Harry Kellan

cfo's report

INTRODUCTION

Globally the economic environment improved and this allowed the US Federal Reserve to continue with gradual monetary policy normalisation. Economic activity in emerging economies held up better than was widely anticipated, with fears of a hard landing in China abating, and Brazil and Russia recovering from deep recessions.

Unfortunately, South Africa could not benefit materially from these improved conditions given the prevailing environment of macroeconomic weakness, political and policy uncertainty, and low economic growth.

In the year under review, the South African economy suffered its first recession since the 2008 financial crisis and the government's sovereign debt ratings were lowered again. The private sector remained cautious with both business and consumer confidence falling to multi-year lows.

The combination of improved global risk appetite, increased foreign capital flows to emerging markets and the relatively high yield offered by South Africa's fixed income market attracted foreign investors to domestic capital markets, and this provided support to the rand. Inflation also started to fall earlier this year and was back within the target band by the second quarter of 2017. This allowed the South African Reserve Bank to end the policy tightening cycle, which provided some relief to consumers.

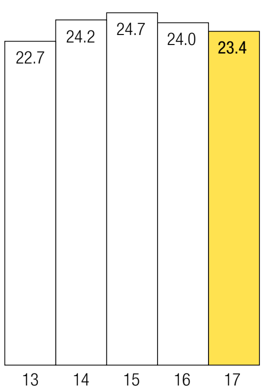
Macroeconomic conditions in the rest of the sub-Saharan region improved slightly but remained subdued. Economic activity in Namibia and Botswana was impacted by South African macroeconomic weakness and some local economic challenges.

Despite these significant macro pressures, FirstRand's portfolio of businesses produced a resilient performance, characterised by quality topline growth, improved cost management and appropriate origination strategies whilst maintaining conservatism in provisioning levels. The group continued to strengthen its balance sheet and protect its return profile.

The group continued its track record of growth in earnings and superior returns, as reflected below.

ROE

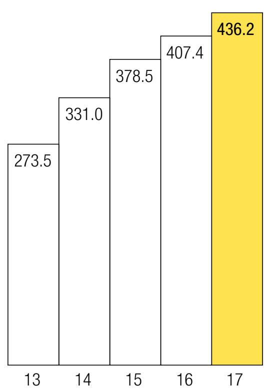
%



When the group analyses ROE, it also takes into account the relationship between ROA and gearing levels. The group's long-term ROE target range is 18% to 22% for normal economic cycles.

Diluted normalised EPS

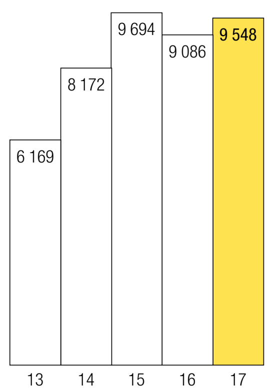
cents



The group targets earnings growth plus >0% to 3% of nominal GDP growth.

NIACC

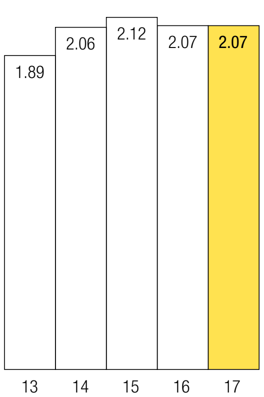
R million



Growth in NIACC is the group's internal benchmark for assessing performance. The group continues to achieve returns above its cost of equity, resulting in NIACC growth despite higher levels of capital.

ROA

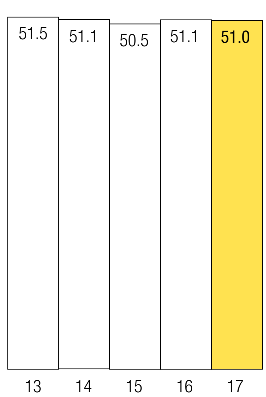
%



Maximising ROA is a key objective in creating shareholder returns. The quality of the group's performance is reflected in its sustainably high ROA which is structurally higher due to portfolio mix and strategic choices.

Cost-to-income ratio

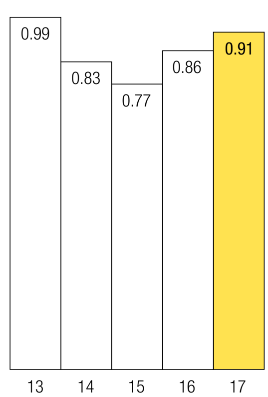
%



The group monitors efficiency through the cost-to-income measure. Whilst the group views the cost-to-income ratio as an outcome rather than a target, it recognises that balancing revenue growth and cost growth are key to value creation.

Credit loss ratio

%

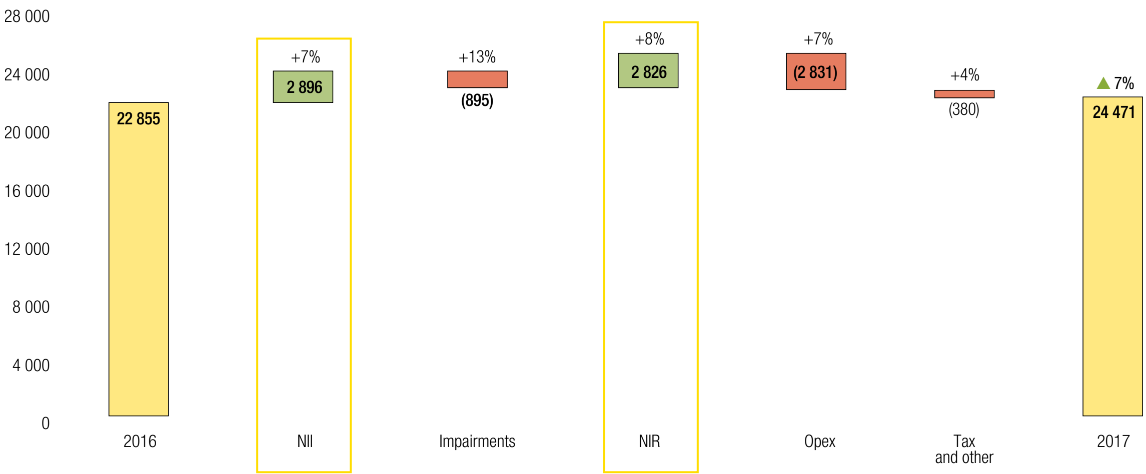


The group believes that pricing appropriately for credit risk is a key requirement for sustainable returns and targets a through-the-cycle charge range of 100 to 110 bps.

