



FirstRand

2021

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*results presentation*

for the year ended 30 June





## Shared prosperity – inclusive value creation

*Underlying business strategies deliver a blend of financial and social outcomes*

### TRUSTED REPOSITORY OF THE NATION'S SAVINGS

- Deposits: **R1.5 trillion**

### HOME OWNERSHIP

- Mortgage book: **R290 billion**

### PRODUCTIVE CAPITAL FORMATION AND JOB CREATION

- **R41.1 billion** for SA SMEs

### INFRASTRUCTURE DEVELOPMENT

- Financed **c. R14 billion**

### FINANCIAL INCLUSION ON PLATFORM

- **7.16 million** eWallets\*
- **1 768** Cash Plus agents

### HELPING CUSTOMERS MANAGE THEIR FINANCES

- **2.1 million** nav» Money users

### GREEN ECONOMY – TRANSITION FINANCE

- Mandated for **R1.8 billion** in sustainability-linked bonds and loans
- **\$225 million** in DFI funding for climate financing

\* Total active eWallet base, including 1.55 million eWallets belonging to FNB customers.



## South African franchise is a platform business, positioned to scale exponentially

- SA represents c. 80% of group earnings
- SA business remains underpin to group's growth over next five years
- Grow SA business at macro +
  - More customers
  - More to customers
  - All done more efficiently
- How?
  - Business model: platform-based integrated financial services
    - Life and short-term insurance, and wealth and investment management
  - Optimisation mindset
  - Continue to strengthen competitive positioning
    - Refreshed value props for re-segmented customer bases (entry, retail and private banking)
    - Underpinned by market-leading behavioural rewards programme



## Significant progress on PLATFORM evolution

BUILD	UTILISE	MIGRATE	DECOMMISSION
<ul style="list-style-type: none"> <li>• Single, secure platform</li> <li>• Own IT talent pool</li> <li>• Interface integration</li> <li>• Create/partner/buy</li> <li>• Consolidation and alignment of platform architecture to enable consistent execution</li> <li>• Platform-enabled support functions</li> <li>• Flexible, agile, efficient, scalable</li> </ul>	<ul style="list-style-type: none"> <li>• Customer digital interactions enable contextual, data-based offerings</li> <li>• Data</li> <li>• Products</li> <li>• Sales</li> <li>• Underwriting</li> <li>• Collections</li> <li>• Compliance</li> <li>• Network effects</li> </ul>	<ul style="list-style-type: none"> <li>• Migration of “work items” onto platform</li> <li>• Ultimately no work items off-platform</li> </ul>	<ul style="list-style-type: none"> <li>• Decommission systems/processes</li> <li>• Eliminate duplication and legacy costs</li> </ul>

*Ongoing evolution of platform – strong momentum across all streams*



## Results in a powerful customer experience

### MULTIPLE PLATFORM-INTEGRATED INTERFACES

- Secure interfaces providing access across all customer segments:
  - App
  - Online
  - Mobile banking (USSD)
  - Online Banking Enterprise™
- Platform engagements can be assisted or unassisted

### SINGLE CLIENT PROFILE DELIVERS CUSTOMISED, CONTEXTUAL EXPERIENCE

- FirstID
  - Registration/login
  - Authenticate/verify
  - Security
  - Mandates
  - Consent management
  - Secure contracting, messaging, calls
- MyProfile – manage regulatory compliance on platform
- All engagements and data captured on platform
- Sophisticated AI decisioning engine to deliver insight-driven offerings and contextual experiences

### ACCESS TO SECURE ECOSYSTEM OFFERING FINANCIAL SERVICES +++

- Integrated financial services
  - Transact
  - Lend
  - Invest
  - Insure
- Platform leverage: FNB Connect
- Platform behavioural: eBucks
- Ecosystems: nav» (home, car, money, wellness)
- Third-party products and services – providing an open, participative structure for interactions with strategic partners



## Further monetisation of platform will drive revenue and efficiencies, supporting ROE

### Revenue opportunities:

- Grow active customers
- Convenient access to competitive, contextual offerings supports higher volumes, increased cross-sell and better customer retention
- Access to non-banking revenue streams diversifies transactional/NIR franchise – network effects, e.g. commission-based digital sales, car licence renewals, etc.
- Monetisation of data/insights
  - 30 million contextual offers monthly – sales channel of the future

### Efficiencies:

- New product speed to market
- Consolidation of systems and processes
- Eliminate duplication and legacy cost
- Better customer insights promote better credit decisions and collection outcomes
- Costless distribution enhances margins
- Discipline in extracting platform ROI



## Rest of Africa strategy customised to produce growth and returns

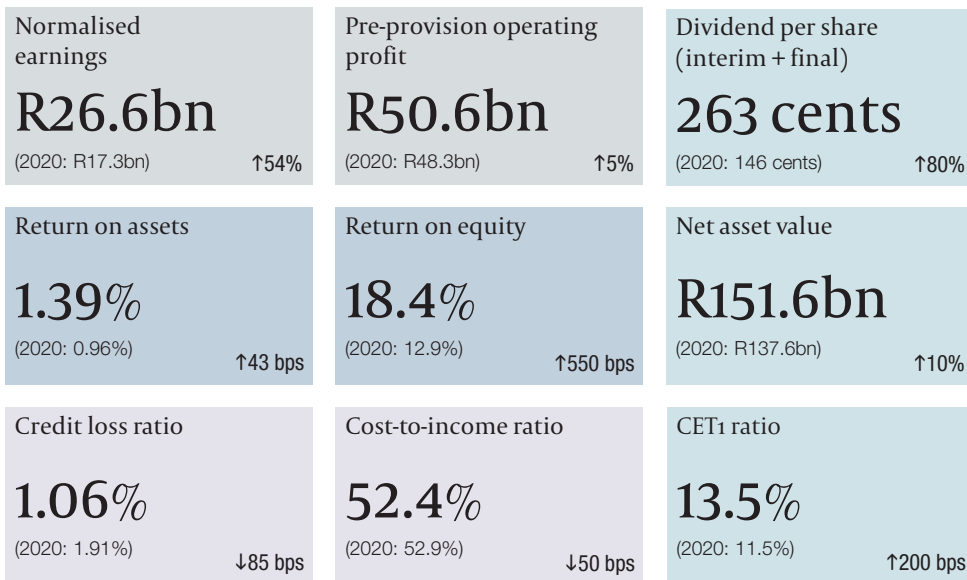
Strategic ambitions	INTEGRATED FINANCIAL SERVICES BUSINESSES	BANKING	SPECIALIST BANKING AND FINANCIAL SERVICES
	Platform-based ecosystems that create long-term value for clients and shareholders	Top-tier banks with clear competitive advantage and scale	Niche offerings where there is a clear competitive advantage
Activities	<ul style="list-style-type: none"> <li>• Transact</li> <li>• Lend</li> <li>• Insure</li> <li>• Invest</li> </ul>	<ul style="list-style-type: none"> <li>• Transact</li> <li>• Lend</li> </ul>	<ul style="list-style-type: none"> <li>• Transact</li> <li>• Lend</li> </ul>
Client focus	All customer segments and product offerings	CCIB and the related retail ecosystem	CIB only
Countries	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;">Namibia</div> <div style="border: 1px solid black; padding: 2px;">Botswana</div> </div> <div style="border: 1px solid black; padding: 2px; margin: 5px auto; width: 60px;">Eswatini</div>	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;">Ghana</div> <div style="border: 1px solid black; padding: 2px;">Mozambique</div> </div> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;">Lesotho</div> <div style="border: 1px solid black; padding: 2px;">Zambia</div> </div>	<div style="border: 1px solid black; padding: 2px; margin: 10px auto; width: 60px;">Nigeria</div>
	Mature subsidiaries	Growth-phase subsidiaries	

- Expansion strategy largely organic, complemented by bolt-on acquisitions
- Disciplined approach to capital allocation to create shareholder value
- Focus on economic profit (NIACC) and dividends to shareholders
- Disciplined approach to credit to ensure resilience
- Strong focus on building in-country deposit franchises
- Modernisation and digitisation key to execution

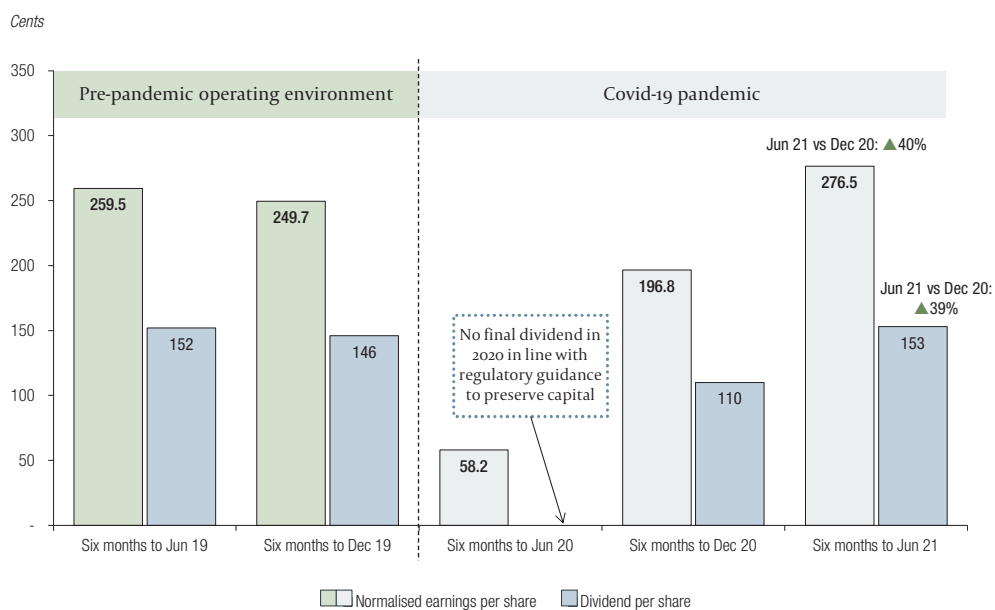




## Key group performance metrics demonstrate strong rebound

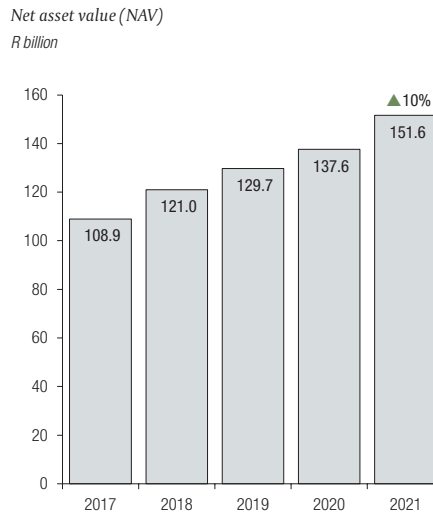
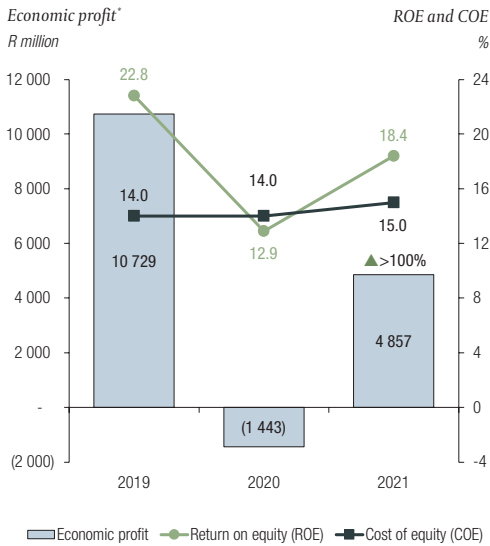


## Earnings recovered strongly, highest final dividend ever





## Strong bounceback in economic profit and continued NAV accretion



\* Defined as net income after cost of capital (NIACC).

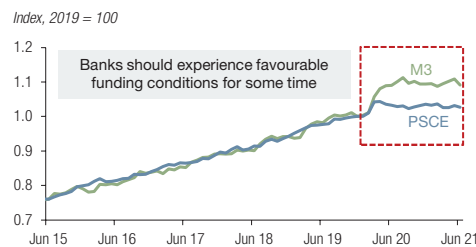


## SA macros show expected rebound has materialised

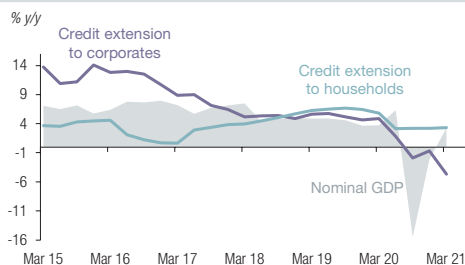
### SA real GDP (2010 prices)



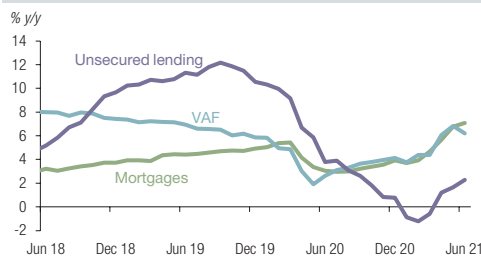
### Private sector credit and M3 money supply



### Bank loans and nominal GDP



### Bank credit\*



\* Source: BA900s.



