



FIRSTRAND

## MEDIA RELEASE

### GOOD GROWTH IN EARNINGS, AN EXCELLENT RETURN PROFILE AND UPLIFT IN DIVIDEND CHARACTERISE FIRSTRAND RESULTS

*Johannesburg, 10 September 2015* – FirstRand Limited (FirstRand) today reported results for the year to 30 June 2015 with its portfolio of financial services franchises producing another strong performance.

#### HIGHLIGHTS

- FNB, RMB and WesBank grew profits and produced returns on equity (ROEs) significantly above targets.
- The group's strong transactional franchise continued to drive return on assets (ROA) up to 2.12%.
- Net interest income (NII) benefited from good growth in both advances and deposits.
- The group continued to strengthen its balance sheet with prudent provisioning.

Commenting on the results, FirstRand CEO designate, Johan Burger, said:

*"These results are extremely pleasing. All operating franchises are delivering resilient topline growth as they continue to execute on specific growth strategies in their respective markets. Our strong ROE remains underpinned by the excellent quality of the transactional and lending franchises of FNB, RMB and WesBank."*

The group's income statement benefited from an increase of 16% in NII which was driven by ongoing growth in advances (+12%) and good growth in deposits (+13%). Total non-interest revenue (NIR) increased 8%, driven by another strong performance from FNB, which grew NIR 9% and continued to profit from its strategy to drive transactional volumes on the back of client acquisition and increased cross-sell into both the retail and commercial customer segments. WesBank's NIR benefited from good growth in new business and insurance revenues and RMB's investing activities, particularly its private equity business, performed extremely well with realisations of over R1 billion for the year. Impairments and non-performing loans (NPLs) in vehicle and asset finance, WesBank loans and FNB business are trending up, but remain in line with expectations; in residential mortgages and FNB mass loans, NPLs continue to trend down, which reflects the success of collections and strict credit origination.

Commenting specifically on credit, Burger said:

*"We still believe that retail bad debts are at cyclical lows and there is risk to the downside as the consumer's disposable income comes increasingly under pressure. The negative credit cycle is beginning to show up in some of the retail portfolios and we, therefore, continue to exercise strict*

*discipline in credit origination. At the half year, RMB raised portfolio provisions against mining and metals, and oil and gas exposures in its cross-border lending book. Most of these still remain intact.”*

Burger commented that FirstRand remained well positioned to weather what is expected to be a difficult macro environment;

*“We continue to believe that the quality of our businesses and their respective growth strategies, combined with our strong balance sheet, positions us well to deal with the anticipated worsening operating environment and we expect to continue to deliver both earnings growth and superior returns for our shareholders. However, the level of outperformance that can be achieved becomes more difficult given the high base and the increasing economic and regulatory headwinds the business faces going forward.”*

**ENDS**