HIGH QUALITY TOPLINE GROWTH

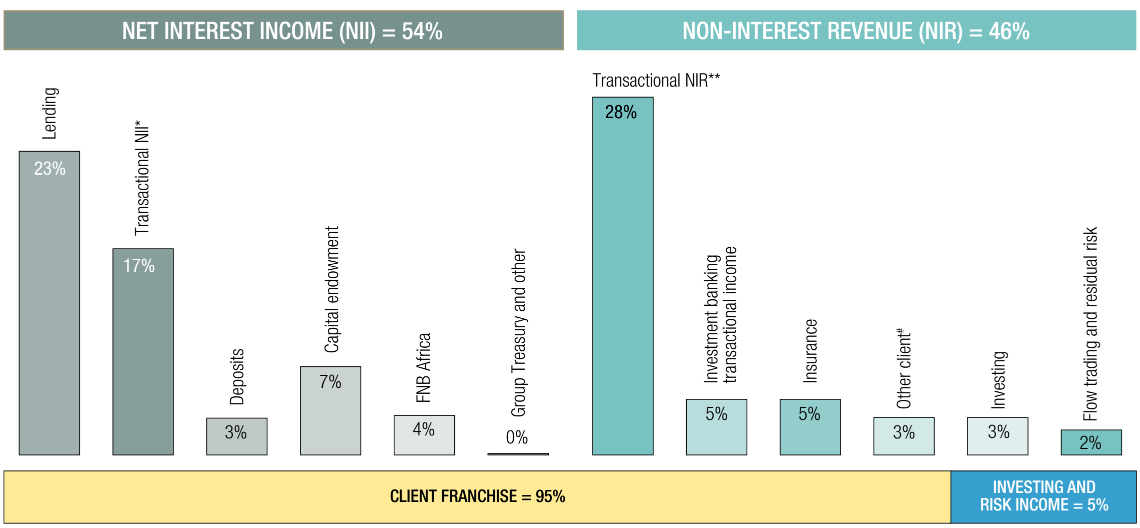
The graph below unpacks the major income statement components of the group's performance which was underpinned by high quality revenue growth of just over 7% in difficult macros, demonstrating the strength and quality of the operating franchises.

Normalised earnings



The quality and sustainability of the group's revenue base is demonstrated in the following chart. Client franchises account for 95% (2016: 94%) of revenues, with risk and investing income representing only 5%.

Gross revenue analysis



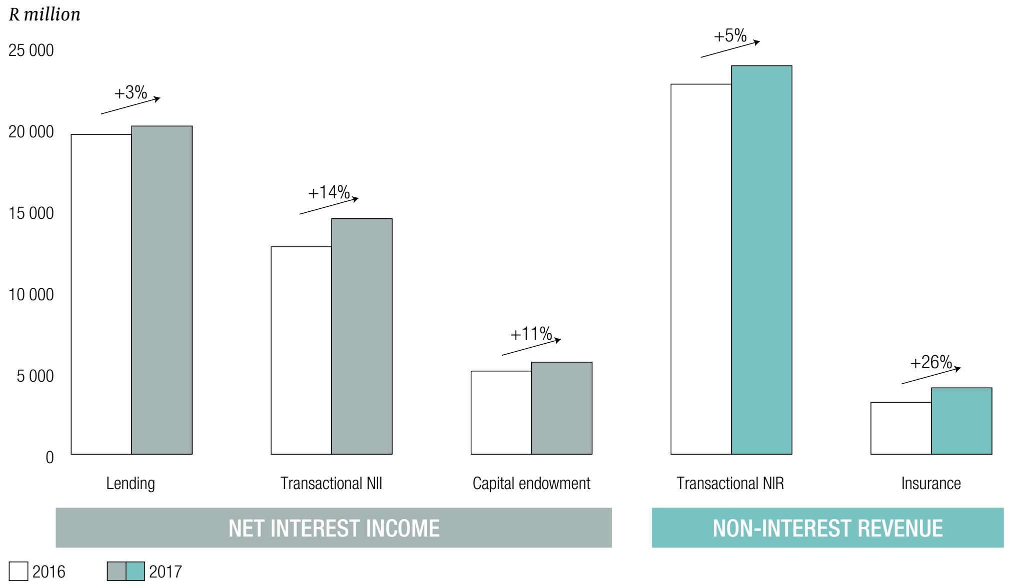
* Includes transactional accounts and related deposit endowment, overdrafts and credit card.

** From retail, commercial and corporate banking.

\# Includes WesBank associates.

The relative composition of and the growth in revenue also reflects execution on the group's strategies. The focus on client acquisition and resultant benefits of transactional revenue growth, combined with positive endowment resulted in transactional NII increasing 14%. Although still off a low base, it is worth noting that the group's insurance strategy is starting to show traction with revenue up 26%.

Gross revenue analysis



Net interest income

NII increased 7% on the back of both advances and deposit growth.

Net interest income* *R million*	**2017**	2016#	% change
Lending	**20 221**	19 674	3
Transactional NII**	**14 552**	12 812	14
Deposits	**2 811**	2 782	1
Capital endowment	**5 664**	5 104	11
Group Treasury	**583**	730	(20)
FNB Africa	**3 178**	2 730	16
Other NII in operating franchises	**(383)**	(102)	>100
Total net interest income	**46 626**	43 730	7

* *After taking funds transfer pricing into account.*

** *Includes NII relating to transactional deposit products and related deposit endowment, overdrafts and credit cards.*

\# *Numbers restated to reflect refined allocation methodology for lending. Refer to Analysis of financial results booklet for more detail.*

Lending NII reflects the overall growth in advances and change in margins; this is covered later in this report.

Transactional NII benefited from the positive endowment impact and also reflects ongoing customer acquisition in FNB's premium and commercial segments.

Capital endowment benefited from increased levels of capital and higher interest rates. Financial resource management and asset/ liability management (ALM) strategies provided a net benefit to Group Treasury in the financial year, with timing differences from the mark-to-market of certain funding investments unwinding some of the prior year profits.

MARGINS

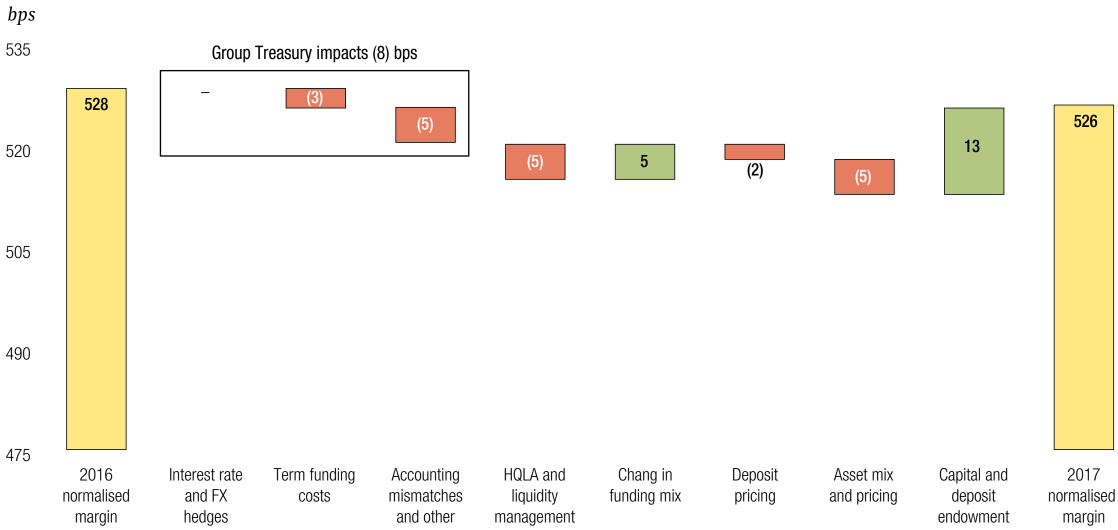
Net interest margin contracted 2 bps to 5.26%, mainly impacted by higher funding costs and drag from holding more liquid assets. This was, however, mitigated to some extent by positive endowment on capital and deposits and an improved funding mix.

