FirstRand

2021

results presentation

for the six months ended
31 December

FirstRand

2021

results presentation

for the six months ended
31 December

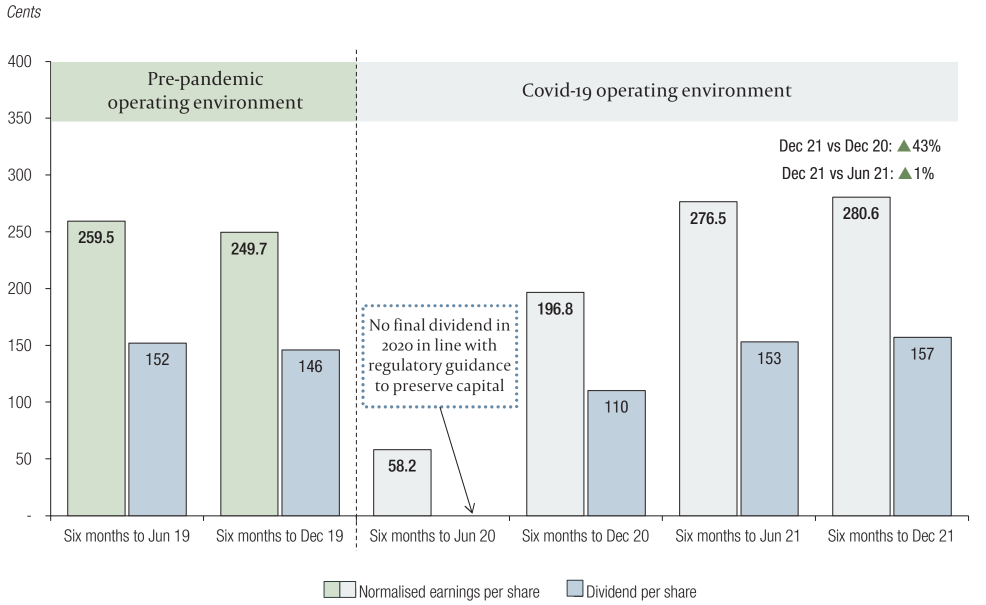
overview
of results

2

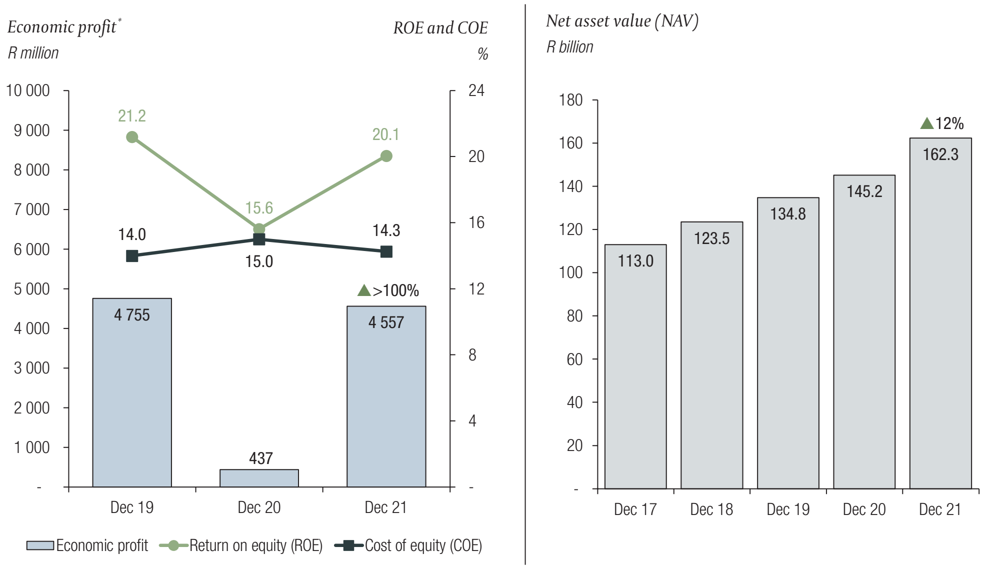
Key group performance metrics demonstrate continued recovery

Normalised earnings **R15.7bn** (Dec 20: R11.0bn) ↑43%	Pre-provision operating profit **R26.4bn** (Dec 20: R25.0bn) ↑6%	Interim dividend per share **157 cents** (Dec 20: 110 cents) ↑43%
Return on assets **1.62%** (Dec 20: 1.14%) ↑48 bps	Return on equity **20.1%** (Dec 20: 15.6%) ↑450 bps	Net asset value **R162.3bn** (Dec 20: R145.2bn) ↑12%
Credit loss ratio **0.61%** (Dec 20: 1.46%) ↓85 bps	Cost-to-income ratio **52.4%** (Dec 20: 52.8%) ↓40 bps	CET1 ratio **13.6%** (Dec 20: 12.4%) ↑120 bps

Earnings and dividends exceed pre-pandemic levels



Economic profit trend has normalised with continued NAV accretion



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

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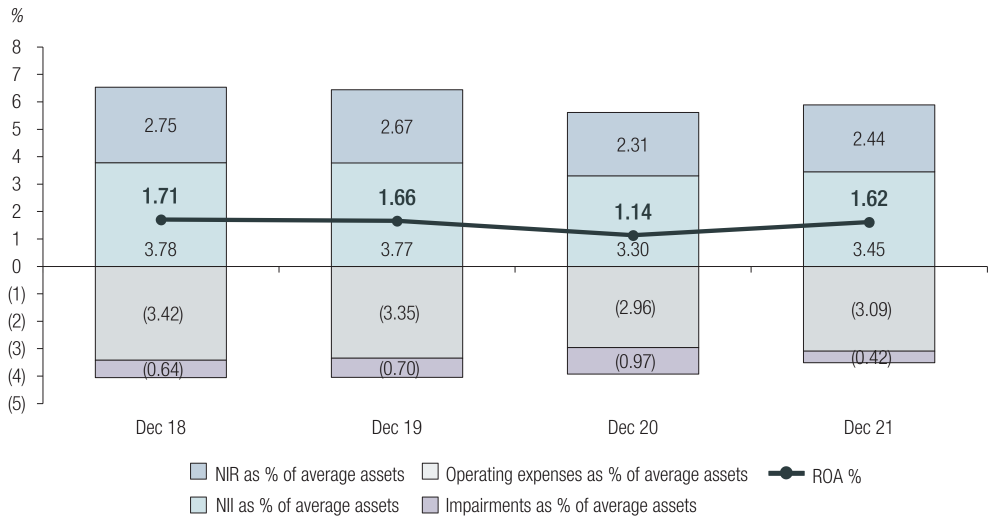
ROE decomposition unpacks drivers of operational performance

ROE (%)	22.3	21.2	15.6	20.1
Gearing (times)	13.0	12.8	13.7	12.4



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Speed of ROE recovery demonstrates sustainability of structural underpins