## UK macros demonstrate recovery under way

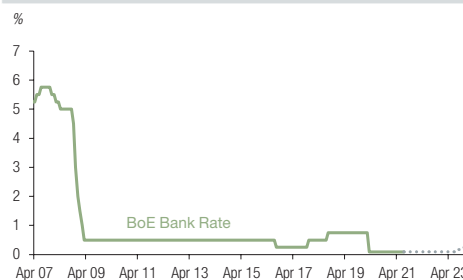
### UK GDP



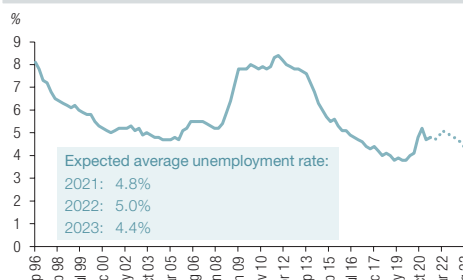
### UK house price index



### UK interest rates

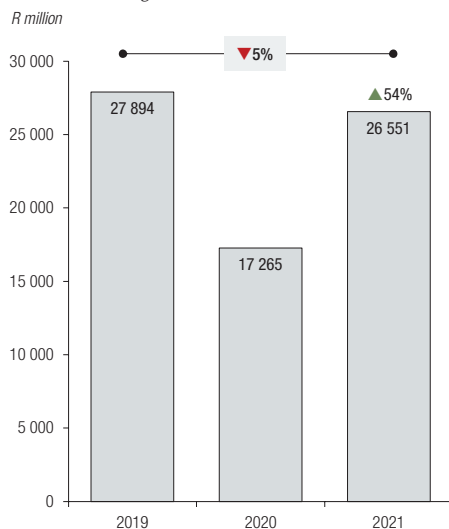


### UK unemployment rate

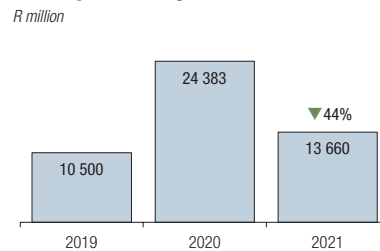


## Earnings close to pre-pandemic levels, ahead of expectations

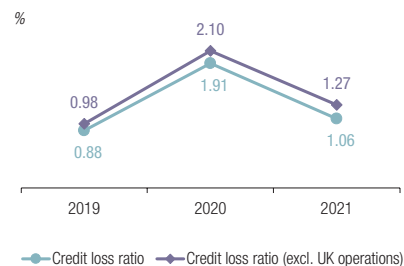
### Normalised earnings



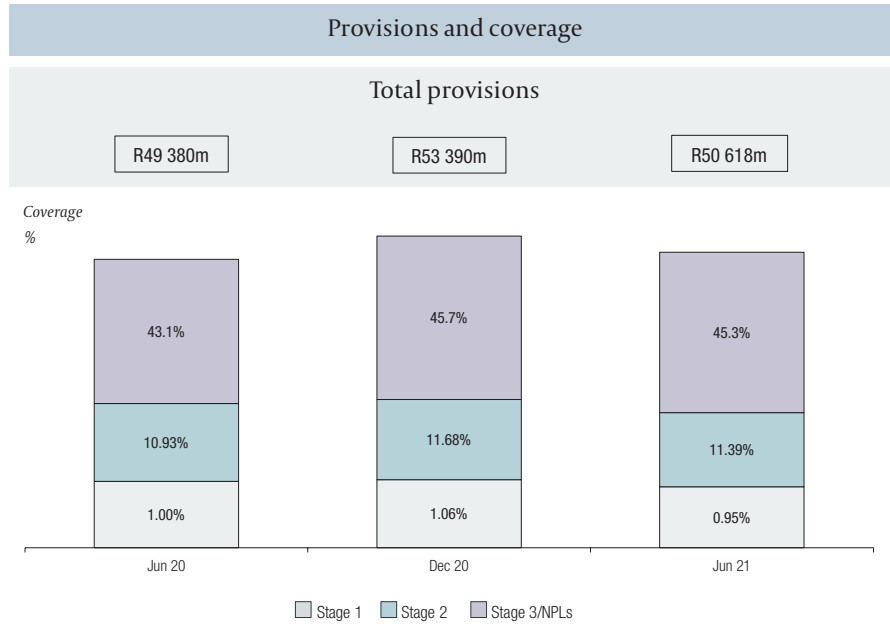
### Credit impairment charge



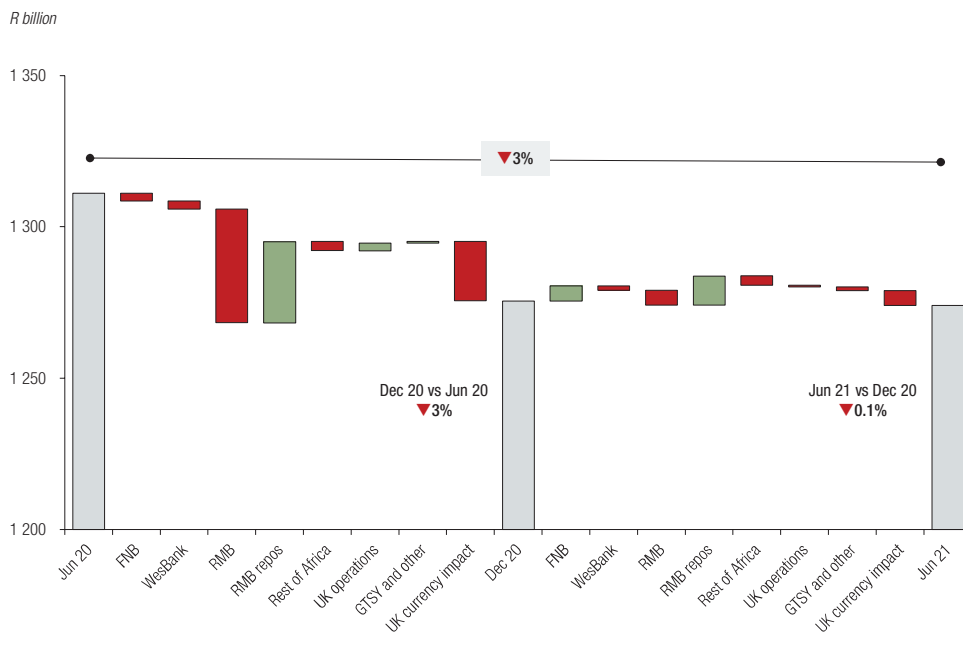
### Credit loss ratio



## Provisioning strengthened balance sheet further

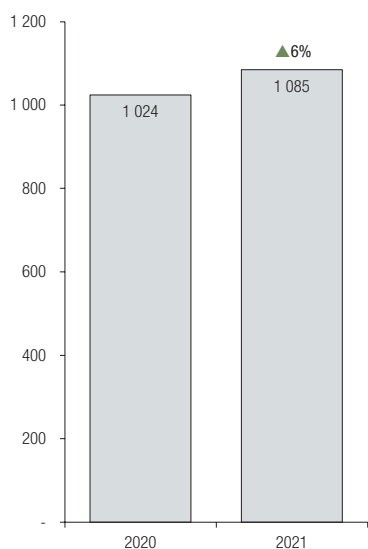


## Declining advances trend started to reverse in FNB in second half



## Deposit franchise growth resulted in improved funding mix

Deposit franchise  
R billion

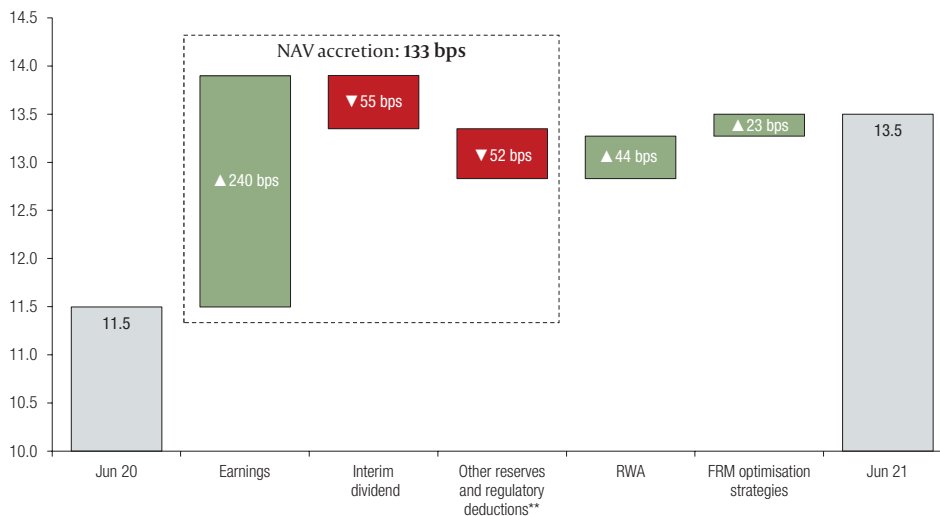


- Strong deposit growth across all operating businesses
  - Driven by precautionary savings, compelling savings propositions and customer acquisition
  - FNB remains the top household deposit franchise in SA from a market share perspective
- Slight contraction in advances
- Bank's institutional funding reduced to 27.2% of total funding (2020: 31.7%)
- Increased liquidity buffers (invested in short-dated government treasury bills)



## Strong increase in CET1 ratio – group has sufficient capacity to support growth

CET1 ratio<sup>\*</sup>  
%

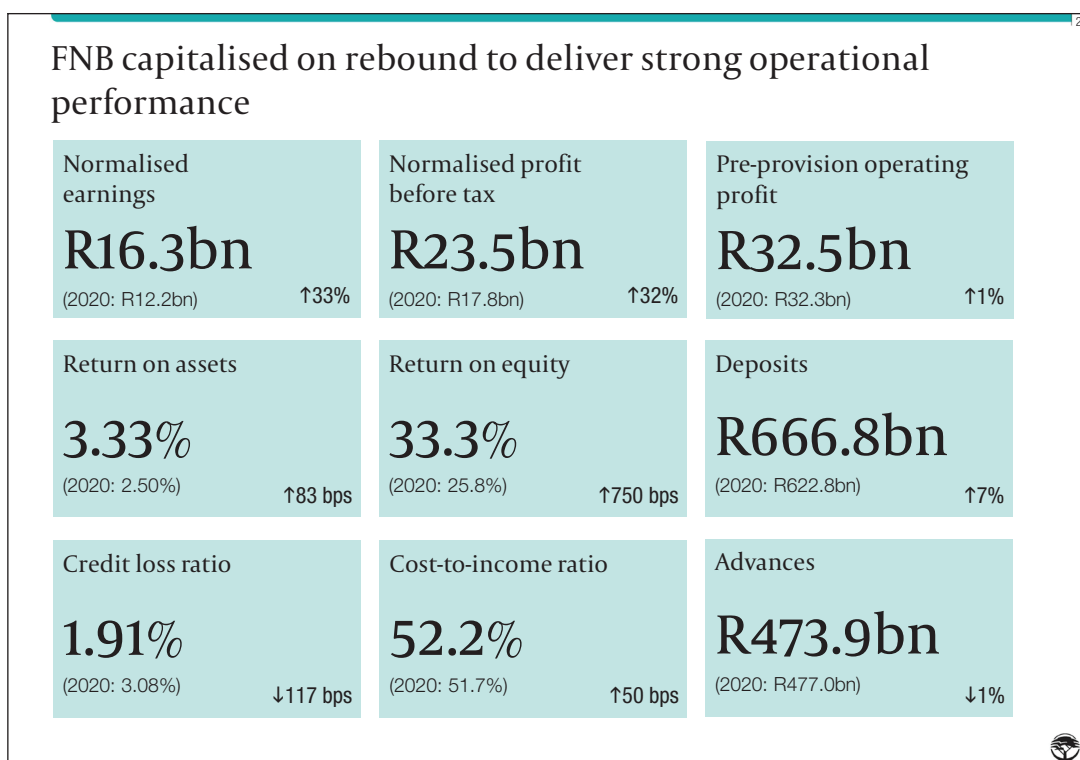
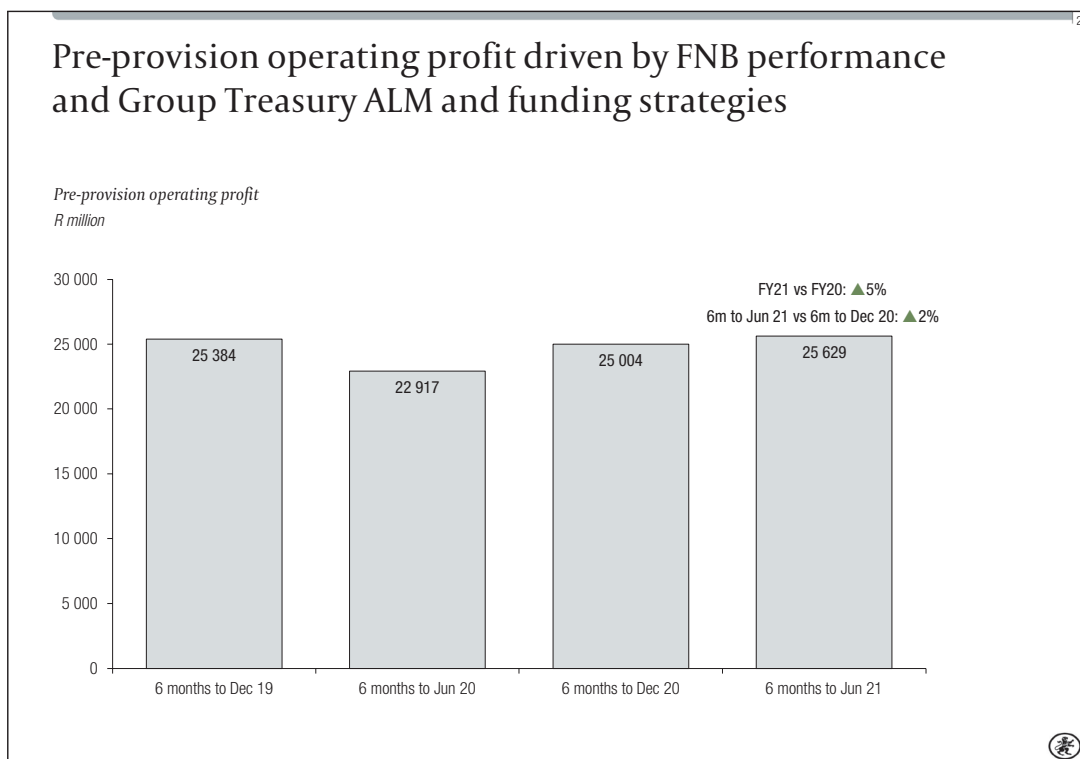


\* Including unappropriated profits and transitional impact of IFRS 9.

\*\* Including foreign currency translation reserves (-51 bps), IFRS 9 transition adjustment (-10 bps) and other reserves and regulatory deductions.







## Operational data demonstrates health and quality of the franchise

Customers		
Retail	7.52m	+4%
Commercial	1.13m	+10%
Rest of Africa	1.83m	+5%
<b>Total</b>	<b>10.48m</b>	<b>+5%</b>
<b>eWallets*</b>	<b>5.61m</b>	<b>+9%</b>
<b>Total platform users</b>	<b>16.09m</b>	<b>+6%</b>
Life insurance		
Number of policies	4.0m	↔
Number of lives covered	6.6m	+5%
<b>THIRD-LARGEST INSURER IN FNB BASE by debit order value</b>		

Wealth and investments		
Account base		+11%
Trade values		+24%
AUM	R63.6bn	
eBucks – 20th anniversary		
Total rewards of R1.9bn in FY21		
R15.9bn earned since inception		
Representation points**		
Branches	743	(2%)
ATMs (incl. ADTs)	5 818	(12%)
Cash Plus (agents)	1 768	+89%
<b>FNB voted MOST VALUABLE BRAND in the BrandZ™ Most Valuable Brands 2021</b>		

70% of customers are digitally active	
<b>6.09 million</b> (2020: 5.90 million) <b>+3%</b>	
Retail: <b>70%</b>	Commercial: <b>75%</b>
Digital (app, online and USSD)	
Volumes	+14%
Monthly logins (127 million)	+12%
Digital transactions in 2021	593m
Digital purchases (turnover)	>R17bn
Virtual cards on app	260k
Fraud in platform transactions	<0.01%
Collections (opt-in for payment arrangements)	R1.3bn
<b>FNB CONNECT ranked 1<sup>st</sup> in SAcSI survey on mobile telco providers* overall service, quality and value in SA</b>	

\* Represent all eWallets without another FNB relationship/product that had at least one transaction in the past six months. Total eWallets including other FNB relationships = 7.16 million.  
\*\* Including rest of Africa.



