of Cipla Medpro South Africa. The deal strengthens Cipla Medpro's position in South Africa and supports its expansion into Africa, giving the continent access to a wider range of affordable medicines. For more information contact Mark Treagus +27 11 269-9845, email mark.treagus@rmb.co.za or Sriram Narayanan on +91 22 6625-8604, email sriram.narayanan@firstrand.co.in

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EP projects screened per industry

Transaction categories	2013					
	Mining*	Infrastructure	Power**	Renewable energy**	Retail	Other#
A (high risk)	7	1	-	-	-	1
B (medium risk)*	-	-	1	4	-	-
C (low risk)	-	-	-	-	9	3
Total	7	1	1	4	9	4

* Two mining transactions were based in the Americas region and the balance of the transactions in Africa.

** The power and renewable energy category was split in two categories from 2013. No EP project finance transactions in the oil and gas industry category were screened during the year.

Transactions in the other category are deals related to large commercial property developments.

A W A R D S

The strength of RMB's franchise is recognised by a number of major awards during the year including:

» DealMakers

- 1st in Mergers and Acquisitions (by value and volume)
- 1st in General Corporate Finance (value)
- 1st in General Corporate Finance Sponsors

» PWC Banking Peer Survey

- 1st M&A and Listings
- 1st in Underwriting
- 1st in Rates Trading
- 1st in Equities Trading

» African Banker awards

- Investment Bank of the Year

» EMEA Finance

- Best convertible bond in EMEA
- Best corporate bond in Africa
- Best telecoms deal in Africa
- Best sustainability deal in EMEA
- Best project finance deal in Africa

» The Banker Deal of the Year (DOTY) Awards

- Corporate Bonds African DOTY
- FIG Capital Markets African DOTY
- Sovereign Bond African DOTY
- Restructuring African DOTY

2013 COMMUNITY INVESTMENT



- Maths leadership and development **(R9.3 million)**
- Arts, culture and heritage **(R10.4 million)**
- Environment and conservation **(R7 million)**

At RMB we believe that good business and good work are not mutually exclusive. The RMB Fund, a member of the FirstRand Foundation, is RMB's corporate social investment (CSI) vehicle, contributing at least 1% of net profit after tax towards selected projects within three development sectors. Since 2007, the RMB Fund has invested over R140 million in these focus areas.

The maths leadership and development programme currently supports a range of educational initiatives including university programmes, bursary and outreach programmes run by independent schools and other centres of excellence, and programmes that promote knowledge sharing and advocacy.

The arts, culture and heritage programme encourages a healthy balance between the promotion of equitable access to arts and heritage, and the achievement of excellence.

The environment and conservation programme is aligned with FirstRand's commitment to environmentally sensitive practices. It provides support to initiatives that demonstrate strong educational and local community development opportunities through collaboration.

TO BE CONTINUED



**WE THINK.
WE CAN.**

**For more information regarding Citizen RMB,
please contact Yvette Nowell.
Yvette.Nowell@rmb.co.za**



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