Asset pricing and mix changes reflect lower risk appetite in unsecured lending combined with margin pressure in RMB's core lending book. This negatively impacted overall margins.

The negative impact of deposit pricing on margins reflects heightened competitive pressures.

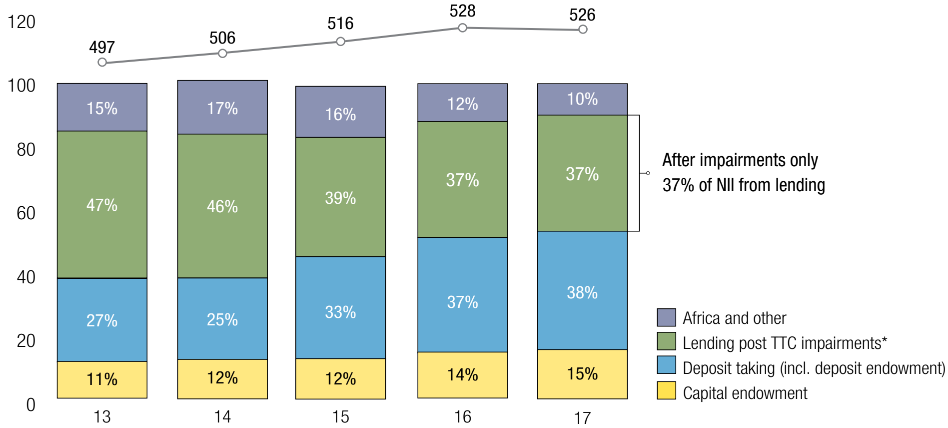
A breakdown of the drivers impacting margin is depicted in the chart below.

Margin



The following chart shows a structural shift in the composition of the group's NII over the past five years with lending activities (after bad debts based on a through-the-cycle credit loss ratio of 100 bps) now comprising only 37% compared to 47% in 2013.

This reflects the success of FNB's consistent strategy to grow core transactional accounts, with the deposit NII now exceeding risk-adjusted lending NII. The positive endowment from increasing rates has also contributed to this outcome.



* *Assuming a TTC impairment charge of 100 bps.*

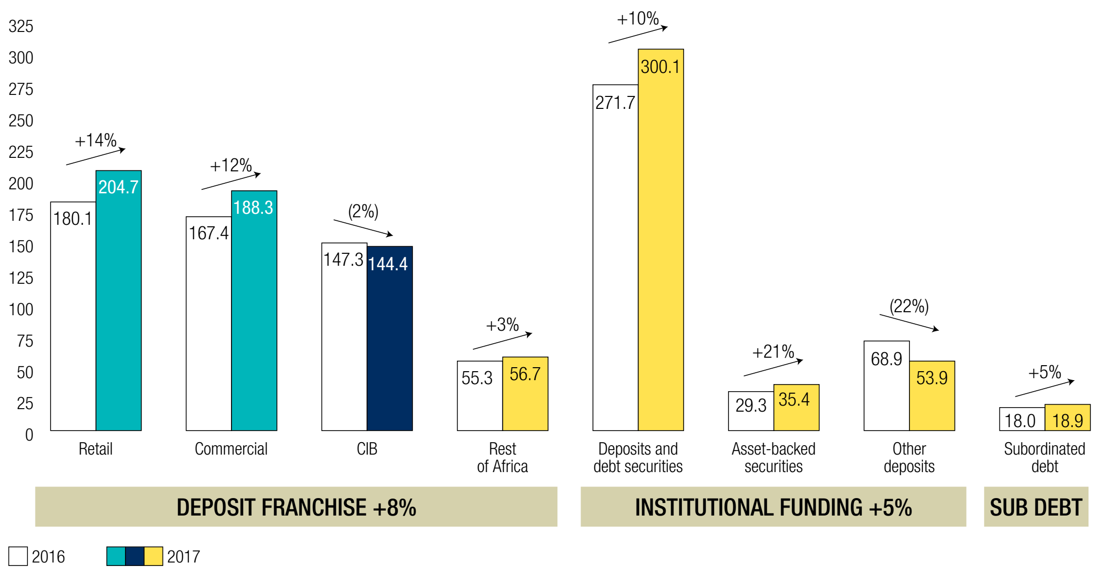
DEPOSIT FRANCHISE GROWTH

The deposit franchise showed good growth, up 8% overall, driven by strong growth in FNB's retail (+14%) and commercial (+12%) deposit franchises on the back of customer acquisition and continued cross-sell. Cyclical withdrawals impacted total CIB deposit growth, however, operational corporate deposits were on average up 3%, reflecting the tough operating environment facing large corporate clients.

From an institutional funding perspective, Group Treasury benefited from debt securities issuance this period.

Liabilities

R billion



The following charts show that the consistent execution of sustainable balance sheet strategies has added significant value. The majority of the total asset growth since 2014 of more than R270 billion has been funded by the deposit franchise, with just over 30% from the institutional customer base.

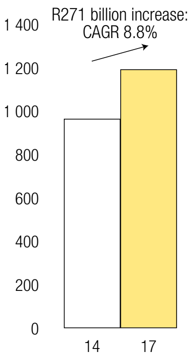
Furthermore, the growth in assets has been tilted to be more marketable and flexible, with liquid assets now representing more than 16% (compared to less than 10% in 2014). This increase has been driven by non-traditional liquid asset classes, such as HQLA advances.

The growth in the deposit franchise and more liquid asset mix have incrementally benefited margin and enhanced the group's funding capacity and flexibility.