## Starting to see network effects from successful scaling of nav» ecosystem

With real help in the palm of your hand

Visit blog

nav» Money

nav» Car

nav» Home

nav» Wellness

Home Services

nav» Care

COVID-19

Blog

- **nav» Home** assists customers with buying/selling property
  - Provides free instant access to property valuation reports, instant pre-approval of financing as well as home services
  - R26.8bn in payouts, 970 current listings
- **nav» Car** enables customers to manage vehicles in single ecosystem
  - Shop for cars, pay fines, renew licence discs and obtain valuation estimates
  - 667k vehicles loaded
  - Delivered 60k vehicle licences during Covid-19
  - WesBank fully integrated
- **nav» Money** – simple, easy-to-use money management tools
  - Empowers customers to track spend, view credit scores, etc.
  - 2.1 million users, overall “customer experience” rating of 4/5
- **nav» Wellness** – tools and tips to navigate journey to wellness (physical exercise, diet, mindfulness, goal-setting)
  - 276k users



## Insurance franchise showed resilience in tough environment

### Pandemic impact on FNB Life

- Claims paid increased 70% to R2.2bn (2020: R1.3 bn)
- Adequately provided for pandemic-related death and retrenchment:

	2021	2020
Prospective (reserve adjustment)	R1.4bn	R1.7bn
Retrospective (on-balance sheet)	R1.3bn	R0.9bn
	R2.7bn	R2.6bn

- Retrenchment experience much lower than initially anticipated

### VALUE CREATION

- Value of new business (VNB) increased >100% to R453 million
- In-force APE ↑11%
- EV ↑29% to R4.8 billion

### NEW BUSINESS APE

- Good sales recovery in branches, with funeral APE up 40%
- Life insurance (excl. credit) +6%
- Credit life ↓17%
- Short-term insurance +38% with 200k in-force policies

### PLATFORM

- R169m of claims paid proactively
- 15% of client-initiated claims on the app
- 44% of retrenchment claims logged on the app
- Digital servicing – 40% on app
- 21% of written sum assured utilises predictive underwriting
- 48% of FNB's new home loans are insured with FNB Insure



## RMB's performance driven by lower credit impairments and operational resilience

Normalised earnings

**R7.1bn**

(2020: R5.7bn)

↑25%

Normalised profit before tax

**R10.0bn**

(2020: R8.1bn)

↑24%

Pre-provision operating profit

**R11.5bn**

(2020: R11.5bn)

↔

Return on assets

**1.12%**

(2020: 0.93%)

↑19 bps

Return on equity

**18.7%**

(2020: 15.4%)

↑330 bps

Deposits

**R256.6bn**

(2020: R249.7bn)

↑3%

Credit loss ratio

**0.41%**

(2020: 0.94%)

↓53 bps

Cost-to-income ratio

**46.9%**

(2020: 44.2%)

↑270 bps

Core advances

**R294.5bn**

(2020: R337.6bn)

↓13%





## RMB performance benefited from diversified portfolio

- Markets benefited from excellent fixed income performance and increased hard commodities demand
- Realisation from principal investments business of c. R360 million
- Solid private equity annuity income supplemented by realisations of c. R400 million
- Lower credit provisioning year-on-year, portfolio remains conservatively provided
- Banking business won 81 new primary-banked relationships, reflecting strength of client franchise
- Core advances down 13%
  - Significant repayments across the portfolio
  - Continued cautious approach to new origination
  - Rand appreciation
- Total costs increased 11%, due to ongoing investment in core platform modernisation, investment in the rest of Africa and an increase in variable costs, in part linked to performance



## WesBank's performance reflects challenging and competitive market conditions

Normalised earnings

**R1 235m**

(2020: R843m)

↑47%

Normalised profit before tax

**R1 749m**

(2020: R1 226m)

↑43%

Pre-provision operating profit

**R3 823m**

(2020: R4 249m)

↓10%

Return on assets

**0.93%**

(2020: 0.60%)

↑33 bps

Return on equity

**14.5%**

(2020: 8.0%)

↑650 bps

Advances

**R127.1bn**

(2020: R131.1bn)

↓3%

Credit loss ratio

**1.61%**

(2020: 2.28%)

↓67 bps

Cost-to-income ratio

**54.1%**

(2020: 50.0%)

↑410 bps

Vehicles financed on platform (nav» Car)

**R38.5m**



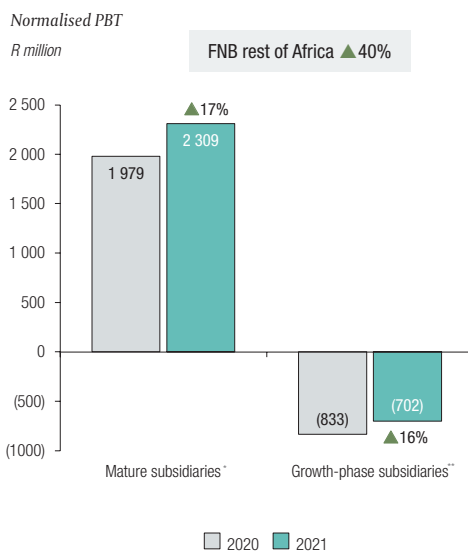
## Performance of the rest of Africa portfolio driven by improving credit experience

<b>Normalised earnings</b> <b>R2 614m</b> (2020: R1 849m)      ↑41%	<b>Normalised profit before tax</b> <b>R4 828m</b> (2020: R3 527m)      ↑37%	<b>Pre-provision operating profit</b> <b>R5 185m</b> (2020: R5 687m)      ↓9%
<b>Return on equity</b> <b>14.5%</b> (2020: 11.3%)      ↑320 bps	<b>Cost-to-income ratio</b> <b>60.7%</b> (2020: 58.9%)      ↑180 bps	<b>Credit loss ratio</b> <b>0.31%</b> (2020: 1.82%)      ↓151 bps
<b>Retail and commercial customers</b> <b>1.83m</b> (2020: 1.75m)      ↑5%	<b>App penetration*</b> <b>29.3%</b> (2020: 16.5%)      ↑13%	<b>Cash Plus agents</b> <b>1 768</b> (2020: 937)      ↑89%

\* Registered app users (with an active account) as a percentage of the total active customer base.



## Improved performance in FNB rest of Africa



- Improved credit performance from both mature and growth-phase subs
- Good customer growth assisted NIR
- Negative endowment impact due to rate cuts across most jurisdictions
- Stronger rand impacted earnings
- Disciplined cost containment

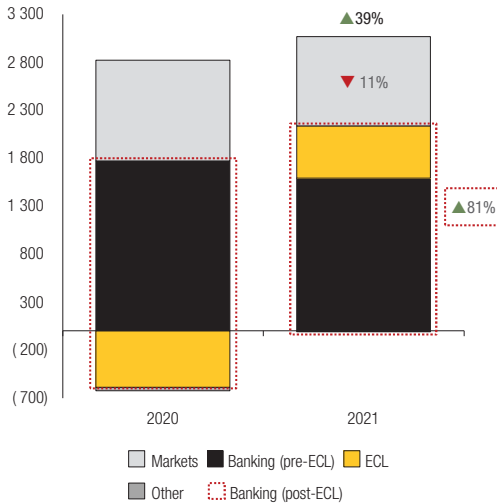
\* Mature subsidiaries: Botswana, Namibia, Eswatini (mature subsidiaries' performance shown gross of minority interests).

\*\* Growth-phase subsidiaries: Lesotho, Mozambique, Zambia, Ghana and support (and Tanzania).



## RMB's rest of Africa business benefited from credit turnaround, partly offset by weaker markets performance in Nigeria

Rest of Africa\* normalised PBT  
R million



### Banking

- Recovery in oil and gas sector resulting in credit turnaround and provision releases
- New clients contributed to strong transactional volume growth
- Repo rate cuts significantly affected liability margins across jurisdictions
- Strong average deposit growth of 13%
- Repayment of bridging finance facilities, cautious origination and exchange rate moves continue to weigh on cross-border advances

### Markets

- Decreased in-country performance, primarily in the London-Nigeria corridor due to lower risk appetite from international clients
- Strong performance from Zambia

\* Strategy view including in-country and cross-border activity.



## UK operations showed strong rebound in earnings and ROE

Normalised earnings

**£132m**

(2020: £44m) ↑ >100%

Normalised profit before tax

**£181m**

(2020: £74m) ↑ >100%

Pre-provision operating profit

**£231m**

(2020: £247m) ↓6%

Return on assets

**0.76%**

(2020: 0.26%) ↑50 bps

Return on equity

**11.1%**

(2020: 3.9%) ↑720 bps

Aldermore CET1 ratio\*

**13.9%**

(2020: 13.3%) ↑54 bps

Credit loss ratio

**0.35%**

(2020: 1.24%) ↓89 bps

NPLs as % of advances

**3.16%**

(2020: 2.18%) ↑98 bps

Cost-to-income ratio

**51.1%**

(2020: 46.4%) ↑470 bps

\* CET1 ratio as reported to the UK PRA (for Aldermore Group).



## UK operations' performance mainly driven by credit turnaround as macros improved

- Resilient performance
  - Reduction in credit loss ratio
  - Margin maintained through competitive deposit pricing and mix change
- In line with group FRM strategies
  - Grew deposit franchise across all segments and diversified funding mix
  - Origination activity carefully managed to support risk appetite and returns
  - CET1 ratio improved as profit growth exceeded the increase in RWA
  - Aldermore continues to maintain a strong capital position, operating well above internal targets

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FirstRand

financial  
review

2021

results presentation

for the year ended 30 June

## Key performance metrics (normalised)

	2021	2020	% change
Diluted EPS (cents)	473.3	307.8	54 ▲
Dividend per share* (cents)	263	146	80 ▲
Earnings (R million)	2019: 27 894 ▼5% 26 551	17 265	54 ▲
NIACC** (R million)	4 857	(1 443)	>100 ▲
Net asset value per share (cents)	2 703.4	2 453.1	10 ▲
Net interest margin (excluding UK operations) (%)	4.81	4.91	▼
Net interest margin (including UK operations) (%)	4.35	4.45	▼
Credit loss ratio (%)	1.06	1.91	▼
Credit loss ratio (excl. UK operations) (%)	1.27	2.10	▼
Cost-to-income ratio (%)	52.4	52.9	▼
Return on equity (%)	18.4	12.9	▲
Return on assets (%)	1.39	0.96	▲
CET1 ratio# (%)	13.5	11.5	▲

\* Interim dividend per share 110 cents (2020: 146 cents). Final dividend per share 153 cents (2020: n/a).

\*\* Defined as net income after cost of capital (economic profit).

# Includes unappropriated profits.



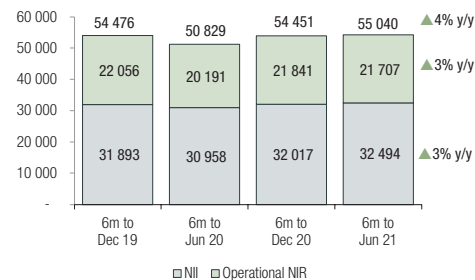
## Group delivered pre-provision operating profit growth of +5%

R million	2021	2020	% change
Net interest income	64 511	62 851	3 ▲
Operational non-interest revenue	43 548	42 247	3 ▲
Share of associate income	1 432	207	>100 ▲
Total revenue	109 491	105 305	4 ▲
Operating expenses	(57 342)	(55 656)	3 ▲
Indirect tax	(1 516)	(1 348)	12 ▲
Pre-provision operating profit	50 633	48 301	5 ▲
2019: 49 188 ▲3%			
Impairment charge	(13 660)	(24 383)	(44) ▼
2019: (10 500) ▲30%			
Income tax expense	(8 849)	(4 874)	82 ▲
Profit after tax	28 124	19 044	48 ▲
Other equity and non-controlling	(1 573)	(1 779)	(12) ▼
<b>Normalised earnings</b>	<b>26 551</b>	<b>17 265</b>	<b>54 ▲</b>

\* Total topline includes share of associate income.