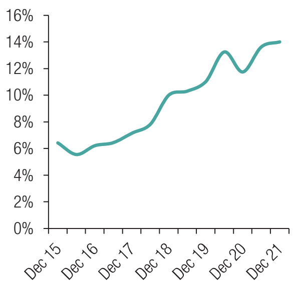
- Relative size of:
  - Transactional franchise (contributes approximately half of gross revenue)
  - Deposit franchise and resultant lower reliance on institutional funding
- Relative advances mix delivers higher risk-adjusted margins
- Credit appetite, underwriting and pricing anchored to preserve return profile
- Disciplined allocation and pricing of financial resources (capital, funding and liquidity, and risk capacity) and ALM strategies
- Market-leading private equity franchise has remained consistent generator of high returns, moving into a realisation cycle
- Executing on strategies to diversify NIR given pressure on transactional revenue from increased competition and potential regulatory intervention
  - Scaling insurance and investment management key to maintaining return profile – these activities already contribute c. R5.6 billion to NIR annually
  - Also growing other sources of NIR (e.g. FNB Connect and »nav)

7

Insurance activities continue to scale and already a meaningful contributor to NIR

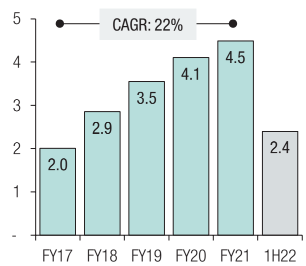
- Insurance income averaged R3.9 billion per annum (c. 9% of NIR) over the last five financial years
- Organic strategy has delivered impressive returns and dividends to group well ahead of expectations
- Group now offers full suite of retail life and short-term insurance products
- R7.1 billion life claims paid to date
- 6.8 million lives covered
- FNB Life now the third-largest insurer in the retail customer base

FNB Life market share of retail debit orders



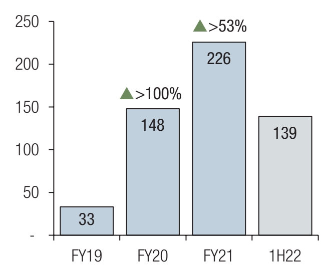
Life insurance gross premium income

R billion



Short-term insurance gross premium income

R million

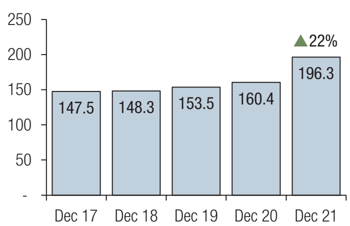


8

Investment management activities starting to see benefits of strategic repositioning in 2019

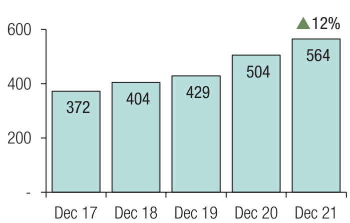
Group assets under management

R billion



FNB WIM accounts

Thousands



- Investment activities contributed c. R1.7bn of revenue in FY21
- Ashburton – asset manager focused on institutional and intermediary market
  - Fixed-income funds continued to perform well
  - Equities – strong turnaround in investment performance in restructured multi-asset funds
- Net inflows of R15.3 billion (Dec 20: R4.3 billion)
- FNB WIM continues to focus on expanding market share in the FNB retail base – currently at 8% penetration

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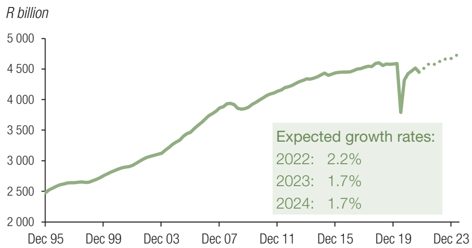
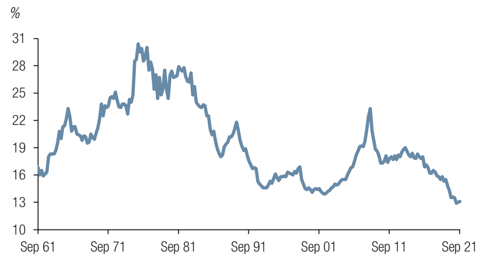
SA macros

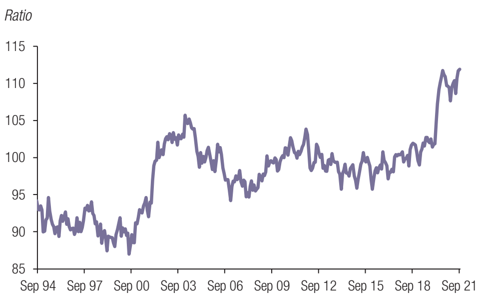
Economic activity



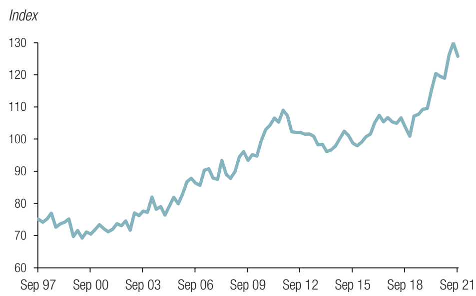
Investment-to-GDP ratio



Money supply vs credit extended to the private sector



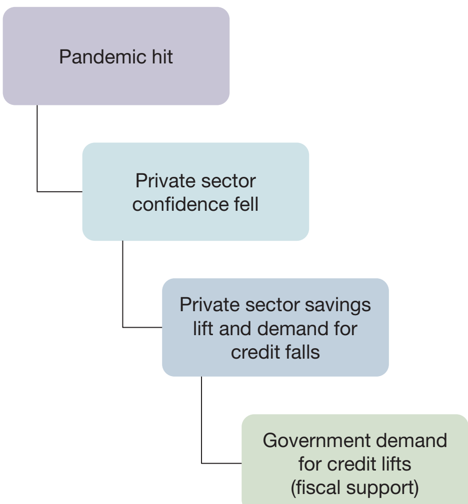
Terms of trade



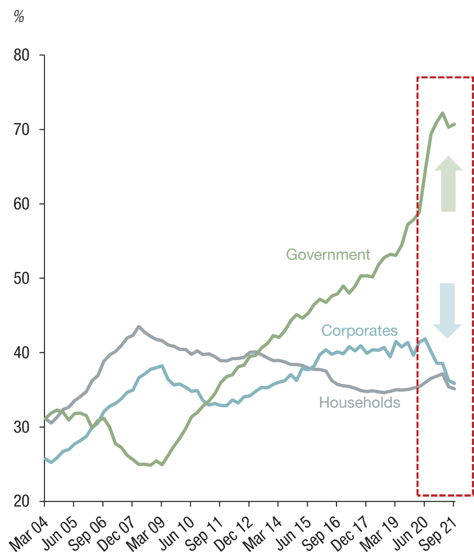
10

South Africa credit cycle: shifting beyond the crisis dynamics

Savings/credit dynamics in the crisis



Government, corporate and household debt-to-GDP ratios



Sources: IIF, FirstRand.