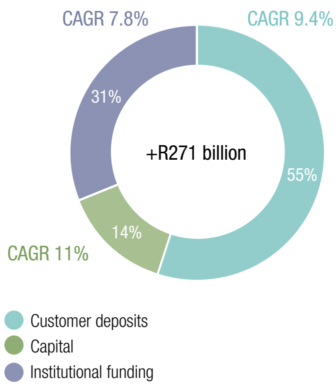
Balance sheet growth

Total assets

R billion



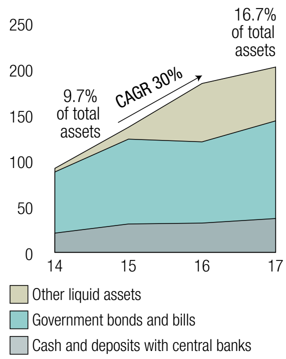
How balance sheet growth was funded



Liquid asset growth

Liquid assets

R billion



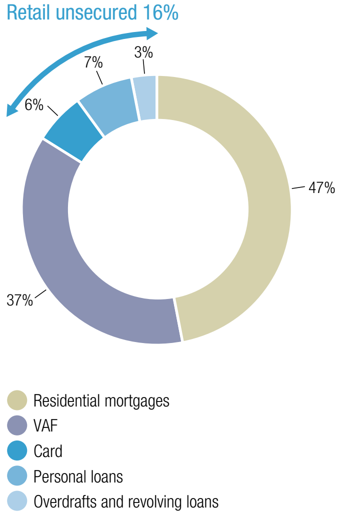
RETAIL ADVANCES GROWTH

Retail advances growth of 4% reflects appropriate origination strategies in the large lending books.

The composition of and growth in the retail portfolios are illustrated below.

R million	2017	2016	% change
Residential mortgages	**195 498**	189 453	3
VAF	**155 579**	149 925	4
– SA	**102 322**	99 702	3
– MotoNovo*	**53 257**	50 223	6
Card	**23 800**	21 968	8
Personal loans	**27 946**	26 313	6
– FNB	**14 372**	14 443	–
– WesBank	**13 574**	11 870	14
Transactional account-linked overdrafts and revolving term loans	**15 429**	14 344	8
Retail advances	**418 252**	402 003	4
Retail VAF securitisation notes	**19 223**	14 641	31
FNB and WesBank rest of Africa advances**	**52 842**	51 901	2

Retail advances breakdown (%)



* *23% advances growth in GBP terms.*

** *Includes in-country advances of FNB and WesBank as well as FNB's activities in India.*

Residential mortgages grew 3%, however, if unpacked at a segment level, the performance is quite different. In the affordable housing market, book growth of 11% was supported by better credit experience and stronger demand for property stock. The more muted growth of 2% in the HomeLoans portfolio was driven by FNB's continued conservative risk appetite for this asset class.

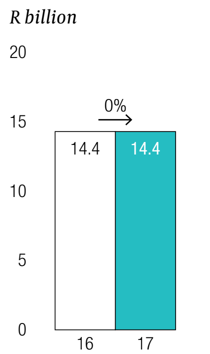
Advances growth in the rest of Africa reflects the various pressures in-country as well as the impact of the rand appreciation.

At a total FNB level, personal loans advances were flat year-on-year on the back of certain risk cutbacks.

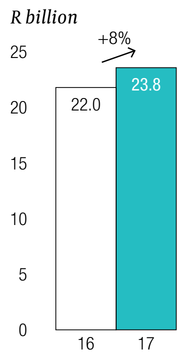
Credit card and overdrafts, however, continued to benefit from customer acquisition and cross-sell/up-sell strategies.

A detailed breakdown of FNB's unsecured advances is provided in the chart below and shows that unsecured credit appetite is differentiated across the product set.

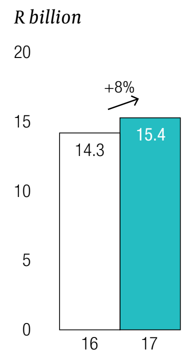
FNB personal loans



FNB card



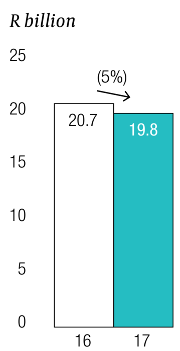
*Other retail**



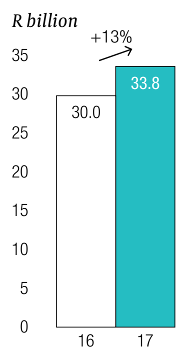
* *Transactional account-linked overdrafts and revolving term loans.*

From a segment perspective, the following chart clearly illustrates that risk cutbacks in unsecured lending have been more marked in the consumer segment, which is expected given the cycle. The ongoing success of client acquisition and cross-sell and up-sell strategies in the premium segment is reflected in the strong growth of 13%.

Consumer unsecured



Premium unsecured

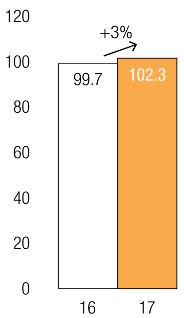


In WesBank, SA VAF advances growth of 3% was pleasing considering that new vehicle sales were down 9%. The strength of WesBank's origination franchise is clearly reflected in production volumes growing 10%, however, this is not fully reflected on WesBank's balance sheet as some business is written by associates.

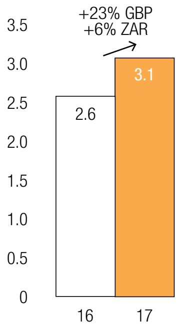
MotoNovo is still benefiting from footprint expansion, but following risk appetite cuts in the first half, the absolute growth rate has moderated.

WesBank's personal loans growth is not too dissimilar to that in FNB premium, and has benefited from the activation of new marketing channels.

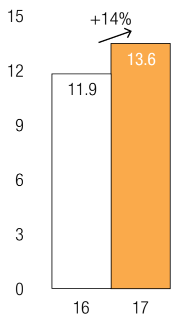
SA retail VAF advances
R billion



Motonovo (UK) advances
£ billion



Personal loans advances
R billion



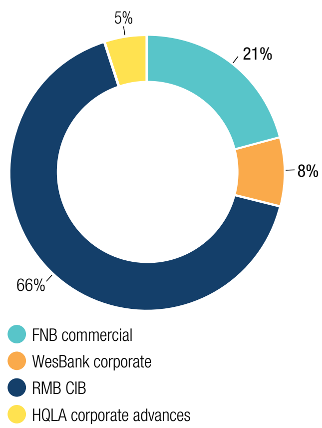
CORPORATE AND COMMERCIAL ADVANCES GROWTH

The composition of and growth in the corporate and commercial portfolios are shown below.