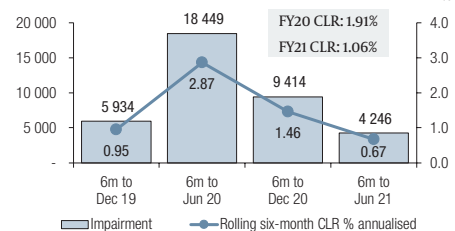
Rolling six-month topline\*

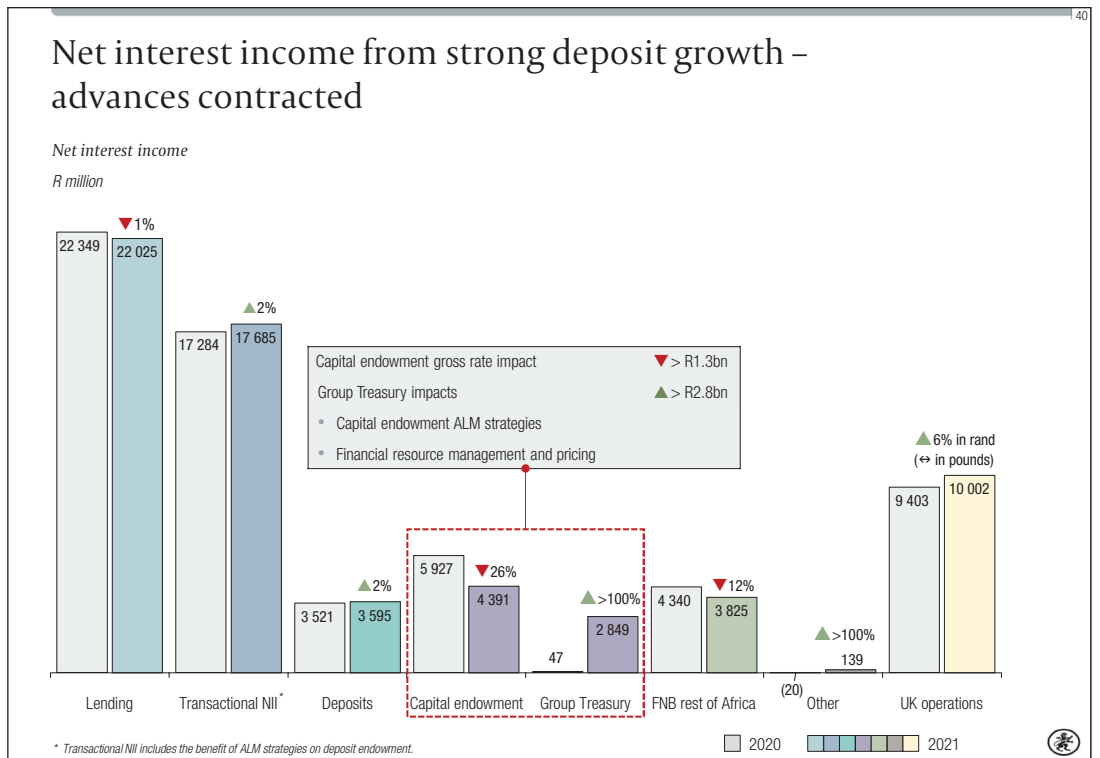
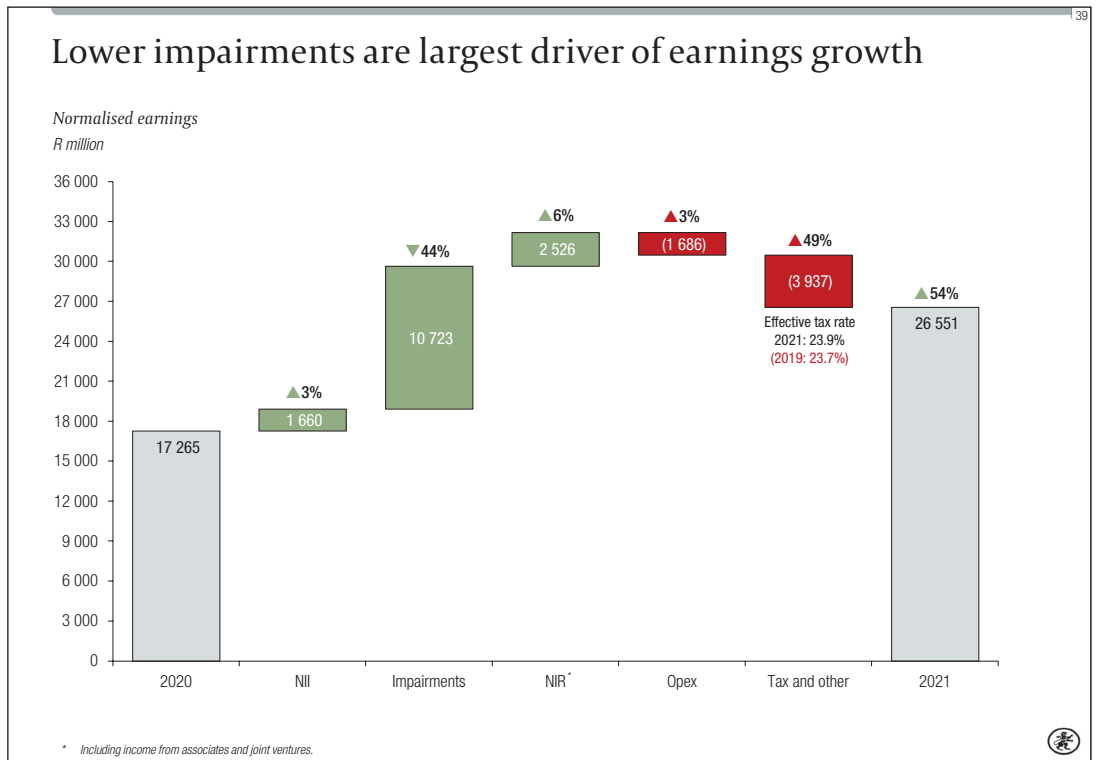
R million

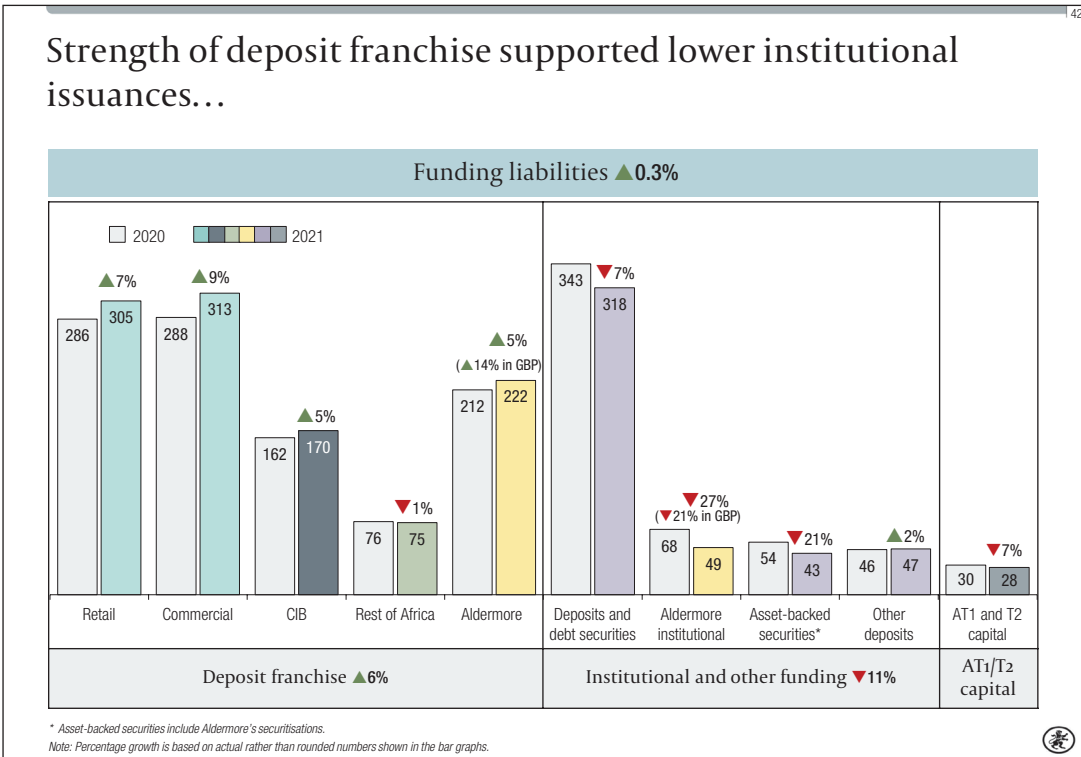
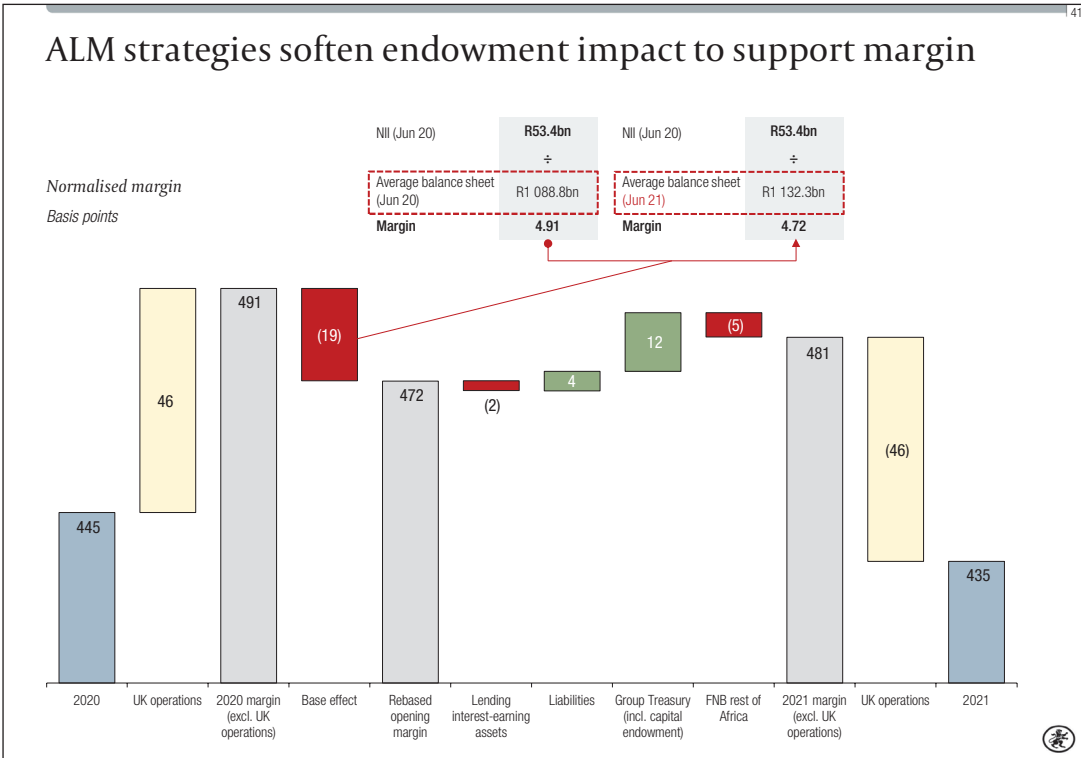


Impairment charge

R million

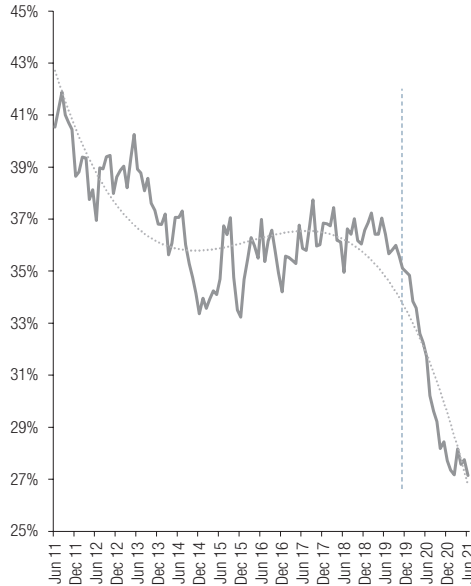




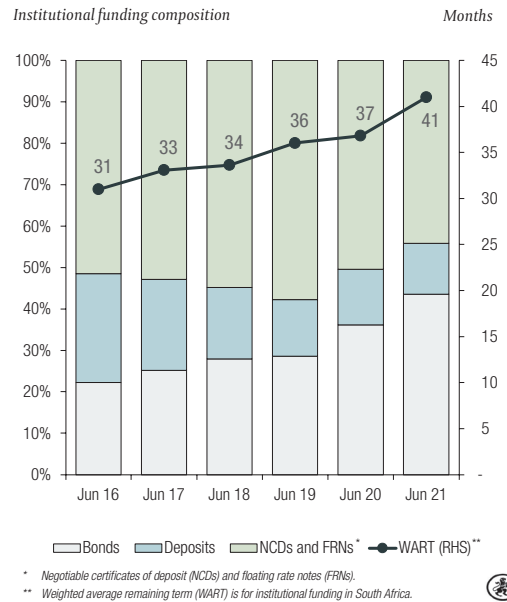


## ...resulting in lengthening of term

Institutional funding as % of total funding

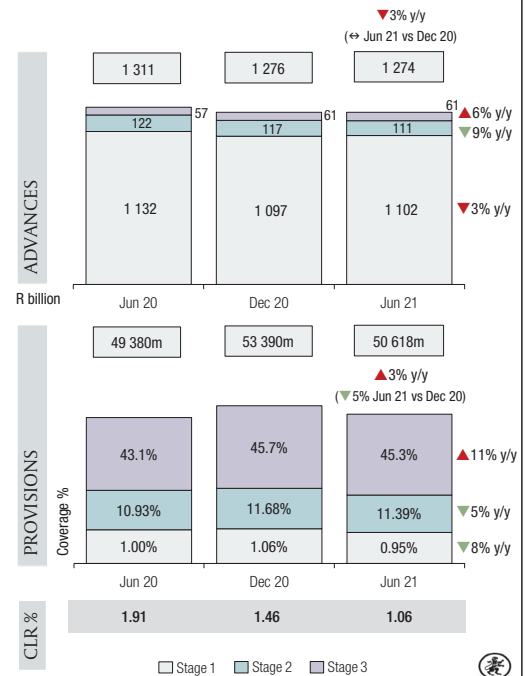
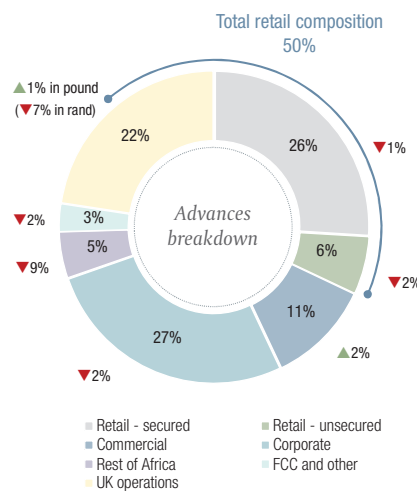


Diversified institutional funding mix and term profile



\* Negotiable certificates of deposit (NCDs) and floating rate notes (FRNs).  
 \*\* Weighted average remaining term (WART) is for institutional funding in South Africa.

## Disciplined risk appetite results in lower advances

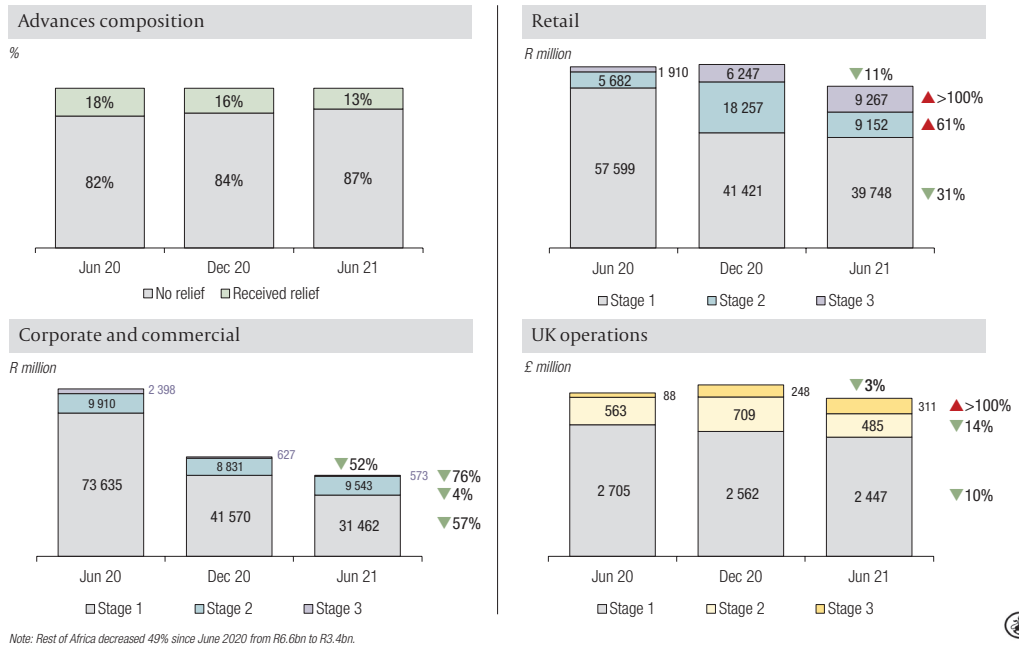


Note: Advances in bar graphs are based on rounded numbers.



