RMB’s African Growth Story

15 October 2015
FirstRand’s strategy

BE THE AFRICAN FINANCIAL SERVICES GROUP OF CHOICE

In its domestic market:

Protect and grow lending and transactional franchises through disruption and differentiation

Capture a larger share of profits from the broader financial services markets

Establish meaningful in-country franchises in chosen markets in the rest of Africa

Underpinned by its commitment to:

Create long-term franchise value

Deliver superior and sustainable economic returns within acceptable levels of volatility

Maintain balance sheet strength

Strategy executed through operating franchises and appropriate platforms
FirstRand’s 3 pillars for execution of strategy in Africa

1. Utilise South African franchise (B/S, intellectual capital, international platforms) with existing footprint

2. Start in-country franchises and grow organically

3. Acquire bolt-on in-country franchises where it makes commercial sense

Shift in focus given limited runway for cross-border activities. Continue to remain disciplined in deployment of capital / acquisitions.

Where most of FirstRand’s growth has come from historically.
Key ingredients for success in Africa

- Offshore distribution
- Brand and franchise recognition
- Platform to deliver full product suite
- Local currency funding
- Servicing strategic clients
- Flow business
- Origination
What has informed our decision on which markets to focus on?

**RMB “Ease of Business” index**

- Good
- Moderately good
- Average
- Poor
- Very poor

**Forecast growth 2015 - 2020**

- < 0% – 2% growth
- 2% - 4% growth
- 4% - 7% growth
- 7% - 10% growth
- > 10% growth

**Top investment destinations in sub Saharan Africa**

1. South Africa
2. Kenya
3. Nigeria
4. Ghana
5. Ethiopia
6. Tanzania

**Impact of oil prices > need for diversification**

Notes: (1) Based on The World Bank’s Doing Business Report, Transparency International’s Corruption Perceptions Index, the Heritage Foundation’s Index of Economic Freedom, and the WEF’s Global Competitiveness Report; (2) average of forecasts from IMF, GI and BMI
How is our strategy evolving to deliver the key ingredients for success?

Pure briefcase banking model

Deployment + “modified” briefcase banking model

Corporate Bank strategy

In-country balance sheets
How is our strategy evolving to deliver the key ingredients for success?

- Pure briefcase banking model
- Deployment + “modified” briefcase banking model
- Corporate Bank strategy
- In-country balance sheets
Significant transactions originated through the Rep Offices

**Country information: Kenya**
- **Established**: Rep Office: 2012
- **Nr. of employees**: 6 employees
- **Main activities**: Deal sourcing and origination in East Africa

**Country information: Angola**
- **Established**: Rep office: 2010
- **Nr. of employees**: 1 Representative Officer
- **Main activities**: Trade and Wholesale Cash
### Briefcase banking

**Drivers of success**

- Following strategic clients
- Tailoring structured and innovative solutions for clients
- USD cheaper cross border versus in-country
- Long track record of sector and product expertise

**Continuing benefits**

- Offset capacity and liquidity constraints in-country
- Augment limited in-country platforms to mine full value proposition
- Leverage South African product expertise while developing in-country relationships
- Provides opportunity to better understand a market before entry

<table>
<thead>
<tr>
<th>Yes</th>
<th>To some extent</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
How is our strategy evolving to deliver the key ingredients for success?

- Pure briefcase banking model
- Deployment + “modified” briefcase banking model
- Corporate Bank strategy
- In-country balance sheets
Growing in partnership with FNB

Country information
FNB Ghana

Established
Soft opening October 2015

Country information
FNB Tanzania

Established
2011
Small market and challenging environment

Country information
FNB Zambia

Established
FNB Zambia: 2009
CIB Zambia 2015

Nr. of employees
34 employees across CIB

Country information
FNB Mozambique

Established
Acquired in 2008

Nr. of employees
30 employees across CIB

- Cenpower
  - Gas fired power station

- Ghana Ports & Harbours
  - Expansion of Tema Port

- Government of Tanzania
  - Private placement (ongoing)

- MeTL
  - Facility

- First Quantum Minerals
  - Corporate facility

- RCL Foods
  - Acquisition of minority interest in Zam Chick

- Petrochemical company
  - Asset disposal
Deployment + “modified” briefcase banking model