R million	**2017**	2016	% change
CIB core advances – South Africa	**235 999**	209 090	13
– Investment banking	**185 625**	162 671	14
– HQLA corporate advances	**18 544**	20 297	(9)
– Corporate banking*	**31 830**	26 122	22
CIB core advances – rest of Africa*, **	**36 862**	35 792	3
CIB total core advances#	**272 861**	244 882	11
WesBank corporate	**31 365**	29 210	7
FNB commercial	**83 580**	77 957	7
RMB repurchase agreements	**29 047**	40 818	(29)
Total corporate and commercial advances	**416 853**	392 867	6

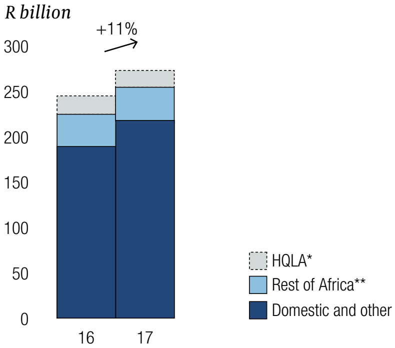
* *Comparatives restated for jurisdictional reallocations.*
** *Includes cross-border and in-country advances.*
# *Excludes RMB repurchase agreements.*

Corporate and commercial advances breakdown#

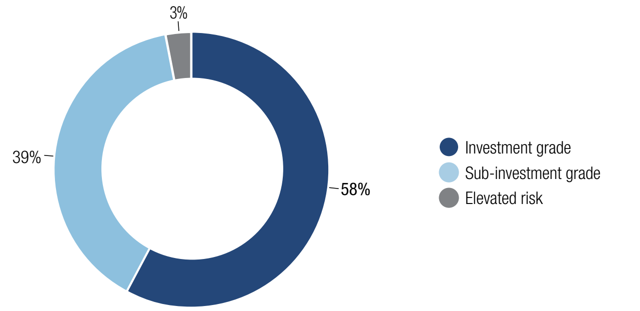


The following graphs provide a detailed breakdown of RMB's corporate book.

RMB CIB core advances



Wholesale credit performing book#



* HQLA included in Group Treasury, but originated in RMB. Included for illustrative purposes.

** Includes cross-border and in-country.

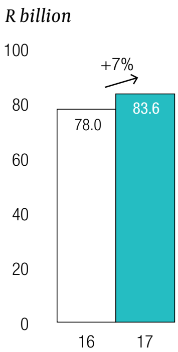
\# International scale EAD.

RMB's growth of 11% in CIB advances was driven by large advisory and structuring mandates. Term lending margins remained under pressure, especially in the investment-grade space, and RMB continued to focus on ROE preservation.

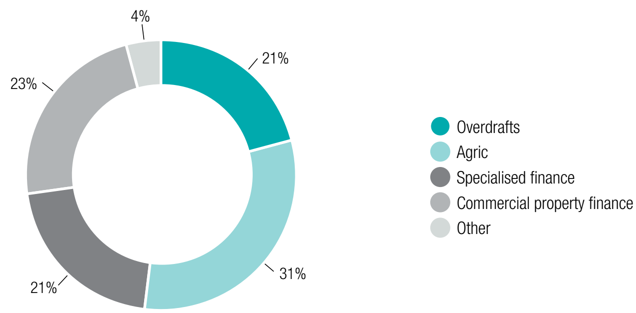
The cross-border book increased 15% in dollar terms on the back of drawdowns.

RMB's overall portfolio remains weighted toward investment grade as the portion of elevated risk exposures accounts for only 3% of the book, with strong coverage ratios maintained.

FNB commercial advances



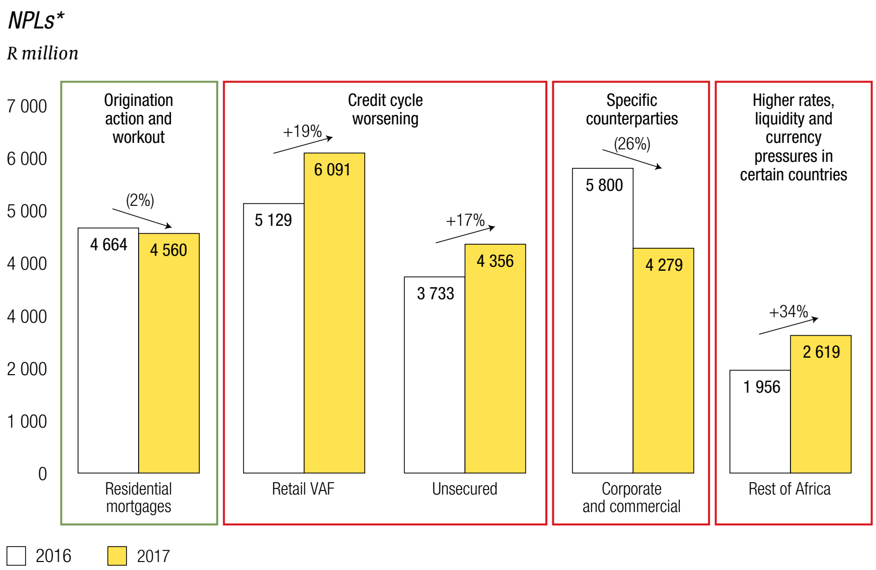
FNB commercial advances breakdown

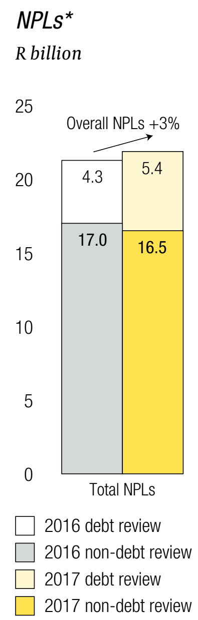


The 7% increase in commercial advances at FNB reflects growth across all asset classes. The agric book's performance was resilient with the sector rebounding after the recent drought, which supported overall book growth.

NPLS AND BAD DEBTS

NPLs trended up 3% in line with expectations.





* *Retail VAF amount includes NPLs from MotoNovo, to which debt review is not applicable (SA only 2017: R5 797 million, 2016: R4 882 million).*

Mortgage NPLs decreased further, reflecting the group's origination strategies over the past few years, which resulted in lower NPL inflows and continued collection efforts.

As expected, retail SA VAF and WesBank personal loans NPLs both increased (+19%) on the back of a higher proportion of restructured debt-review accounts as well as the worsening credit cycle.

NPLs in MotoNovo increased 19%, moderating from the first half, reflecting the positive impact of increased prudency in origination strategies implemented at the end of 2016 and operational right-sizing in the collections area.

Unsecured NPL growth reflects new business strain on the back of strong book growth across FNB's premium and commercial customer segments resulting from new customer acquisition and its cross-sell and up-sell strategies – these books remain below through-the-cycle thresholds and have been appropriately priced for risk.

Corporate NPLs reduced given the workouts and write-offs this period and, as expected given book growth over the past few years, commercial NPLs increased.

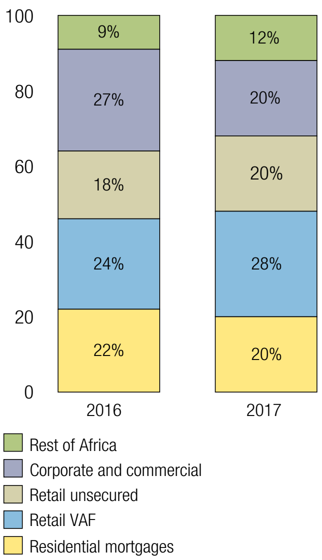
The sharp rise in FNB's rest of Africa NPLs reflects tough macros in the smaller sub-scale subsidiaries.