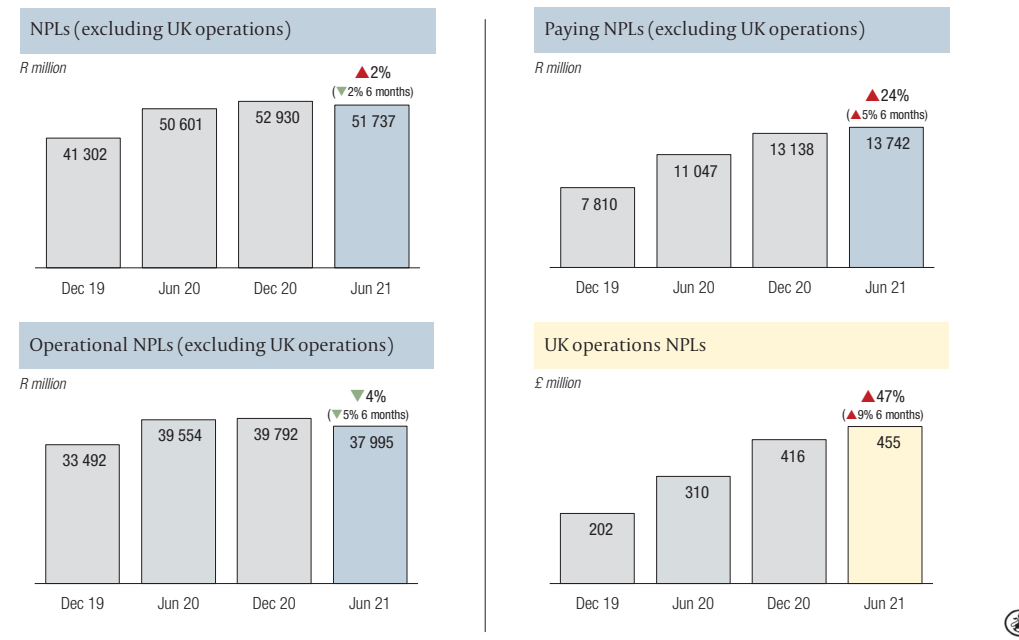
## Relief book performing better than expected

45

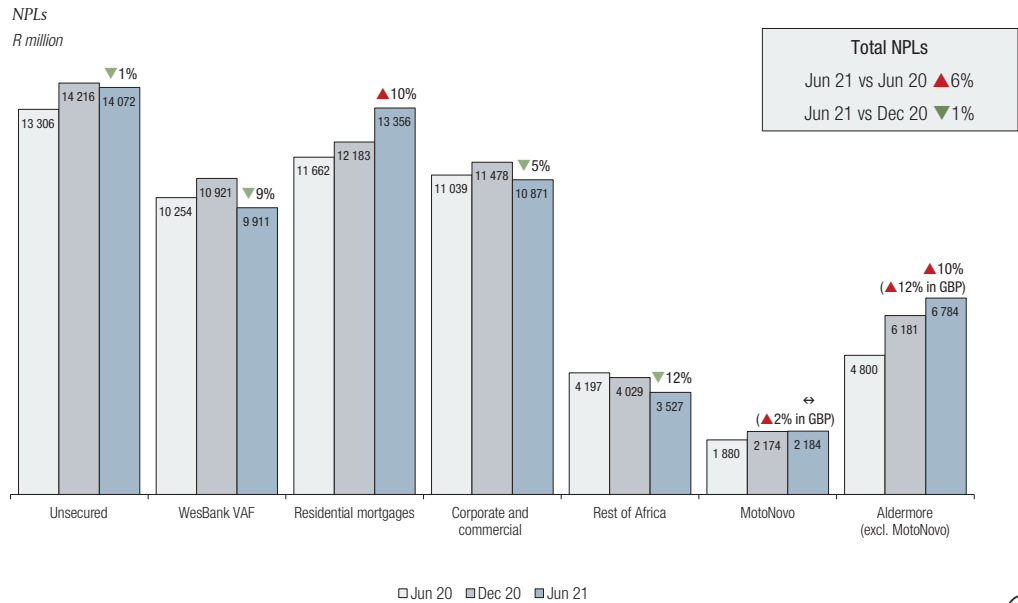


## NPL formation normalising, better than expected

46

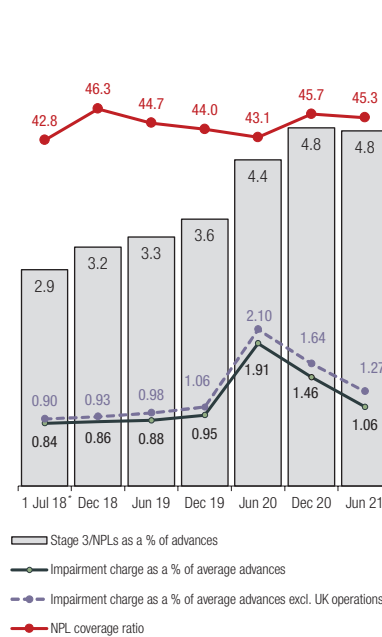


## Collection strategies supporting lower NPL formation



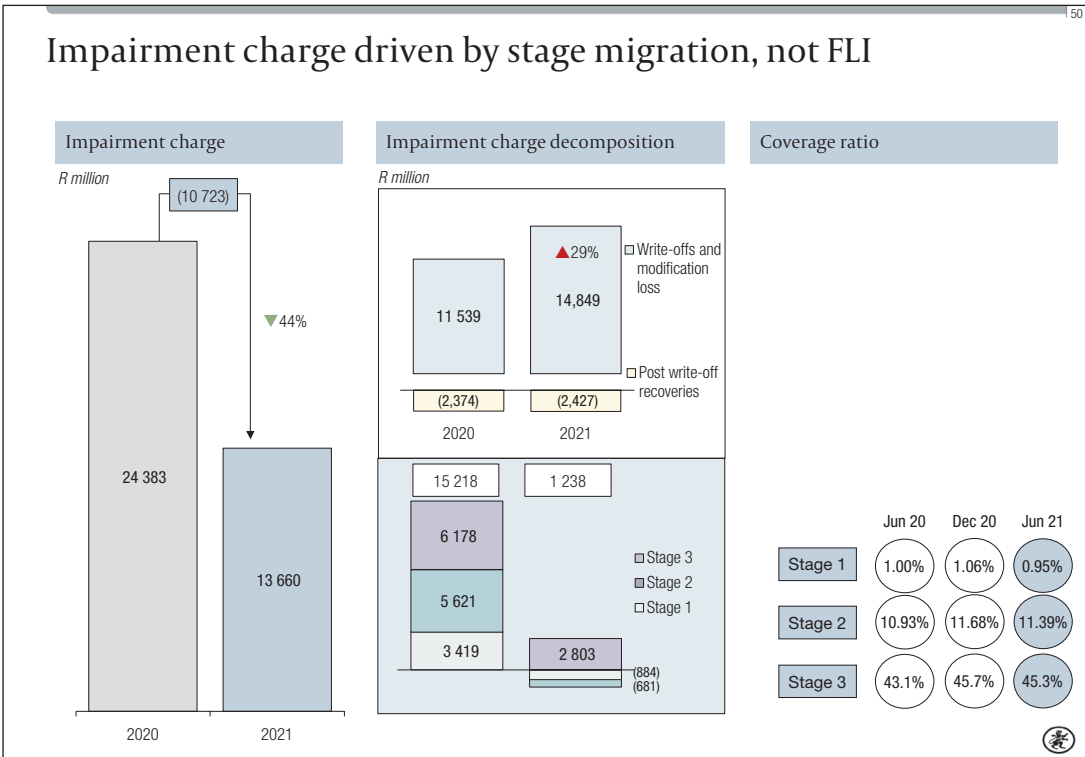
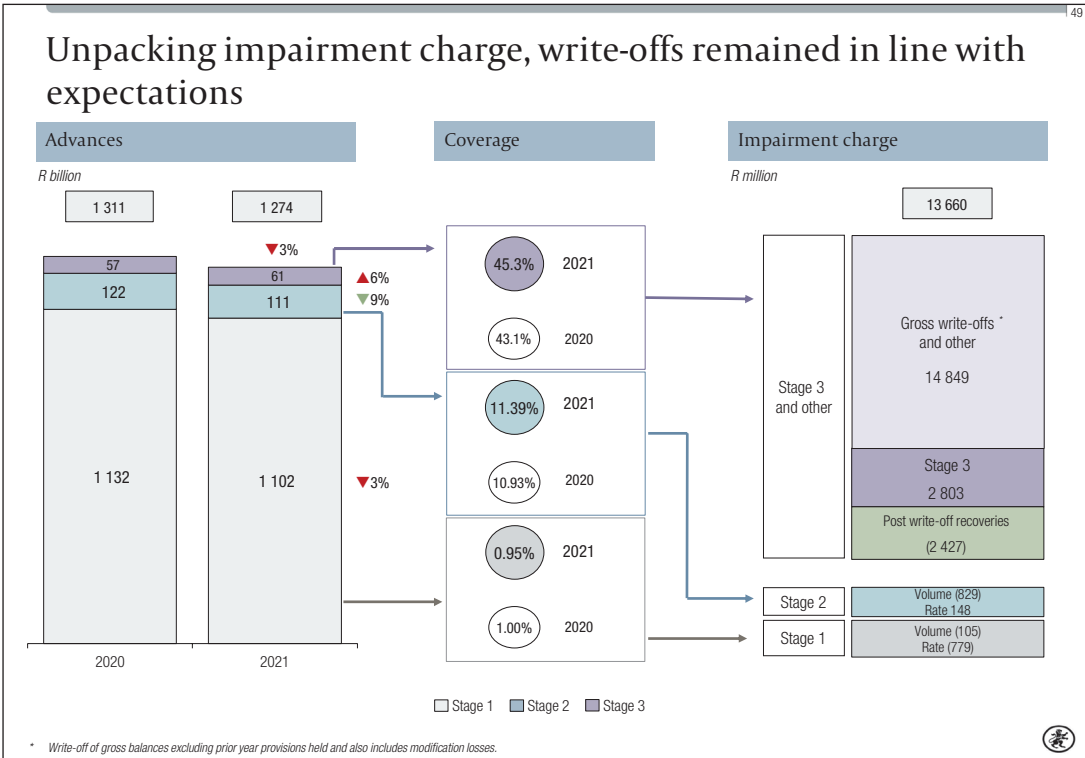
Note: Growth rates are based on 6 months' growth since Dec 20.

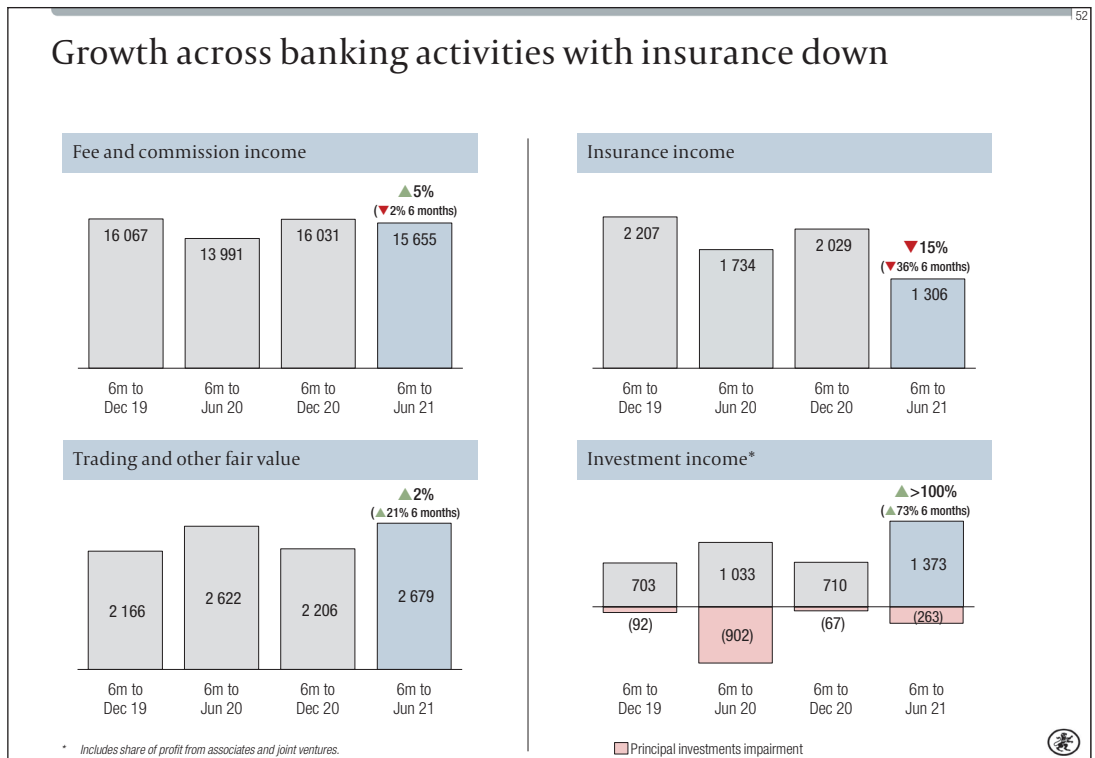
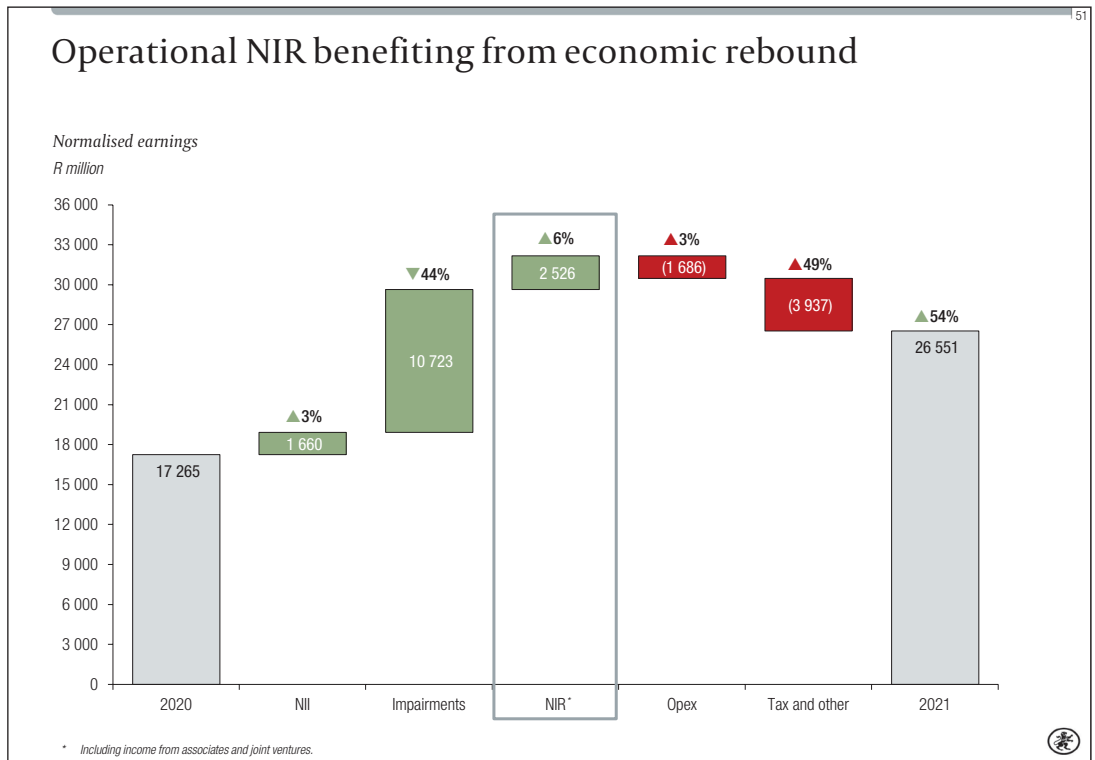
## All portfolios showing lower charge



