FirstRand

FIRSTRAND DELIVERS QUALITY EARNINGS GROWTH AND SUPERIOR ROE

Johannesburg, 5 September 2019 – FirstRand Limited, the portfolio of integrated financial services businesses comprising FNB, RMB, WesBank, Aldermore, and Ashburton Investments, today announced its financial results for the year ended 30 June 2019.

Normalised earnings climbed 6% to R27.9 billion, led by a strong performance from FNB, RMB's client-facing businesses, and the inclusion of Aldermore's full year of earnings.

Other key financial highlights:

- Growth in normalised net interest income (NII) of 18% to R60.3 billion
- Normalised non-interest revenue (NIR) growth of 6%, to R44.3 billion
- Normalised return on equity (ROE) of 22.8%
- Normalised net asset value up 7% to 2 311.3 cents per share, and
- Dividend paid to ordinary shareholders up 6% to 291 cents per share.

> "*FirstRand produced quality real growth in earnings despite a challenging operating environment and the high earnings base in 2018 from private equity realisations," says CEO Alan Pullinger.*
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> *"The underlying growth momentum in FNB, RMB and Aldermore remains strong, and WesBank continues to weather tough conditions.*
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> *The group's strategy to deliver customer-centric integrated financial services will ensure future franchise value and sustainable superior returns to shareholders."*

FNB's South African business performed particularly strongly, contributing R17.6 billion to earnings as it retained customers in an increasingly competitive market, and successfully executed its innovative, digital platform strategy to cross-sell and up-sell products utilising data and behavioural analytics.

FNB's key financial highlights include:

- Rapid growth in premium and commercial customers of 17% and 11%, respectively.
- NII up 10%, driven by strong growth in deposits and advances, which rose 12% and 9%, respectively.
- NIR growth of 11%, driven by growth in transactional volumes mainly in premium, where card and digital transactions lifted fee and commission income.
- Remarkable increase in banking app volumes (45%) also lifted NIR.
- Insurance revenue increased 7%.
- Assets under management increased 9%.

RMB experienced a decline in normalised earnings as its private equity business entered an investment cycle, with R2.1 billion in new investments approved this year. The client franchises delivered robust growth in earnings, underpinning RMB's overall contribution of R7.1 billion to the group.

RMB's key financial highlights include:

- Investment banking and advisory grew pre-tax profits 8%, driven by lending income and strong cross-border advances growth.
- 12% growth in corporate and transactional banking profits, driven by higher domestic transactional volumes and demand for working capital solutions, whilst in the rest of Africa, client volumes and margins in the global forex business, solid advances growth and an increase in average deposits drove growth.
- Markets and structuring grew profits 24%, driven by a strong performance from rest of Africa, especially forex flows from RMB Nigeria.

WesBank's normalised earnings were down 2% as a result of difficult trading conditions during the year. WesBank focused on protecting returns and extracting efficiencies.

Aldermore, the UK specialist bank, contributed R1.7 billion in normalised earnings, and the integration of MotoNovo (which was previously part of WesBank) was completed early in May 2019.

Aldermore's key financial highlights include:

- Strong loan growth of 18% to £10.6 billion, driven by business finance (12%) and retail finance (14%), with a £370 million balance sheet contribution from MotoNovo for the months of May and June.
- Customer deposit growth of 15% to £8.3 billion.
- NII growth to £318 million.
- An 11% gain in new customers (44% including MotoNovo).

Looking forward, Pullinger says FirstRand does not expect domestic operating conditions to improve materially going into the 2020 financial year.

> *"Domestic economic growth is very subdued and there are increasing risks in both the global and local environments," he says. "However, the group is executing on some very exciting strategies that will provide runway for growth and enable us to deliver on our promises to our stakeholders, even in a challenging environment."*

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