The group does not reschedule paying debt-review customers out of NPLs. These accounts stay in NPLs until fully rehabilitated, however, they require lower coverage as most continue to pay. The following table shows coverage ratios across the different portfolios and demonstrates that as the debt-review proportion of the book increases, coverage reduces. Coverage is, therefore, appropriate given the higher payment profile of debt-review NPLs.

Coverage ratios	**Non-debt review**		**Debt-review coverage**		**Total NPL coverage**	
%	**2017**	2016	**2017**	2016	**2017**	2016
FNB credit card	**74.2**	76.0	**45.1**	43.0	**67.0**	67.3
FNB retail other	**75.5**	75.6	**37.9**	43.0	**67.1**	70.4 ▼
FNB loans	**69.2**	70.1	**48.2**	66.7	**61.9**	71.3 ▼
WesBank loans	**71.3**	70.2	**31.6**	32.6	**38.1**	41.2 ▼
SA retail VAF	**44.1**	40.5	**15.5**	18.3	**29.3**	29.5

The following chart shows that specific coverage has increased marginally. This is due to the change in mix of NPLs and higher coverage in the rest of Africa, corporate and commercial portfolios.

NPLs
R million

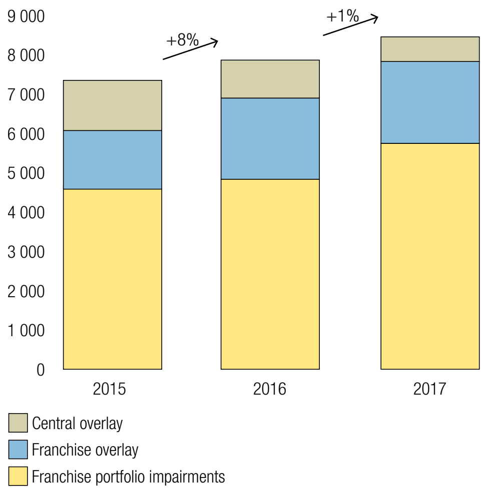


Coverage ratios %	**2017**	2016
Retail – secured	**26.9**	26.6
Residential mortgages	**21.8**	21.8
VAF	**30.7**	31.0
– SA	**29.3**	29.5
– MotoNovo	**58.5**	60.7
Retail – unsecured	**56.6**	61.2
Credit card	**67.0**	67.3
Personal loans*	**49.4**	55.8
Retail – other	**67.1**	70.4
Corporate and commercial	**48.0**	45.1
Rest of Africa	**42.2**	36.1
Specific impairments	**38.8**	38.6
Portfolio impairments**	**38.6**	39.3
Total coverage ratio	**77.4**	77.9

* *Includes FNB and WesBank loans.*
** *Includes portfolio overlays.*

As can be seen from the chart below, portfolio provisions increased 1% in absolute terms, whilst advances grew 5%, resulting in a decrease in portfolio impairments as a percentage of the performing book to 0.95% (2016: 0.99%). Overall portfolio provisions remain conservative and above the overall annual charge.

Portfolio impairments
R billion

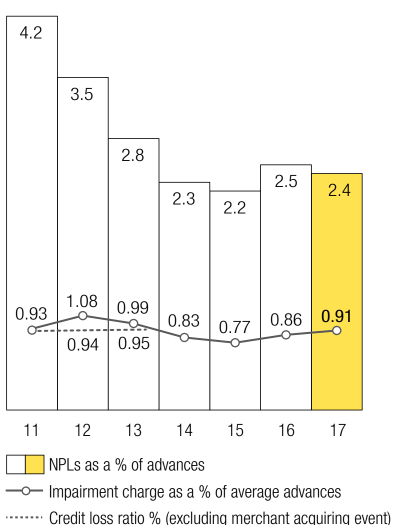


	2017	2016	2015
Portfolio impairments as % of performing book	**0.95**	0.99	1.00
Credit loss ratio (%)	**0.91**	0.86	0.77
Portfolio impairments (R million)	**8 471**	8 359	7 760

Retail portfolio provisions were increased at a franchise level. The group believes this is prudent given its current view on the domestic macroeconomic environment. Corporate provisions decreased as certain large corporate exposures were rehabilitated or written off, thereby impacting the group's overall portfolio provisions. The credit loss ratio of 0.91% remains below the group's through-the-cycle threshold and well within expectations.

Product credit loss ratios are outlined in the following table.

Total NPLs and impairments
%



Credit loss ratio %	**2017**	2016
Retail – secured	**0.74**	0.72
Residential mortgages	**0.15**	0.22
VAF	**1.49**	1.38
– SA	**1.54**	1.39
– MotoNovo	**1.38**	1.35
Retail – unsecured	**5.92**	5.71
Credit card	**3.05**	2.73
Personal loans	**7.66**	8.24
– FNB	**7.43**	7.84
– WesBank	**7.91**	8.73
Retail – other	**7.14**	5.66
Total retail	**1.56**	1.48
Corporate and commercial	**0.27**	0.30
Rest of Africa	**1.60**	1.17
FCC (incl. Group Treasury)	**(0.04)**	(0.04)
Total	**0.91**	0.86

The following table provides a more detailed breakdown of the composition of the charge against origination and provisioning strategies per product, which illustrates the group's targeted origination approach.

Asset class	**Contribution to income statement impairment charge**	**Credit loss ratio**	**Specific coverage**	**Portfolio coverage**	**Commentary**
Residential mortgages	4%	0.15% ▼	↔	↔	• Charge benefiting from lower NPLs
VAF SA	19%	1.54% ▲	↔	↔	• Increase in charge driven by the cycle, book growth and debt review driving NPLs • Normalisation as expected
MotoNovo	9%	1.38% ▲	↔	↑	• NPL formation in line with historic book growth • Portfolio provision reflects increased prudency
Card	9%	3.05% ▲	↔	↑	• Charge below TTC with balance sheet provision bias maintained given cross- sell/ up-sell
Personal loans	25%	7.66% ▼	↓	↑	• Charge down on back of appetite cuts • Specific coverage declining (increase in debt review) • Portfolio provisions increased given sensitivity to cycle
Retail other	13%	7.14% ▲	↓	↑	• Growth in charge expected given customer acquisition • Debt review impacts specific coverage
CIB	6%	0.18% ▼	↑	↓	• NPLs and portfolio coverage down on write-offs and work-outs • The portfolio charge benefited from prior year proactive provisioning
Commercial	7%	0.66% ▲	↓	↓	• Increase in charge in line with expectation given book growth, especially in small business overdrafts • As expected, NPL growth driven by agric with coverage impacted by mix
Rest of Africa	12%	1.60% ▲	↑	↑	• Macros in sub-scale subsidiaries driving substantial increase in charge • Portfolio provisions increased as continued stress is expected

In conclusion, the group believes that the various components of its credit provision metrics shown in the following chart remain appropriate, particularly given the macroeconomic environment.