IMPAIRMENT CHARGE R million	2021	2020	2021 CLR %	2020 CLR %
Retail – secured	2 474	4 185	0.76	1.28
Residential mortgages	577	1 411	0.26	0.64
WesBank VAF	1 897	2 774	1.86	2.64
Retail – unsecured	6 066	8 562	6.91	9.83
FNB card	1 428	1 997	4.65	6.85
Personal loans	3 600	4 899	8.83	12.06
- FNB and DirectAxis	2 999	4 515	7.88	11.44
- Covid-19 relief	601	384	22.00	32.99
Retail other	1 038	1 666	6.40	9.62
Stress scenario	335	-	-	-
Total retail	8 875	12 747	2.14	3.09
Commercial	1 413	3 198	1.03	2.39
Corporate	1 428	3 293	0.41	0.95
Rest of Africa	885	1 630	1.40	2.49
Centre	29	114	0.08	0.28
Total excluding UK operations	12 630	20 982	1.27	2.10
UK operations	1 030	3 401	0.35	1.23
Total including UK operations	13 660	24 383	1.06	1.91

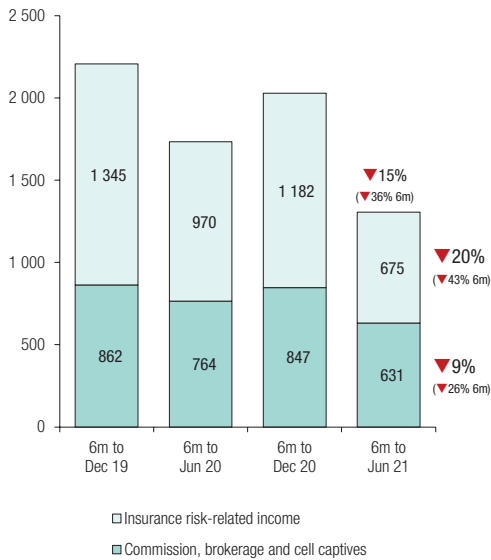
\* NPLs as a percentage of advances and NPL coverage ratio are based on IFRS 9. Impairment charge is based on IAS 39.





## Insurance experienced increased claims and higher provisions

Insurance income  
R million

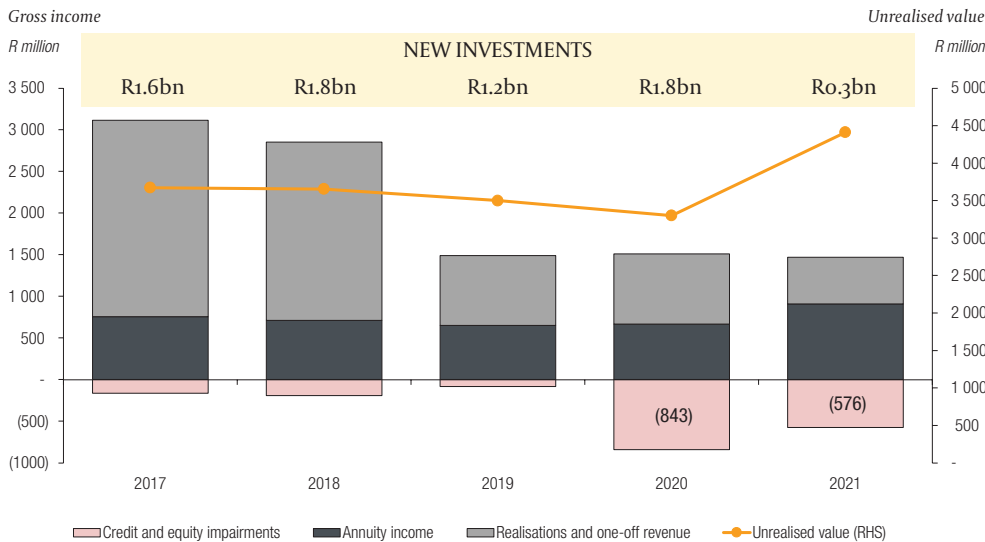


	% change
<b>Insurance risk-related income</b>	
Good growth in premiums driven by FNB Life and short-term insurance	10 ▲
Increased claims and higher provision for death and retrenchments	39 ▲
<b>Commission, brokerage and cell captives</b>	
Profit share down from cell captives due to increased claims and higher provision for death and retrenchments	9 ▼



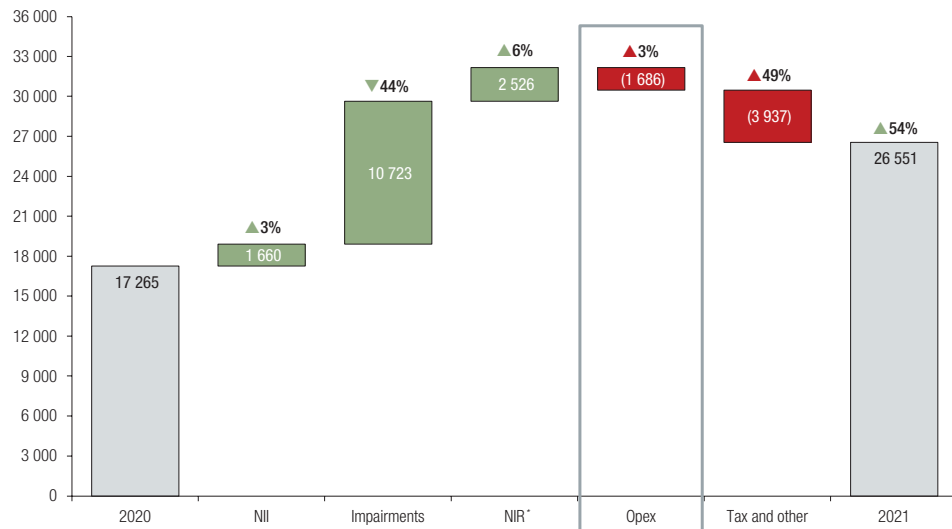
## Solid annuity income from portfolio

### Private equity earnings and unrealised value



## Operating expenses showed sub-inflation increase...

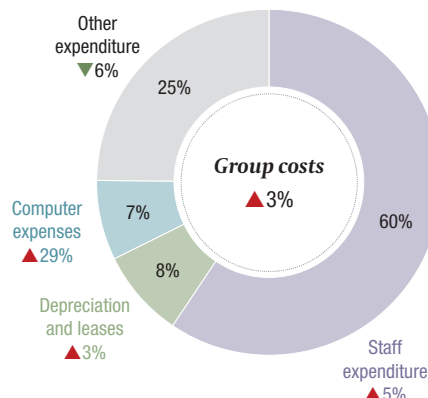
Normalised earnings  
R million



\* Including income from associates and joint ventures.



## ...benefiting from deliberate cost focus, despite continued investment spend

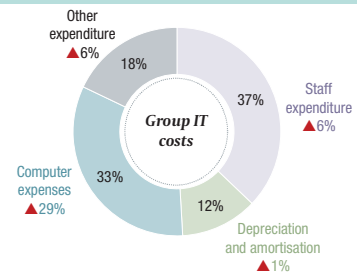


\* Excluding FirstJobs.

Staff costs ▲5%

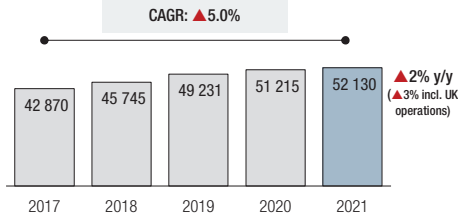
	% change	Comment
Direct staff costs	▲3	* Unionised increases in SA average of 4.2% * 3% decrease in headcount*, but mix change to more senior
Short-term incentives	▲33	* Bonus pool increase 45%, lower expense growth due to deferral
Long-term incentives	▲9	* Expense benefiting from lapsing of 2017 and 2018 awards, increase includes Covid-19 tranche

IT costs ▲12% (continued investment)

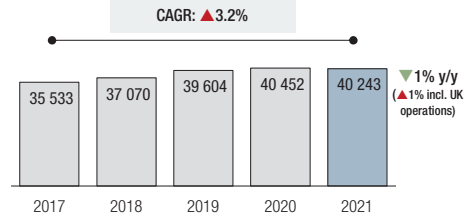


## On a five year view IT costs grew faster than other expenditure

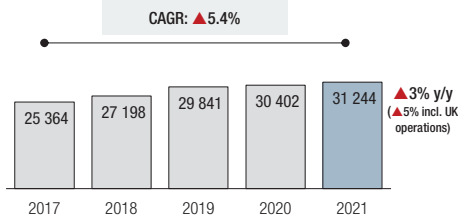
### Operating expenses\*



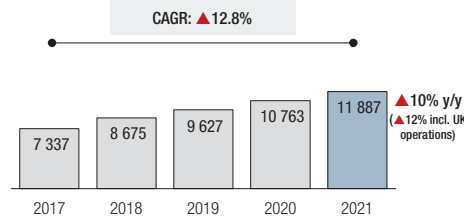
### Operating expenses excluding IT costs\*



### Staff costs\*



### IT costs\*



\* Excluding UK operations.



## Business has emerged from pandemic in good shape

### Revenue ▲ 4%

- Deposit franchise ▲ 6%, total deposit growth flat
- Advances decreased ▼ 3%
- NII increased despite negative endowment impact
- NIR – resilient growth in fee and commission, and trading income

### Impairment charge ▼ 44%

- Positive revisions given the economic rebound
- Overall provisioning stock maintained
- Additional stress scenario given the ongoing uncertainty
- NPLs ▲ 6% – better than expected

### Operating expenses ▲ 3%

- Continued focus on cost containment
- Benefiting from headcount attrition
- Ongoing investment strategies

### Dividend ▲

- 263 cents per share
- 1.8x cover (56% payout) maintained
- Strong CET1 position to support growth



# 2021

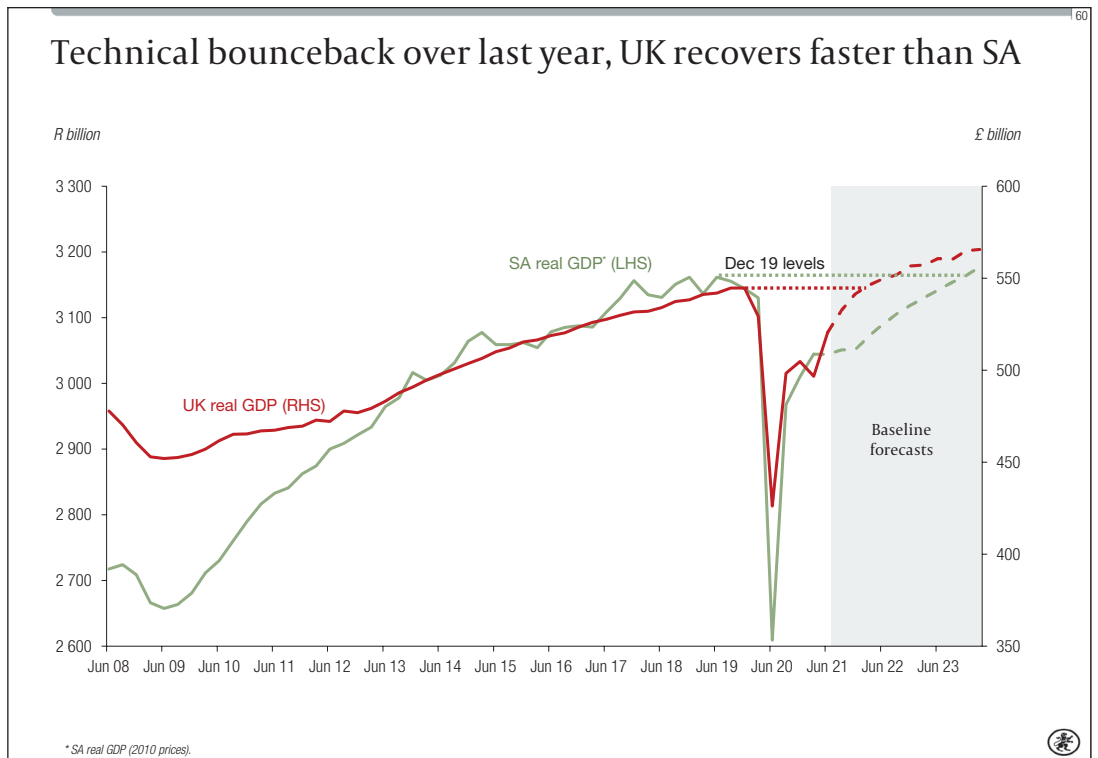
results presentation

for the year ended 30 June



FirstRand

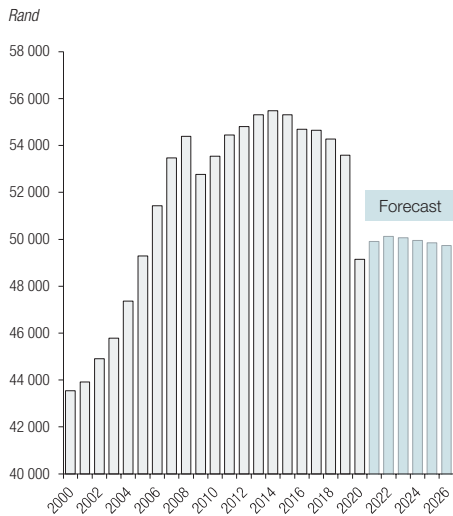
looking ahead



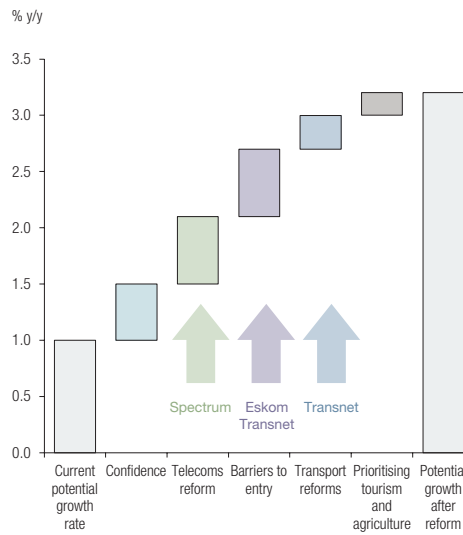


## What is required to unlock potential growth in SA

Real GDP per capita (2010 prices)



Contribution of structural change to potential growth\*



Sources: FirstRand, National Treasury.