**Drivers of success**

- **Global Markets**
  - Total ownership of GM product set in subs
  - Investment and training to bring clients up the product curve
  - Aim to be market-leading franchise with market share in line with overall bank market share

- **In-country coverage teams**
  - Engage in-country clients and originate opportunities for RMB as a whole
  - Leverage South African expertise to deliver innovative solutions to our in-country clients

**Focus areas**

- **Investment Banking**
  - Deployed resources where market is of sufficient size for the product set
  - Maturity of sub dictates in-country versus South African balance sheet utilisation
  - Strategy for lending in non-strategic countries more clearly defined

- **Credit**
  - Continued exposure of senior credit executives to the in-country client base and operating environment to further enhance our credit capabilities
How is our strategy evolving to deliver the key ingredients for success?

- Pure briefcase banking model
- Deployment + “modified” briefcase banking model
- Corporate Bank strategy
- In-country balance sheets
Building on the investment banking platform

Country information
RMB Nigeria

| Established       | Rep Office: 2009  
|                  | Merchant Bank: 2013 |
| Nr. of employees | 45 employees across CIB |
| Main activities  | Full service corporate and investment banking (excluding transactional banking) |

- AOS Orwell
  - Refinancing package

- AfDB
  - Nigerian MTN programme

- Imperial Logistics
  - Acquisition of majority interest in EcoHealth

- SABMiller
  - Loan facility

- Zenith Bank
  - Syndicated Loan

- IHS Towers
  - 7 year capex facility

- African Finance Corporation
  - Club loan and bilateral facility

- Dangote Industries
  - Syndicated term loan facility
Growing the RMB franchise

Country information
RMB Namibia

- Established: 2011
- Nr. of employees: 71 employees, building to 76
- Main activities: Full service corporate and investment banking

Country information
RMB Botswana

- Established: 2013
- Nr. of employees: 84 employees across CIB
- Main activities: Full service corporate and investment banking

RMB Namibia
- Yuan trading

Ohrongo Cement
- Term plus overdraft facility

Debmarine Namibia
- Vessel finance

Air Namibia
- Aircraft financing

Puma Energy
- Disposal of minority interest

Botswana Development Corporation
- Facility

Puma Energy
- Facility for operating subsidiaries

Choppies
- Secondary listing on the JSE
Corporate Banking strategy

RMB-led strategy

Focused Corporate Banking sales and product teams

Differentiated strategy to previously commercial-led approach

Look at markets by segment and product line in terms of strategy, structure and people

Investment in platforms

Multi-currency functionality

Misys (trade system)

Channel integration

Custody

Yes
To some extent
No
In-country balance sheet

**Why?**
- Harness ancillary business opportunities
- Fully develop in-country client relationships

**How?**
- Building a deposit franchise across all segments (including institutional)
- Building product capability (cross currency swaps, dual currency deposits)
- Approaching DFI’s
- DMTN programme (local issuances)

**What?**
- Diversified portfolio of countries across Africa
- Successful, stand-alone businesses - seeded player in each of our markets
- Through acquisitions or greenfield in partnership with other FirstRand brands
How have we performed in Africa?

Africa has been a source of growth over the past 5 years – strategy is paying off.

Short term outlook negatively impacted by adverse growth impact of commodity price cycle.

Long term strategy - will continue to grow while remaining disciplined in deployment of capital.

Rest of Africa gross revenue* (R million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>600</td>
</tr>
<tr>
<td>2012</td>
<td>650</td>
</tr>
<tr>
<td>2013</td>
<td>900</td>
</tr>
<tr>
<td>2014</td>
<td>1 200</td>
</tr>
<tr>
<td>2015</td>
<td>1 400</td>
</tr>
</tbody>
</table>

CAGR 23.6%
Where to from here for RMB in Africa?

- Investment Banking business is tracking the business case
- Looking to augment the business with custody and stockbroking services
- Initial focus on Global Markets and Corporate Bank
- Follow our strategy to build out the CIB business
- Defending market share
- Growing the RMB franchise
- Focus on GM businesses being “seeded” in the market
- Continuing with Rep Office but looking for growth opportunities
- Key market and integral part of the Corridor strategy

We take a long term view on the growth opportunities presented in sub Saharan Africa and remain committed to our strategy to be the Corporate and Investment Bank of choice in Africa.
RMB’s African Growth Story

15 October 2015