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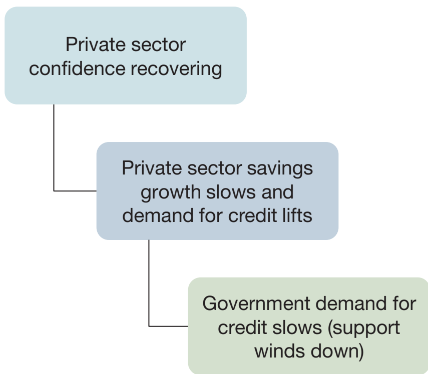
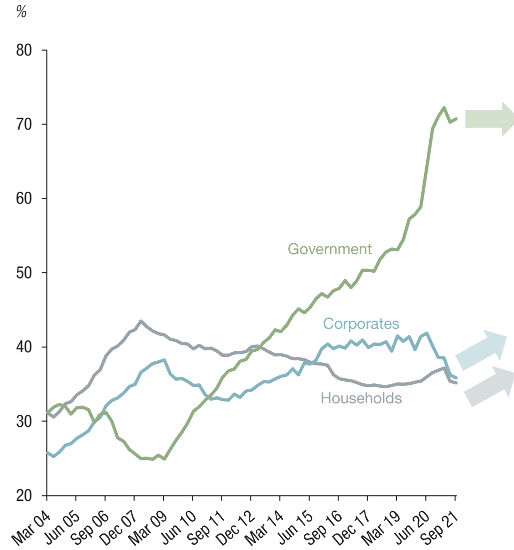
South Africa credit cycle: shifting beyond the crisis dynamics

Exiting the crisis: expected savings/credit dynamics



Government, corporate and household debt-to-GDP ratios



Sources: IIF, FirstRand.

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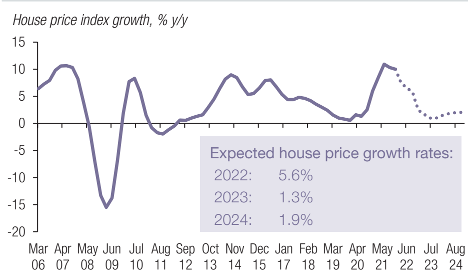
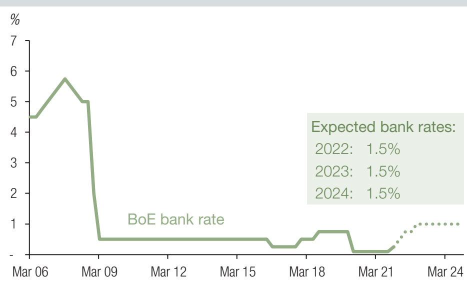
UK macros

GDP

House price index



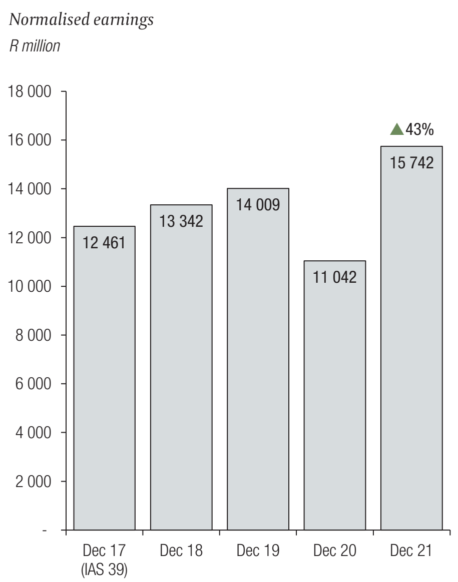
Interest rates

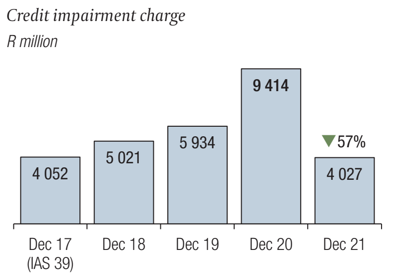


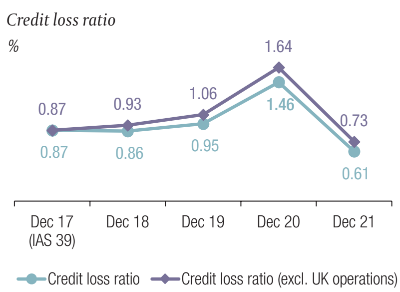
Unemployment rate

13

Record earnings, driven by credit unwind







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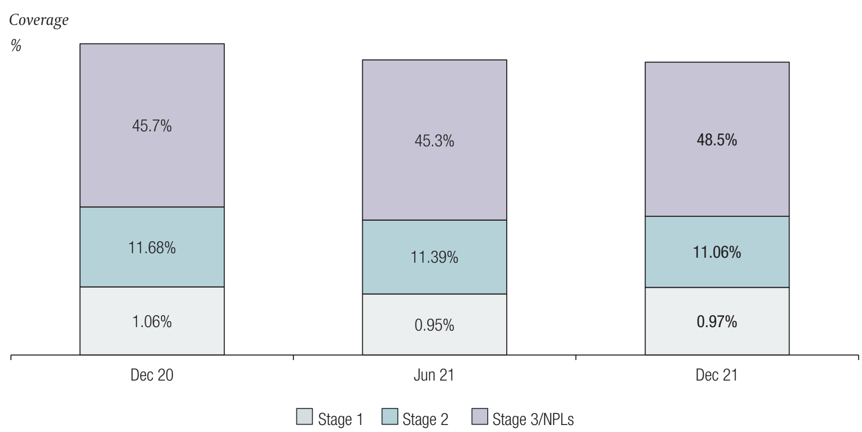
Positive credit performance, prudent coverage maintained