\* Current potential growth rate based on FirstRand's estimates. Reforms such as lifting skills constraints could lift potential growth even further.



## Looking forward, the group is well positioned to deliver growth and superior returns

- Modest credit cycle expected to form in SA – advances will build on Q4 pick-up
- Rest of Africa portfolio benefiting from commodity cycle
- As UK government support is withdrawn, NPLs are expected to remain elevated, constraining earnings growth in the year ahead
- Speed, extent and breadth of earnings rebound is exceeding expectations – pace expected to moderate
- Imminent restoration of group peak earnings
- ROE expected to remain in the target range





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## ESG highlights – delivering to a broad set of stakeholders

<b>INVESTORS</b>	<b>Financial performance</b> <ul style="list-style-type: none"> <li>• Normalised earnings: <b>R26.6bn</b> ↑54%</li> <li>• ROE: <b>18.4%</b> ↑50bps</li> <li>• Dividend: <b>263 cents per share</b> ↑80%</li> </ul>	<b>Governance</b> <ul style="list-style-type: none"> <li>• ESG measures in executive scorecards</li> <li>• Dedicated climate steering committee</li> </ul>	
<b>CUSTOMERS</b>	<b>Consumer financial education</b> <b>R20m spend</b> in 2021 financial year	<b>Post-riot relief</b> <ul style="list-style-type: none"> <li>• Payment break/cashflow relief for qualifying clients with lending or insurance products</li> <li>• Waived SASwitch fees for Aug/Sep 21</li> <li>• Expediting riot-related insurance claims</li> </ul>	
<b>EMPLOYEES</b>	<b>Women represent</b> <b>59%</b> of group employee base	<b>SA operations</b> <b>ACI 80%</b> of employee base	<b>Skills development spend</b> <b>R864m</b> in 2021 financial year
<b>BROADER SOCIETY</b>	<b>FirstRand foundations</b> <b>c. R2 billion</b> granted for social investment projects over the past five years	<b>SPIRE (pandemic response)</b> <ul style="list-style-type: none"> <li>• Anchor investment R100m</li> <li>• Expanded ICU capacity at four hospitals</li> <li>• Supported 150 care homes</li> <li>• Distributed food parcels</li> </ul>	
<b>ENVIRONMENTAL COMMITMENTS AND AMBITIONS</b>			
Own emissions for SA operations: <b>Net zero by 2030</b>		Financed emissions: <b>Net zero by 2050</b>	
Transition finance facilitation: <b>R200bn by 2026</b>			



## Adherence to the pandemic response FRM framework protected the balance sheet and underpinned ROE recovery

- FirstRand implemented specific actions in March 2020 to emerge from Covid-19 with limited vulnerabilities and with capital to fully take advantage of the recovery
- Anchored business to financial resource management principles for next 18 to 24 months:
  - Carefully price for financial resources
  - Appropriately provide against lending portfolios
  - Cost management focus
  - Balance sheet appropriately tilted to macro outlook and strengthened further
  - Accrete capital and NAV – deployment of capital to reflect revised cost of equity
- Group resumed paying dividends at the bottom end of its cover range (56% payout)

*Emerged with strong balance sheet and capital for growth*



## Group has protected its balance sheet

### BALANCE SHEET POSITION AND TRENDS

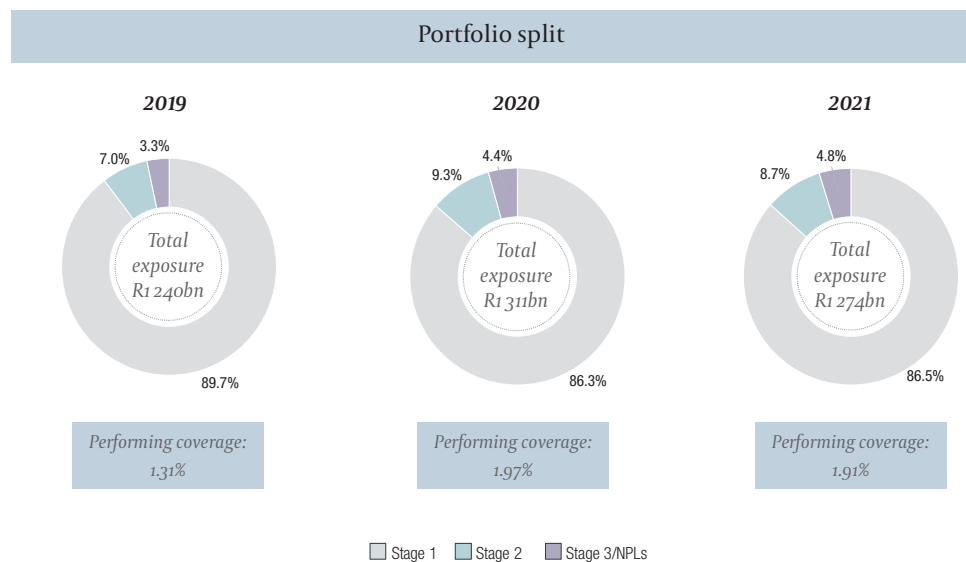
	ACTUAL	TREND
Assets in marketable format	>R485 billion	Maintained
Liquid assets as % total assets*	26%	Maintained
LCR and NSFR	LCR: 113% (group), 117% (bank) NSFR: 123% (group), 122% (bank)	The group entered Covid-19 in a strong liquidity position, which has been maintained – ratios eased marginally but remain well above regulatory minimums
Credit quality of assets	BB-/B+	Stable
Institutional funding term**	41 months	Maintained
Deposit franchise**	73% core deposit funding	Funding profile remains tilted in favour of client deposits resulting in an improved liquidity risk profile
RWA risk density	56.1%	Improved – shift in asset mix and optimisation
CET1 ratio	13.5% (group), 14.5% (bank)	Increased – remains well above internal target range
Standalone bank credit rating	Highest in SA	Maintained

\* Reflects internal economic view.

\*\* For South African operations only.



## Quality of balance sheet



## Aldermore acquisition: value-accretive in pound and rand terms

	£ million	R million (rand equivalent)
Investment at acquisition (March 2018) @ spot rate (£1 = R16.68)	1 098	18 311
Aldermore excluding MotoNovo: three-month earnings 2018	16	
June 2018 adjusted NAV @ spot rate (£1 = R18.18)	1 114	20 253
Aldermore excluding MotoNovo: annual earnings 2019	95	
June 2019 adjusted NAV @ spot rate (£1 = R17.98)	1 209	21 738
Aldermore excluding MotoNovo: annual earnings 2020	52	
June 2020 adjusted NAV @ spot rate (£1 = R21.43)	1 261	27 023
Aldermore excluding MotoNovo: annual earnings 2021	85	
June 2021 adjusted NAV @ spot rate (£1 = R19.72)	1 346	26 543
Aldermore excluding MotoNovo return on investment over 39 months	22.6%	45.0%
Compound annual growth rate (CAGR)	6.5%	12.1%

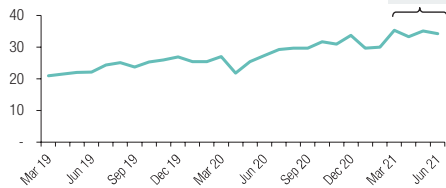
*FirstRand excess capital could have been invested at 3-month JIBAR:  
7.11% (2018), 7.06% (2019), 6.51% (2020) and 3.64% (2021)*

## Transactional volumes rebounded

### Banking app volumes ▲26% y/y

Financial transaction volumes

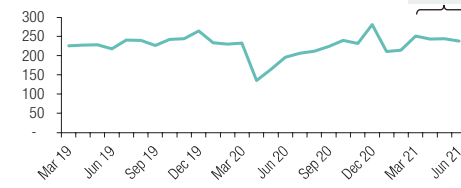
Millions



### Transactional volumes\* ▲6% y/y

Financial transaction volumes

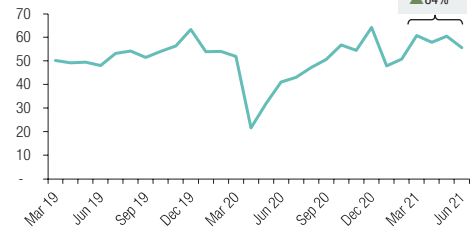
Millions



### Swipes at point of sale (acquiring) ▲11% y/y

Card swipes on merchant point-of-sale devices

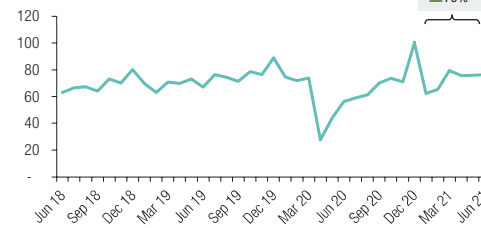
Millions



### Swipes by FNB card holders (issuing) ▲7% y/y

Card swipes\*\*

Millions



\* Reflect financial volumes across all channels.  
\*\* Restated to exclude Discovery card swipes.



## Origination focused on good credit quality

### Residential mortgages

Amount disbursed on new and existing business

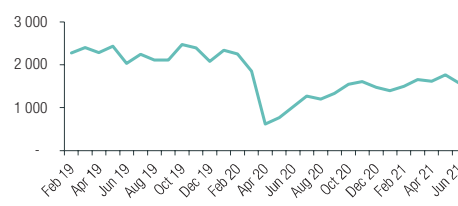
R million



### Total personal loans

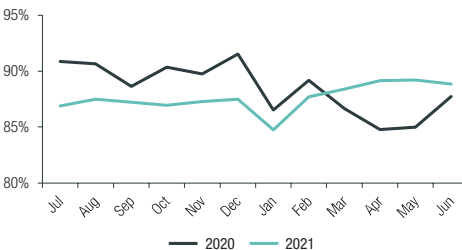
Amount disbursed on new and existing business

R million



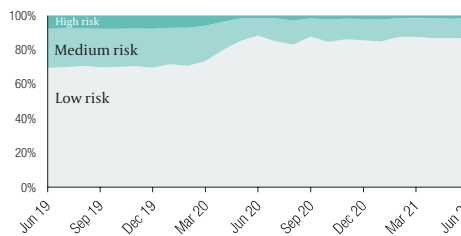
### Retail collection trends

Debit order success rate\*



### Origination remains conservative\*\*

New business risk distribution



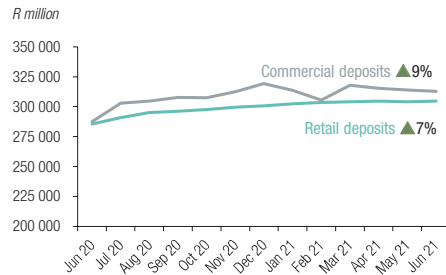
\* Graph values have been restated due to a change in methodology.

\*\* Reflects origination of retail products (excluding DirectAxis).



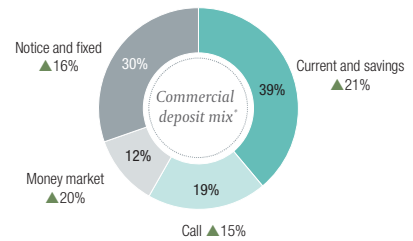
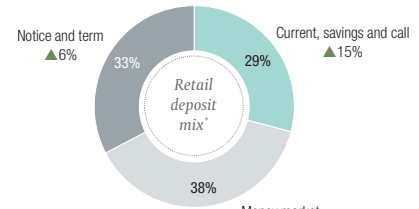
## Behavioural savings underpinned growth in deposits

### FNB deposits



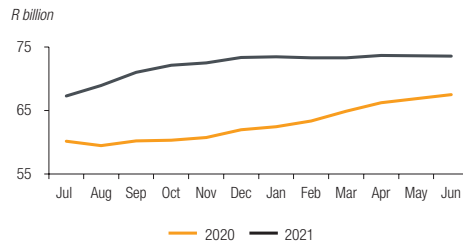
- Deposit levels evidenced cautious approach by both consumers and businesses alike
- Overall deposit growth normalised after spike in prior year induced by Covid-19
- Platform-enabled execution – traction in deposits sourced through digital interfaces

\* Based on month-end averages (SA only).

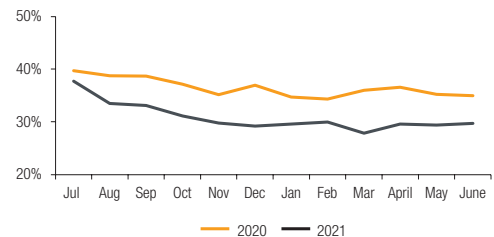


## Robust operational deposit growth at RMB in line with strategy, merchant services volumes impacted by extended lockdown

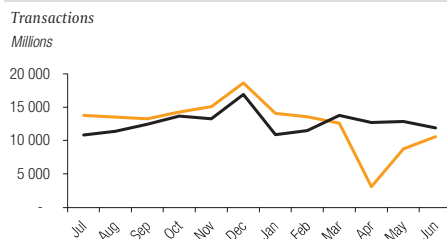
### Operational deposits



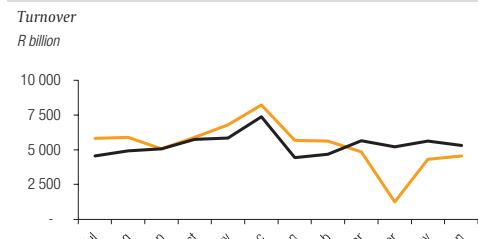
### Rand general banking facility utilisation