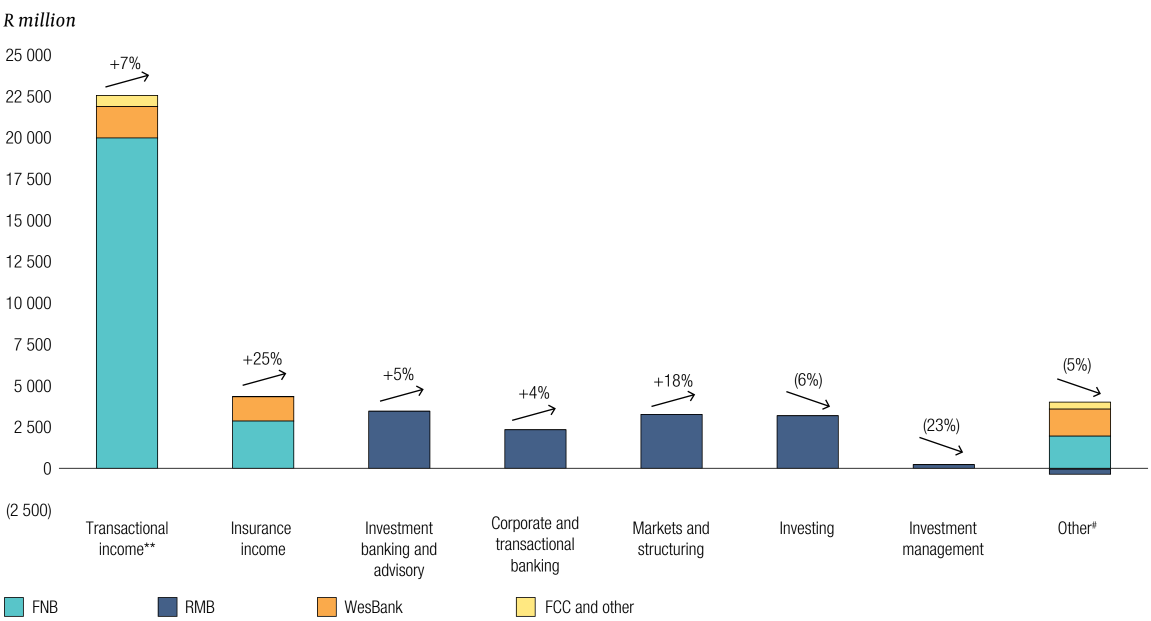
PORTFOLIO PROVISION	**+1% to R8.5 billion**	Still prudent
SPECIFIC PROVISION	**+3% to R8.5 billion**	Appropriate coverage
INCOME STATEMENT CHARGE	**91 bps (still below TTC)**	In line with expectations

NON-INTEREST REVENUE

Group NIR (+8%) reflects strong fee and commission income growth of 7% at FNB, which continued to benefit from volumes in digital and electronic channels, and solid growth in customer numbers. Fee and commission income represents 78% (2016: 79%) of group operational NIR.

Insurance revenues grew 26%, driven by volume growth in funeral and credit products from FNB and strong growth in WesBank's insurance income of 11%.

*Non-interest revenue**



* *Excludes consolidation adjustments.*

** *Excludes RMB transactional income.*

\# *Other includes FCC (including Group Treasury) and other.*

RMB's NIR reflected a solid performance on the back of its successful corporate banking strategy, the resilience of its investment banking franchise and benefited from a significant private equity realisation in the second half.

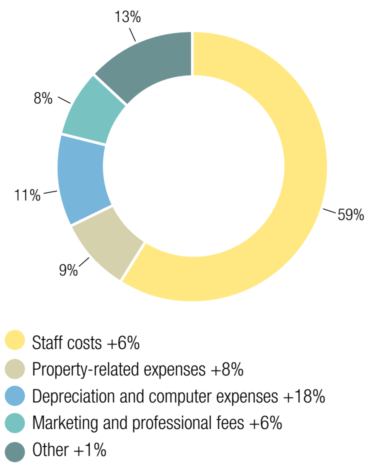
WesBank's NIR grew 17%, benefiting from both its insurance strategy and growth in its leasing business. Muted growth in new business volumes also impacted growth.

OPERATING EXPENSES

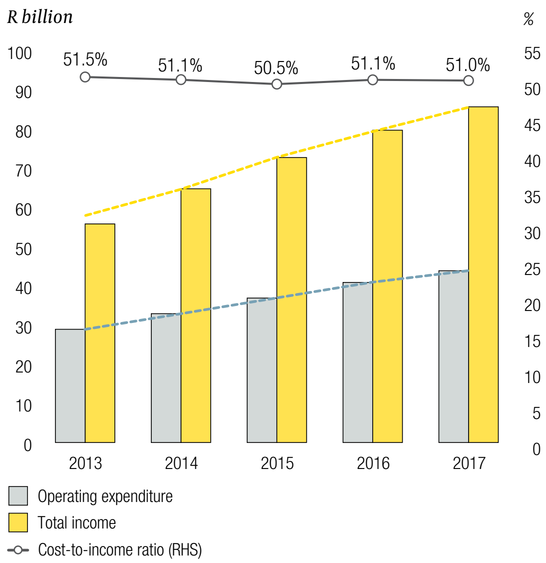
Total cost growth of 7% was significantly down on the 11% increase in the prior year, but continues to trend above inflation due to ongoing investment in the new insurance and asset management franchises, platforms to extract further efficiencies and building the footprint in the rest of Africa.

Operating jaws were positive for the year reflecting the solid topline growth generated and improved management of core operating expenses. The cost-to-income ratio improved marginally to 51.0%.

Breakdown of operating expenses



Cost-to-income ratio



BALANCE SHEET STRENGTH AND QUALITY

The structure of the balance sheet reflects the group's long-term strategy to increase balance sheet resilience, diversify credit exposures across sectors and segments, and increase market liquidity with less reliance on institutional funding.

When assessing the underlying risk in the balance sheet, the group's asset profile is dominated by a balanced advances portfolio, which constitutes 78% of total assets. The composition of the net advances portfolio consists of retail secured (39%), retail unsecured (7%), corporate and commercial (45%) and rest of Africa and other (9%). At 30 June 2017, total NPLs amounted to R21 905 million (2.41% as a percentage of advances) with a credit loss ratio of 0.91%.