Provisions and coverage

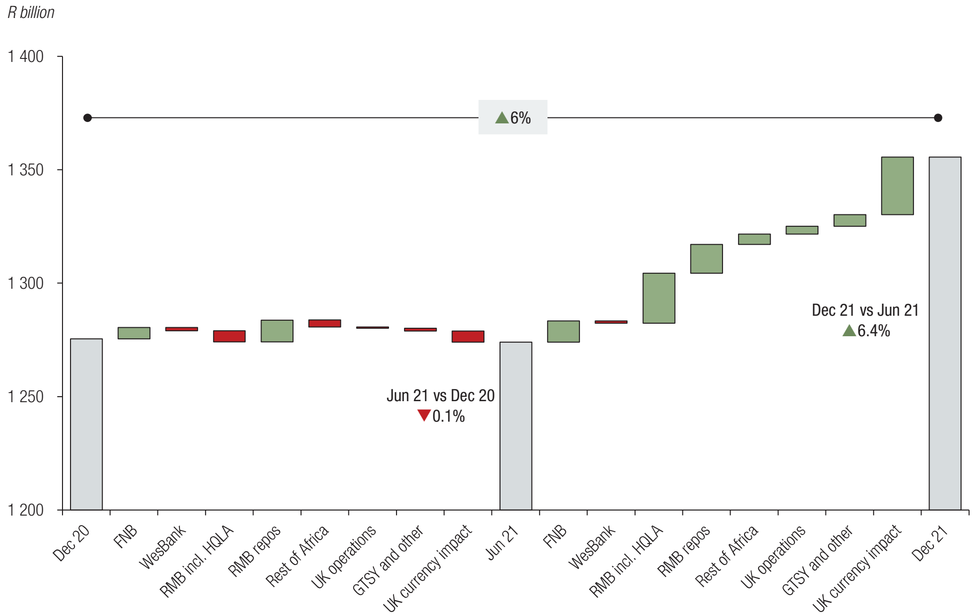
Total provisions

Dec 20	Jun 21	Dec 21
R53 390m	R50 618m	R50 203m



15

Return to advances growth demonstrates increased conviction on economic recovery



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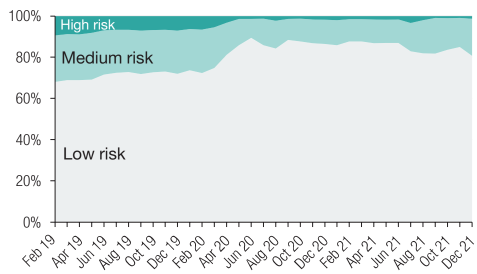
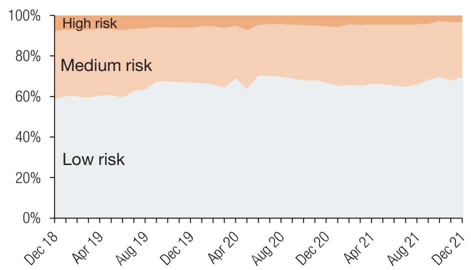
Retail origination tilted to better-quality, lower-risk customers

FNB new business risk distribution*

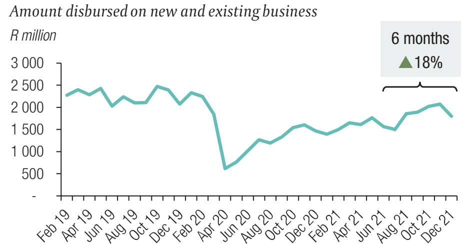


WesBank new business risk distribution



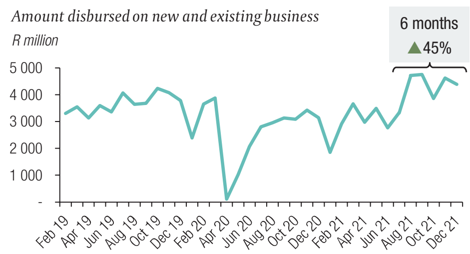
Personal loans

Amount disbursed on new and existing business



Residential mortgages

Amount disbursed on new and existing business

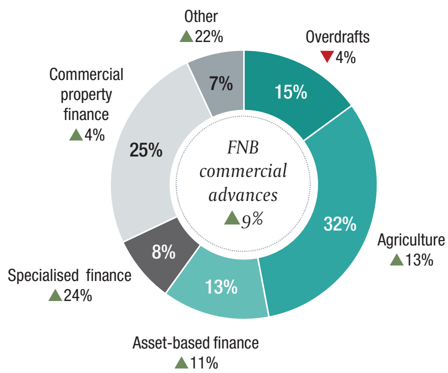


* Reflects origination of retail products (excluding DirectAxis).

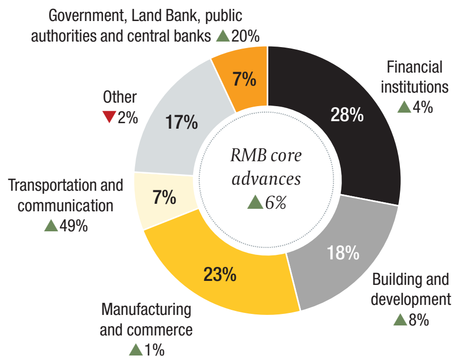
17

Commercial book reflects sector focus and CIB portfolio demonstrates quality from a risk and opportunity perspective

FNB commercial advances sector split



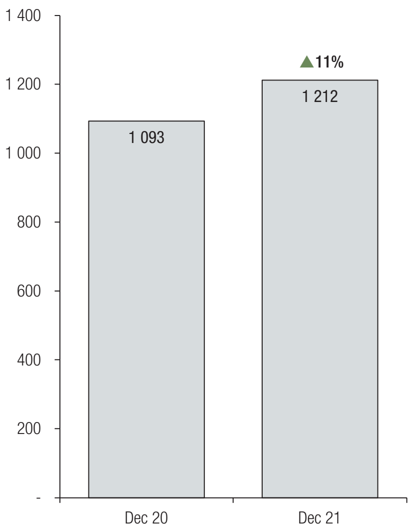
RMB core advances sector split



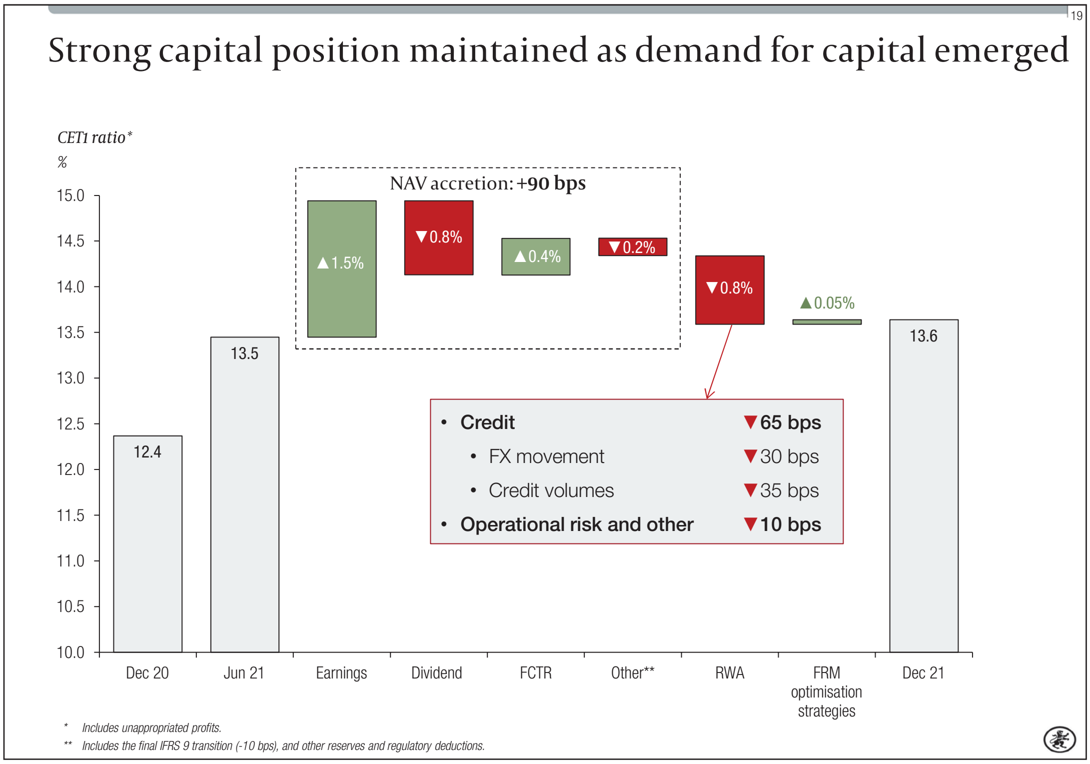
18

Deposit franchise growth resulted in improved funding mix

Deposit franchise
R billion



- Strong deposit growth across all operating businesses
  - Driven by good growth in cash investment and transactional products and customer acquisition
  - FNB the top household deposit franchise in SA by market share (Dec 21 BA900)
- Bank's institutional funding reduced to 27.3% of total funding (Dec 20: 27.7%)
- Increased liquidity buffers (invested in short-dated government treasury bills)