### Merchant services volumes (SA)



### Merchant services turnover (SA)

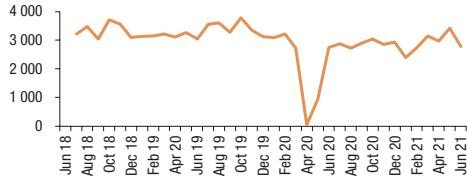


## WesBank's production levels reflect continued disciplined origination strategies

73

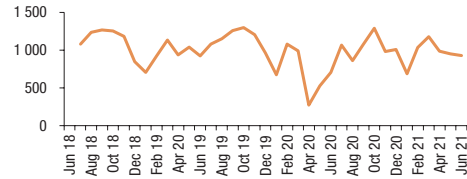
### Retail VAF reverts to a new normal

Amount disbursed on new and existing business  
R million

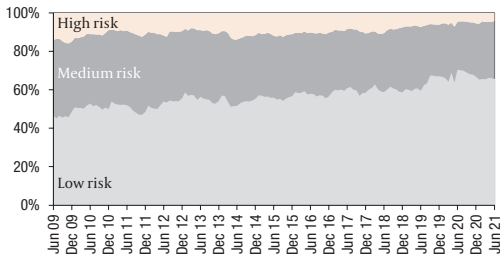


### Corporate and commercial remains variable

Amount disbursed on new and existing business  
R million

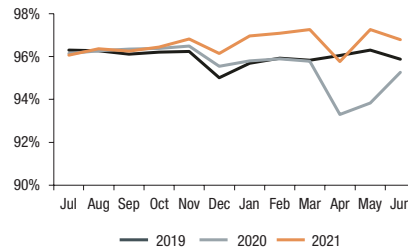


### Origination remains tilted to lower-risk buckets



### Retail collection trends

Debit order success rate

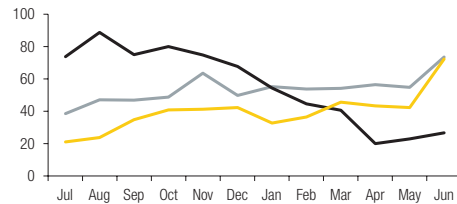


## Volumes starting to show recovery from pandemic/lockdowns

74

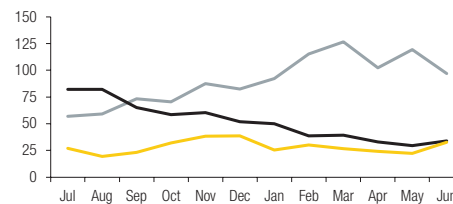
### Residential mortgages

Amount disbursed on new and existing business  
£ million



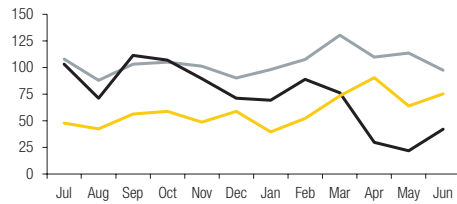
### Buy-to-let mortgages

Amount disbursed on new and existing business  
£ million



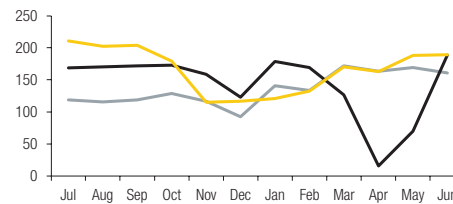
### Asset finance

Amount disbursed on new and existing business  
£ million



### Vehicle finance

Amount disbursed on new and existing business  
£ million



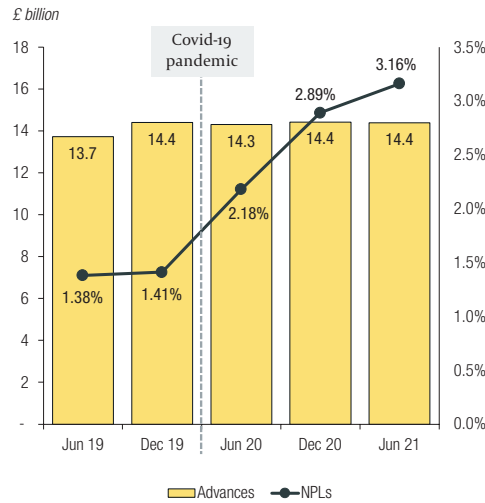
— FY19 — FY20 — FY21



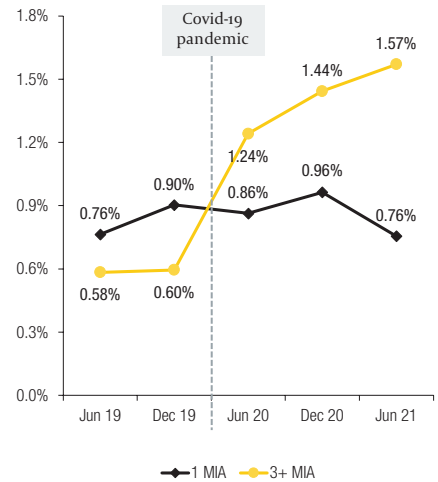
## Arrears and NPLs reflect group payment relief policy

Customers exceeding 6 months of relief classified as stage 3 – 98% have resumed full repayment

### Gross advances and NPLs



### Arrears levels



\* Following resumption of repayments after >6 months' relief customers are held in stage 3 for up to 12 months' probation depending on product.

A

## FNB, RMB and Group Treasury showed resilient operational performances

R million	2021	2020	% change
<b>Pre-provision operating profit:</b>			
FNB	32 537	32 290	1 ▲
RMB	11 480	11 467	↔ ▲
WesBank	3 823	4 249	10 ▼
UK operations	4 771	4 845	2 ▼
Centre	(1 978)	(4 550)	57 ▼
Total group pre-provision operating profit	50 633	48 301	5 ▲
Add back: Other Covid-19 impairments	838	1 724	
– Principal investment impairments	330	994	
– Credit impairments on WesBank associates	508	730	
Group pre-credit and other Covid-19 impairments	51 471	50 025	3 ▲

### Group Treasury

- Better rand and foreign exchange liquidity mismatch management
- Lower funding costs from the improved funding mix
- Improved asset and liability management

Ⓜ



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## Breakdown of advances and provisions



Note: Advances in bar graphs are based on rounded numbers. Growth rates are based on 6 months' growth since Dec 20. Graphs exclude impact of temporary stress scenario.



78

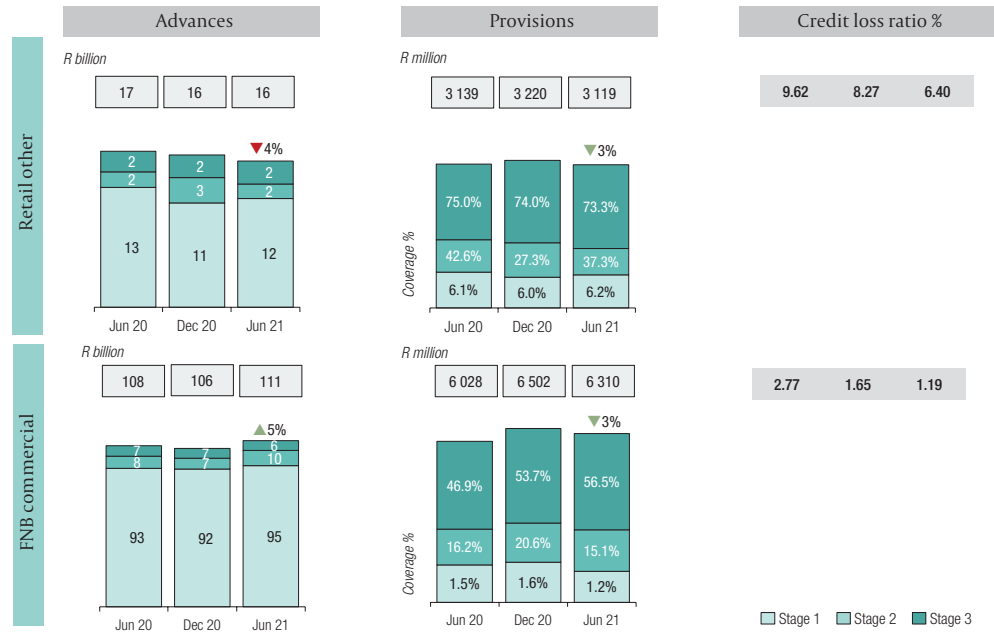
## Breakdown of advances and provisions



Note: Advances in bar graphs are based on rounded numbers. Growth rates are based on 6 months' growth since Dec 20. Graphs exclude impact of temporary stress scenario.



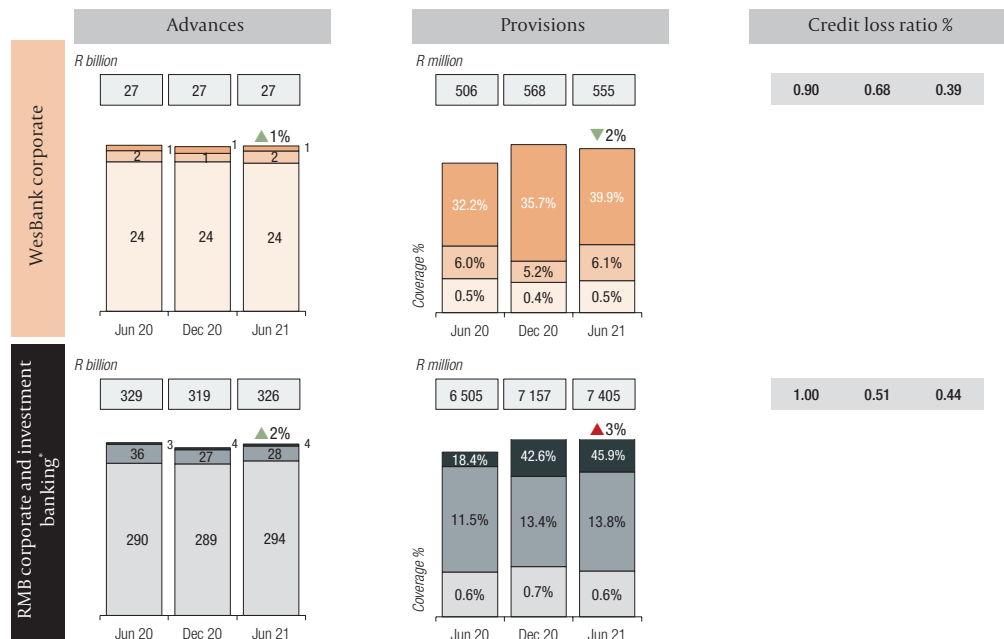
## Breakdown of advances and provisions



Note: Advances in bar graphs are based on rounded numbers. Growth rates are based on 6 months' growth since Dec 20. Graphs exclude impact of temporary stress scenario.



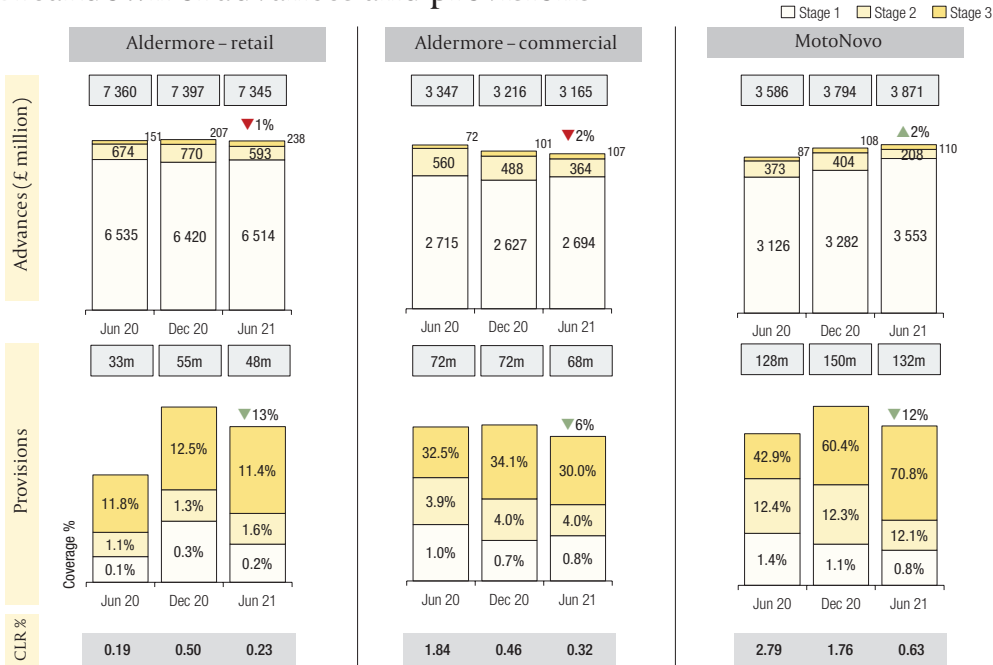
## Breakdown of advances and provisions



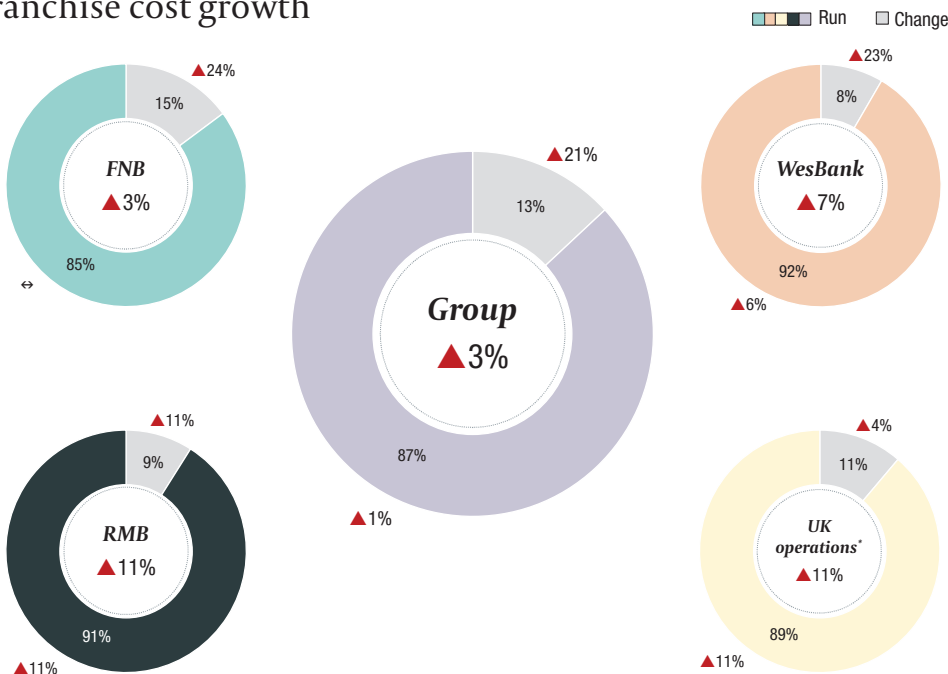
Note: Advances in bar graphs are based on rounded numbers. Growth rates are based on 6 months' growth since Dec 20.  
 \* Excludes HQLA and RMB rest of Africa.



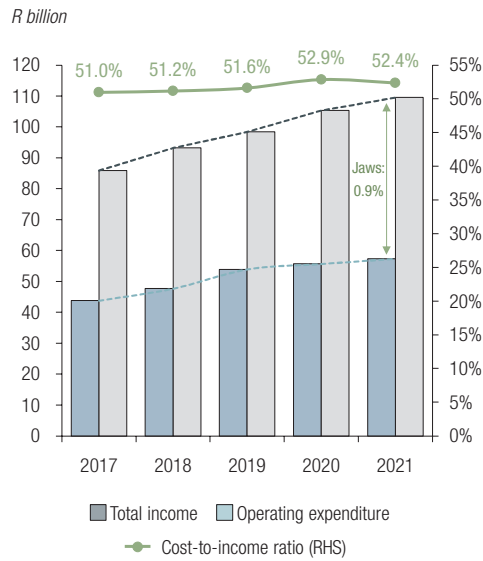
## Breakdown of advances and provisions



## Franchise cost growth



## Sub-inflation cost growth supported CTI reduction



### Cost increase of 3%

- Despite extended pandemic cost efficiencies
- 5% increase in staff cost
- Continued investment in new initiatives, technology and platforms through the income statement









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