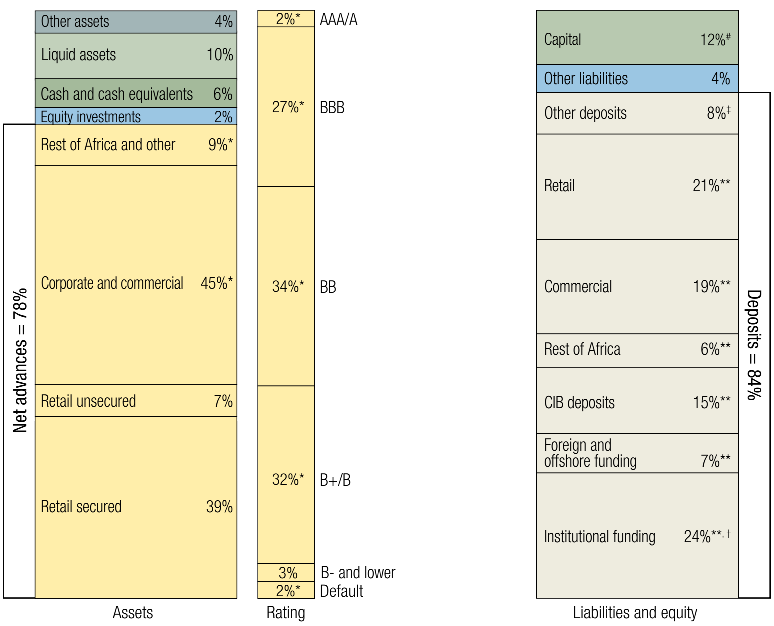
Cash and cash equivalents, and liquid assets represent 6% and 10%, respectively, of total assets. Only a small portion of assets relate to the investment and markets businesses. Market risk arising from trading activities has remained low and the group's equity investments relate primarily to RMB's private equity activities.

FirstRand's funding profile continues to reflect the structural funding issues associated with the South African banking sector, however, the group has continued to improve its risk-adjusted funding profile whilst targeting a lower proportion of institutional funding relative to peers. The weighted average remaining term of the group's institutional funding was 33 months at 30 June 2017 (2016: 31 months).

The group's capital ratios remained strong with the CET1 ratio 14.3%, Tier 1 ratio 14.9% and total capital adequacy ratio 17.1%. Gearing decreased slightly to 11.3 times (2016: 11.6 times).

Economic view of the balance sheet

%



* *As a proportion of loans and advances.*

** *As a proportion of deposits.*

\# *Ordinary equity and non-controlling interests (10%) and NCNR preference shares and Tier 2 liabilities (2%).*

† *Includes CIB institutional funding and foreign branch platform.*

‡ *Liabilities relating to conduits and securitisation.*

Note: Non-recourse assets have been netted off against deposits. Derivative-, securities lending- and short trading position assets and liabilities have been netted off.

Disclosures relating to the deposit split were previously based on a risk counterparty view. This has been refined to align to a finance product and segment view. The "other" category previously included FRIHL deposits and other group adjustments, which are now shown in the relevant segments. "Other" now comprises collateral received and repurchase agreements.

Liquidity position

Given the liquidity risk introduced by its business activities across various currencies, the group's objective is to optimise its funding profile within structural and regulatory constraints to enable its franchises to operate in an efficient and sustainable manner. Liquidity buffers are actively managed via high quality liquid assets (HQLA) that are available as protection against unexpected events or market disruptions. The quantum and composition of the available sources of liquidity are defined by the behavioural funding liquidity at risk and the market liquidity depth of these resources. In addition, adaptive overlays to liquidity requirements are derived from stress testing and scenario analysis of the cash inflows and outflows related to business activity.

The group exceeds the 80% (2016: 70%) minimum liquidity coverage ratio (LCR) requirement as set out by the Basel Committee for Banking Supervision (BCBS) with the group LCR at 97% (2016: 96%). FirstRand Bank's LCR was 105% (2016: 102%). At 30 June 2017, the group's available HQLA sources of liquidity per the LCR was R167 billion, with an additional R18 billion of management liquidity available.

FirstRand expects to be fully compliant with the net stable funding ratio (NSFR) requirements once implemented on 1 January 2018.

Capital position

Current targeted ranges and actual ratios are summarised below.

%	CET1	Tier 1	Total	Leverage[#]
Regulatory minimum*	7.3	8.5	10.8	4.0
Targets	10.0 – 11.0	>12.0	>14.0	>5.0
Actual**	**14.3**	**14.9**	**17.1**	**8.6**

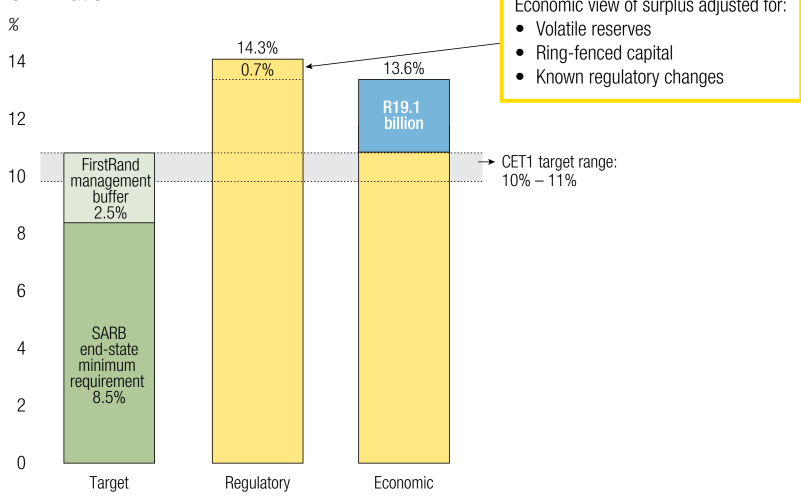
* *Excluding the bank-specific individual capital requirement and add-on for domestic systemically important banks.*

** *Includes unappropriated profits.*

[#] *Based on Basel III regulations.*

The group has maintained its strong capital position. The graph below outlines the group's CET1 position on a regulatory and economic basis. Capital planning is undertaken on a three-year forward-looking basis, and the level and composition of capital is determined taking into account business units' organic growth plans and stress-testing scenario outcomes. In addition, the group considers external issues that could impact capital levels, which include regulatory and accounting changes, macroeconomic conditions and outlook.

CET1 ratio



The group continues to actively manage its capital composition and, to this end, issued approximately R2.3 billion Basel III-compliant Tier 2 instruments in the domestic market during the year. This resulted in a more efficient capital structure which is closely aligned with the group's internal targets. It remains the group's intention to continue optimising its capital stack by frequently issuing Tier 2 instruments in domestic and/or international markets. This ensures sustainable support for ongoing growth initiatives and compensates for the haircut applied to Tier 2 instruments which are not compliant with Basel III.

CONCLUSION

FirstRand has delivered a resilient performance against a difficult macroeconomic backdrop. The high quality topline growth achieved demonstrates the strength and quality of the group's operating franchises.

The group recently reviewed its long-term earnings growth target, given the prevailing macroeconomic environments in the markets in which it operates. The group's large domestic banking franchises are expected to grow at nominal GDP, particularly given their current market shares, risk appetite and focus on ROE preservation. FirstRand's diversification strategies domestically, in the rest of Africa and the UK should, however, deliver outperformance relative to nominal GDP. Given the above, the stated earnings growth target is now nominal GDP plus >0% to 3%.

The ROE target range remains unchanged at 18% to 22%.

HARRY KELLAN
CFO