19
Strong capital position maintained as demand for capital emerged
CET1 ratio*
%
15.0
14.5
14.0
13.5
13.0
12.5
12.0
11.5
11.0
10.5
10.0
NAV accretion: +90 bps
12.4
13.5
▲1.5%
▼0.8%
▲0.4%
▼0.2%
▼0.8%
▲0.05%
13.6
• Credit ▼65 bps
• FX movement ▼30 bps
• Credit volumes ▼35 bps
• Operational risk and other ▼10 bps
Dec 20
Jun 21
Earnings
Dividend
FCTR
Other**
RWA
FRM optimisation strategies
Dec 21
* Includes unappropriated profits.
** Includes the final IFRS 9 transition (-10 bps), and other reserves and regulatory deductions.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review

21

Earnings growth across entire portfolio

NORMALISED EARNINGS

R million	Dec 21	Dec 20	% change
FNB	**9 560**	7 267	32 ▲
RMB	**3 644**	3 159	15 ▲
WesBank	**782**	668	17 ▲
UK operations*	**1 506**	1 043	44 ▲
Centre**	**250**	(1 095)	>100 ▲
Total group	**15 742**	11 042	43 ▲

* *UK operations normalised earnings increased 48% in pound terms to £74 million (Dec 20: £50 million).*

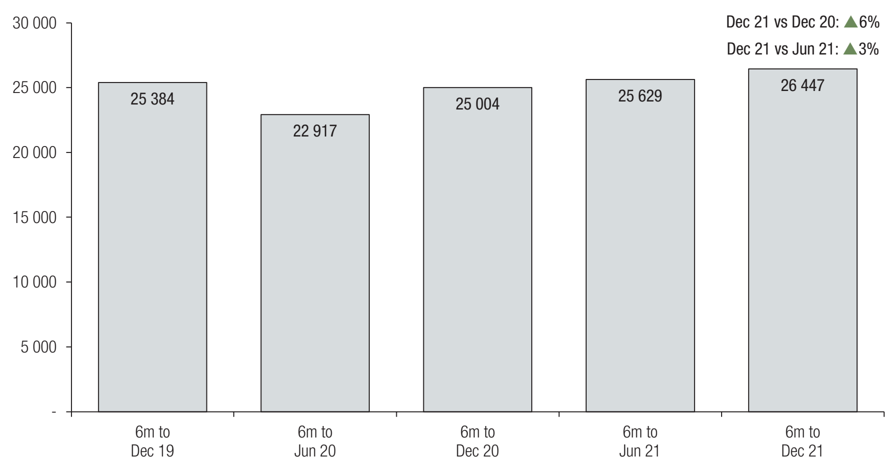
** *FCC including Group Treasury.*

22

Pre-provision operating profit reflects solid operational performance

Pre-provision operating profit

R million



23

FNB ROE recovered, driven by credit unwind and transactional franchise growth

Normalised earnings	R9.6bn	(Dec 20: R7.3bn)	↑32%
Normalised profit before tax	R13.8bn	(Dec 20: R10.6bn)	↑31%
Pre-provision operating profit	R16.8bn	(Dec 20: R16.8bn)	↔
Return on assets	3.89%	(Dec 20: 2.97%)	↑92 bps
Return on equity	39.7%	(Dec 20: 29.7%)	↑1 000 bps
Deposits	R730.4bn	(Dec 20: R670.4bn)	↑9%
Credit loss ratio	1.24%	(Dec 20: 2.61%)	↓137 bps
Cost-to-income ratio	52.2%	(Dec 20: 51.3%)	↑90 bps
Advances	R484.8bn	(Dec 20: R470.5bn)	↑3%

24

Operational data demonstrates health and quality of the franchise

Customers (SA VSI ↑ to 2.94)		
Retail	7.68m	+3%
Commercial	1.14m	+5%
Rest of Africa	1.87m	+3%
Total	**10.69m**	**+3%**
eWallets*	**5.95m**	**+6%**
Total platform users	**16.64m**	**+4%**

70% of customers are **digitally active**

Representation points**		
Branches	740	(1%)
ATMs (including ADTs)	5 718	(8%)
Cash Plus (agents)	2 260	+64%

Wealth and investments		
Account base	564k	+12%
AUM	R70.3bn	+17%
Trade volumes	677k	↔

eBucks	
Rewards earned (6m to Dec 21)	R1.0bn
Rewards earned since inception	R16.8bn

FNB Connect		
Active MVNO customers	844k	+4%
Data used (MB)	3.96bn	+3%
Lotto, electricity, airtime sales	R9bn	+3%

eBucks voted BEST FINANCIAL LOYALTY PROGRAMME in the 2021 South African Loyalty Awards

Digital (app, online and USSD)	
Volumes	+13%
Monthly logins (143m)	+7%
Digital transactions in 2021	332m
Device payments (>100%)	>R3.4bn
Virtual cards on app	1.2m
Fraud incurred on platform transactions	<0.01%
Collections (opt-in payment arrangements)	R1.4bn

SA's BEST FOREX PROVIDER in Global Finance Awards for six years running

SME BANK OF THE YEAR in SA and Africa in the Global Finance Awards

* 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 = 7.57 million.

** Including rest of Africa.

25

FNB's insurance businesses continue to scale and are well positioned for growth

Life insurance

- High claims experience in the first quarter
- Claims paid out since start of pandemic – total R4.3 billion
  - Death claims – R3.7 billion
  - Retrenchment claims – R0.6 billion
- Best first-half sales since inception, >R1.1 billion in new business APE
- Strong sales of funeral products
- 4.2 million policies (up 5%)
- Value of new business increased 66% to R285 million
- EV up 50% to R6.1 billion
- Annualised return on EV 60.0% (Dec 20: 17.7%)

Total FNB insurance activities

	New business APE	In-force APE
Standalone life products (excl. credit life)	+13%	+14%
Credit life	+46%	+2%
Short-term insurance	+54%	+37%

Short-term insurance

- Insurance licence granted in July 2018
- 243k in-force policies
- Now offers 12 different short-term insurance products
- Launched buildings and motor comprehensive insurance in 2021
- 44% of new FNB home loans insured with FNB Insure

Platform

- R441 million claims paid proactively to date (R107 million in the six months to Dec 21)
- 47% of retrenchment claims logged on app
- Digital servicing – 75% of all customer interactions on app
- 11% of written sum assured incorporates predictive underwriting
- Rewarded customers with R334 million in eBucks since inception

