



FirstRand

FIRSTRAND DELIVERS RESILIENT EARNINGS AND DIVIDEND GROWTH, AND SUPERIOR ROE

Johannesburg, 10 March 2020 – FirstRand Limited, the portfolio of integrated financial services businesses comprising FNB, RMB, WesBank, Aldermore, and Ashburton Investments, today announced its financial results for the six months ending 31 December 2019.

Key group financial highlights:

- Normalised earnings rose 5% to R14 billion
- Growth in normalised net interest income (NII) of 8% to R26 billion
- Normalised non-interest revenue (NIR) growth of 5% to R22.6 billion
- Normalised return on equity of 21.2%
- Normalised net asset value up 9% to 2 402.2 cents per share, and
- Dividend paid to ordinary shareholders up 5% to 146 cents per share.

FirstRand CEO, Alan Pullinger, commented:

“This is a commendable performance given the speed of deterioration experienced in the domestic operating environment during the period, and testament to the strength of the portfolio and the quality of the strategies executed by FNB, RMB, and WesBank in South Africa and the broader region. Aldermore continues to perform well and contributed again to growth and returns.”

FNB, the group’s largest earnings contributor, grew earnings 5% to R9.2 billion as customer gains and transactional volumes lifted NIR, and it continued to grow deposits. However, some of these drivers have slowed relative to the previous six months to June 2019, in line with the weakening economic conditions.

FNB’s key financial highlights include:

- Continuing growth in premium and commercial customers, up 15% and 8%, respectively
- NII up 9%, driven by strong growth in deposits and advances, which rose 10% and 8%, respectively
- NIR growth of 7%, driven by strong growth in volumes across all segments
- In the insurance business, the in-force annual premium equivalent (APE) grew 17%.
- Wealth and investment assets under management increased 14%.

RMB's diversified portfolio grew earnings 6% to R3.5 billion, benefiting from strong growth in markets and structuring and healthy overall client annuity income. This was despite investing activities being down 46% for the period due to the non-repeat of private equity realisations, with the business continuing its investment cycle.

The rest of Africa portfolio remains key to RMB's growth strategy, producing pre-tax profits of R1.1 billion, up 29% on the prior period and contributing 23% of RMB's overall pre-tax profits.

WesBank's normalised profit before tax increased 1% to R1.4 billion. In the face of increasing competitive challenges and the weak economic environment, WesBank is focused on protecting its returns and extracting efficiencies.

Excluding the impact of a loan portfolio hedge, Aldermore's operational profit before tax increased 5% to £71.6 million, driven by strong growth in invoice finance, residential mortgages, and SME commercial mortgages.

Looking forward to the second half of the year, Pullinger says,

"As a large systemic financial services group FirstRand is not immune to the serious macroeconomic challenges facing South Africa, and the damaging impact of ever declining GDP growth is becoming evident in all of the group's customer segments in South Africa.

"Looking forward to the second half of the year, the group is of the view that the South African macroeconomic environment will continue to deteriorate, probably at a faster rate than in the first half.

"Given the expected pressures on top line the group appreciates the need for ongoing cost efficiencies, balanced with continued investment in sustainable growth strategies. Aldermore is expected to contribute to both growth and returns."

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