26

RMB's performance driven by lower credit provisioning, and trading and investment activities

Normalised earnings	R3.6bn	(Dec 20: R3.2bn)	↑15%
Normalised profit before tax	R5.2bn	(Dec 20: R4.5bn)	↑15%
Pre-provision operating profit	R5.2bn	(Dec 20: R5.3bn)	↓2%
Return on assets	1.17%	(Dec 20: 0.97%)	↑20 bps
Return on equity	20.1%	(Dec 20: 16.3%)	↑380 bps
Deposits	R267.4bn	(Dec 20: R260.3bn)	↑3%
Credit loss ratio	0.02%	(Dec 20: 0.47%)	↓45 bps
Cost-to-income ratio	50.1%	(Dec 20: 48.7%)	↑140 bps
Core advances	R319.7bn	(Dec 20: R300.9bn)	↑ 6%

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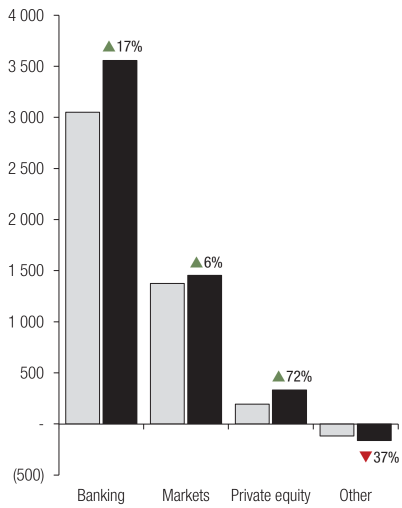
RMB's PBT benefited from diversified portfolio

Normalised PBT

R million



- Banking benefited from normalisation of credit cycle and lower impairments
  - Performing coverage remained conservative
  - Lower NII reflects reduction in average advances and ongoing margin pressure due to competitive pricing
  - Increase in origination activities and working capital facility utilisation in key sectors drove core advances growth of 6%
  - Average core deposits grew 9%, reflecting new primary-banked relationships, positive impact of commodity cycle and corporates' liquidity positions
  - R240 million realisations from principal investments business
- Solid markets contribution driven by exchange rate volatility, offset by softer fixed income performance
- Private equity performance reflects lower credit provisioning compared to prior period, and annuity income grew 5%
- Cost growth contained at 4% – investment into modernisation of core platform and rest of Africa business continues

28

Challenging and competitive market conditions impacted WesBank's performance

Normalised earnings	R782m	(Dec 20: R668m)	↑17%
Normalised profit before tax	R1 106m	(Dec 20: R953m)	↑16%
Pre-provision operating profit	R1 840m	(Dec 20: R2 096m)	↓12%
Return on assets	1.22%	(Dec 20: 1.01%)	↑21 bps
Return on equity	20.2%	(Dec 20: 15.4%)	↑480bps
Advances	R126.1bn	(Dec 20: R128.5bn)	↓2%
Credit loss ratio	1.16%	(Dec 20: 1.76%)	↓60 bps
NPLs as a % of advances	6.28%	(Dec 20: 9.36%)	↓ 308 bps
Cost-to-income ratio	54.9%	(Dec 20: 50.3%)	↑460 bps

29

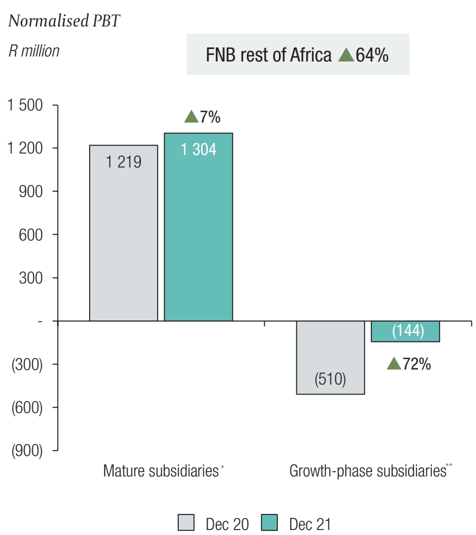
Recovery in rest of Africa ROE reflects credit unwind and growth in customer franchise

Normalised earnings **R1 412m** (Dec 20: R919m) ↑54%	Normalised profit before tax **R2 771m** (Dec 20: R1 946m) ↑42%	Pre-provision operating profit **R3 029m** (Dec 20: R2 558m) ↑18%
Return on equity **16.4%** (Dec 20: 10.2%) ↑620 bps	Cost-to-income ratio **57.3%** (Dec 20: 62.0%) ↓470 bps	Credit loss ratio **0.47%** (Dec 20: 1.01%) ↓54 bps
Retail and commercial customers **1.87m** (Dec 20: 1.82m) ↑3%	App penetration* **32.8%** (Dec 20: 24.3%) ↑850 bps	Cash Plus agents **2 260** (Dec 20: 1 376) ↑64%

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

30

FNB rest of Africa PBT rebounded strongly



- Significant reduction in credit impairments
- Good growth in deposits of 10% driven by ongoing customer acquisition
- Muted advances growth reflects cautious origination approach
- Continued negative endowment impact
- Cost containment was aided by increased digital migration
- Cash Plus continues to scale, adding 492 agents since June 2021 to 2 260 in total

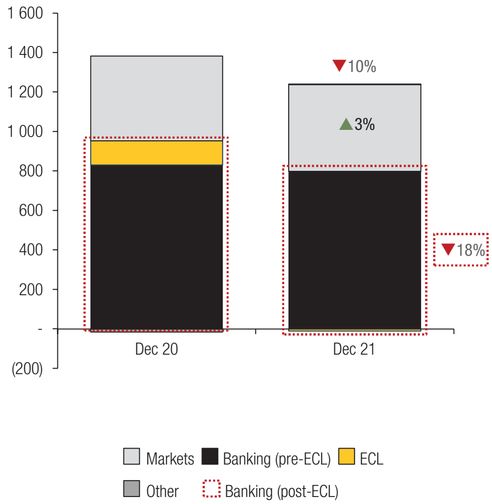
* *Mature subsidiaries: Botswana, Namibia, Eswatini (mature subsidiaries' performance shown gross of minority interests).*
** *Growth-phase subsidiaries: Lesotho, Mozambique, Zambia, Ghana and support (including Tanzania).*

31

RMB's rest of Africa portfolio benefited from strong in-country performance, despite credit provision releases in base

Rest of Africa normalised PBT*

R million



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

Banking

- New clients contributed to transactional volume growth
- Good in-country advances growth and margin expansion, notably in Zambia
- Results negatively impacted by a swing of >R130 million in cross-border credit provisions
- Ongoing deposit margin compression related to multiple rate cuts over the last 18 months in various jurisdictions
- Cautious origination and exchange rate moves continue to weigh on cross-border advances growth

Markets

- Strong performance from Zambia and Nigeria in-country business
- Cross-border performance impacted by roll-off of structured deals

32

UK operations' profit growth was driven by lower credit loss ratio

Normalised earnings	Normalised profit before tax	Pre-provision operating profit
£74m	**£99m**	**£113m**
(Dec 20: £50m) ↑48%	(Dec 20: £68m) ↑46%	(Dec 20: £126m) ↓10%

Return on assets	Return on equity	Aldermore CET1 ratio*
0.83%	**11.8%**	**14.1%**
(Dec 20: 0.54%) ↑29 bps	(Dec 20: 8.4%) ↑340 bps	(Dec 20: 13.3%) ↑80 bps

Credit loss ratio	NPLs as a % of advances	Cost-to-income ratio
0.20%	**2.96%**	**54.1%**
(Dec 20: 0.81%) ↓61 bps	(Dec 20: 2.89%) ↑7 bps	(Dec 20: 46.7%) ↑740 bps

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

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UK operations delivered a resilient performance

- Reduction in credit loss ratio reflects more positive UK macroeconomic outlook and improved collections and customer management
- Grew deposit franchise with focus on diversifying funding mix
- Origination activity managed to support returns in line with financial resource management strategies
- Margin improved through deposit pricing and mix change
- Ongoing investment in business
- Aldermore continues to maintain strong capital and liquidity positions

A

FirstRand

2021

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Key performance metrics (normalised)

	Dec 21	Dec 20	% change	
Diluted EPS (cents)	**280.6**	196.8	43	▲
Dividend per share (cents)	**157**	110	43	▲
Earnings (R million) — Dec 19: 14 009 ▲12%	**15 742**	11 042	43	▲
NIACC* (R million)	**4 557**	437	>100	▲
Net asset value per share (cents)	**2 893.6**	2 588.3	12	▲
Net interest margin (including UK operations) (%)	**4.37**	4.27	2	▲
Credit loss ratio (%)	**0.61**	1.46		▼
Credit loss ratio (excluding UK operations) (%)	**0.73**	1.64		▼
Cost-to-income ratio (%)	**52.4**	52.8		▼
Return on equity (%)	**20.1**	15.6		▲
Return on assets (%)	**1.62**	1.14		▲
CET1 ratio** (%)	**13.6**	12.4		▲

* Defined as net income after cost of capital (economic profit).
** Includes unappropriated profits.

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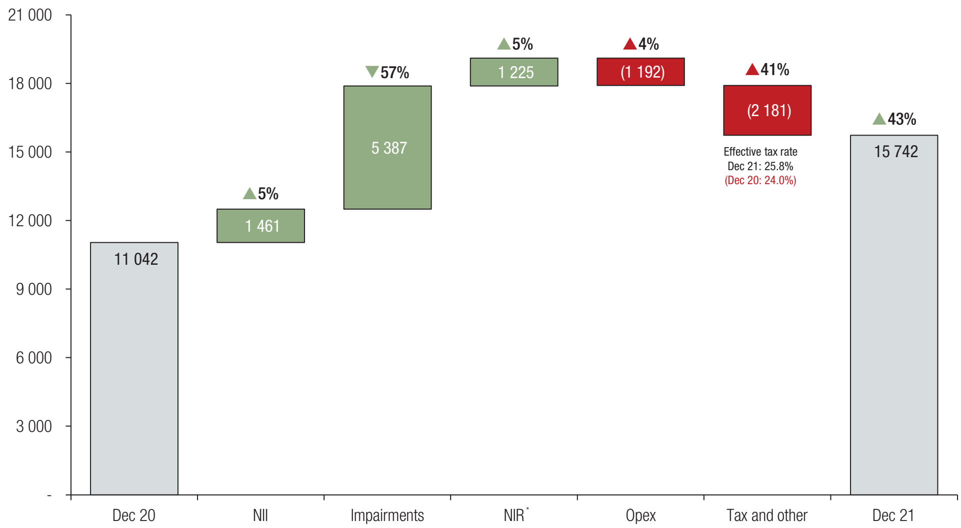
Lower impairments still a large driver of earnings growth

Normalised earnings
R million



* Including income from associates and joint ventures.

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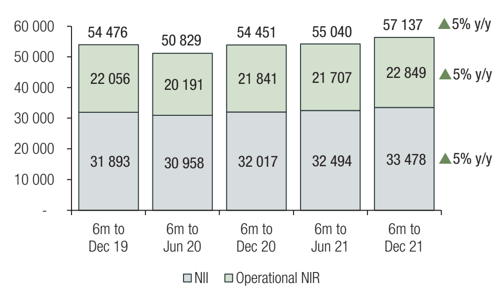
Group delivered pre-provision operating profit growth +6%

R million	Dec 21	Dec 20	% change
Net interest income	**33 478**	32 017	5 ▲
Operational non-interest revenue	**22 849**	21 841	5 ▲
Share of associate income	**810**	593	37 ▲
Total revenue	**57 137**	54 451	5 ▲
Operating expenses	**(29 925)**	(28 733)	4 ▲
Indirect tax	**(765)**	(714)	7 ▲
Pre-provision operating profit	**26 447**	25 004	6 ▲
Dec 2019: 25 384 ▲4%			
Impairment charge	**(4 027)**	(9 414)	(57) ▼
Dec 2019: (5 934) ▼32%			
Income tax expense	**(5 775)**	(3 749)	54 ▲
Profit after tax	**16 645**	11 841	41 ▲
Other equity and non-controlling	**(903)**	(799)	13 ▲
Normalised earnings	**15 742**	11 042	43 ▲

* *Total topline includes share of associate income.*

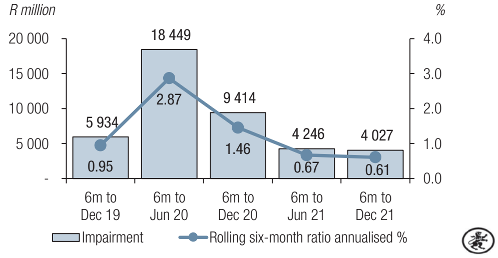
*Rolling six-month topline**

R million



Impairment charge *Credit loss ratio*

R million *%*



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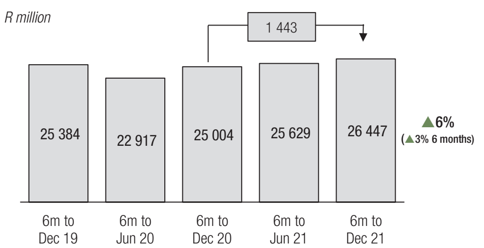
Group pre-provision operating profit growth in line with strategy

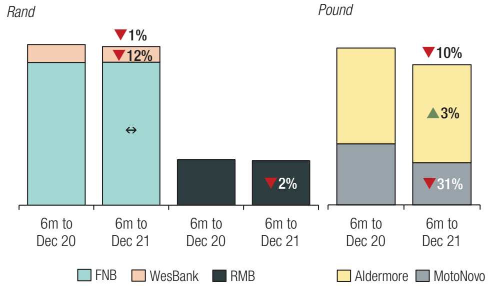
Group pre-provision operating profit

R million



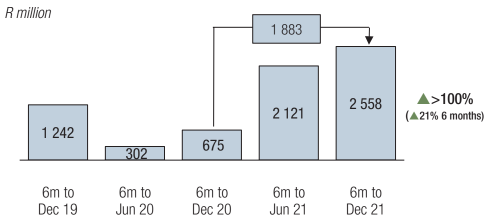
Operating business pre-provision operating profit

Rand *Pound*



Centre* net interest income

R million



- Higher capital endowment
- Effective and efficient liquidity management
- Continued performance of ALM strategies
- Mark-to-market mismatches and certain one-offs

Note: Centre includes GTSY, Group support, consolidation adjustments and FirstRand division, and excludes MotoNovo back book.

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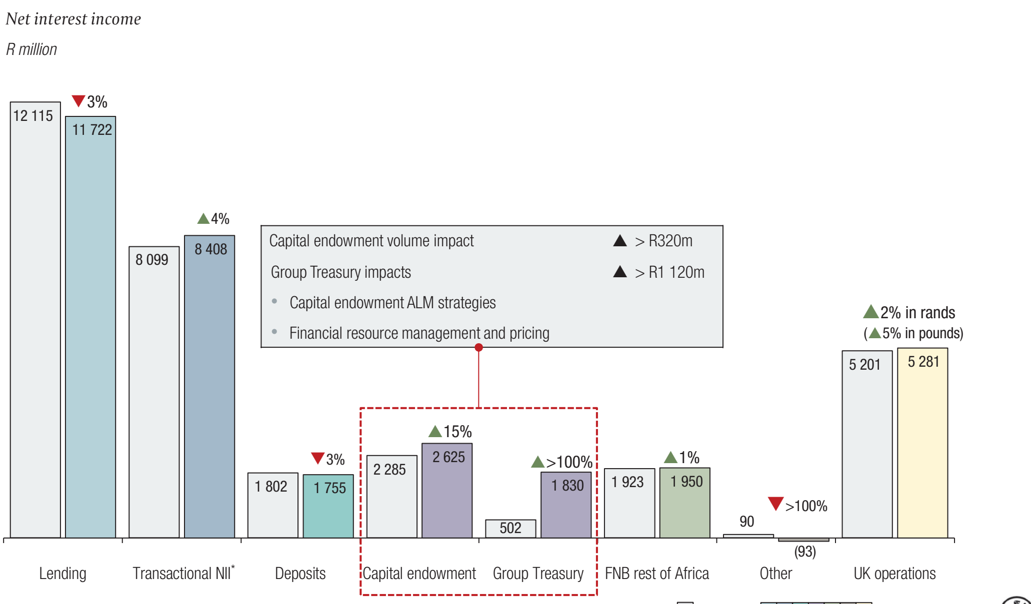
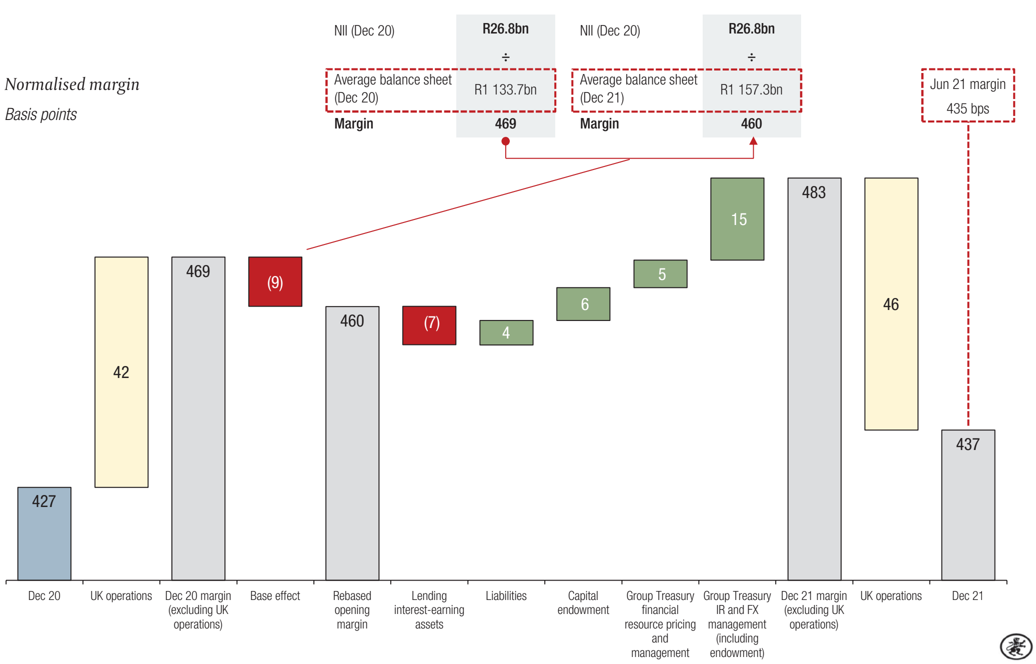
NII driven by Group Treasury, deposit franchise and improving new origination trend



* Transactional NII includes the benefit of ALM strategies on deposit endowment.

40

Trend in margin composition in line with June 2021



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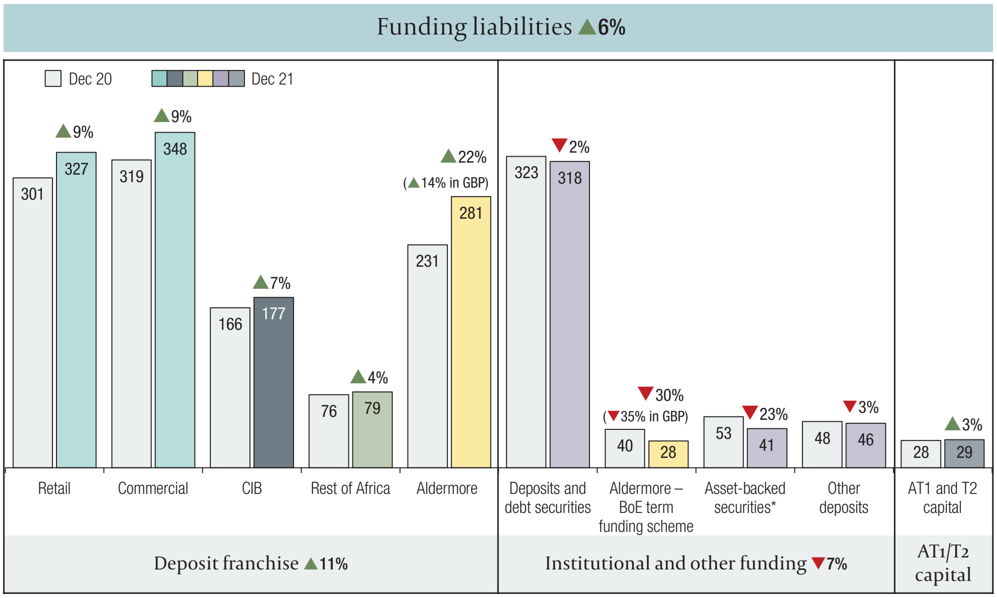
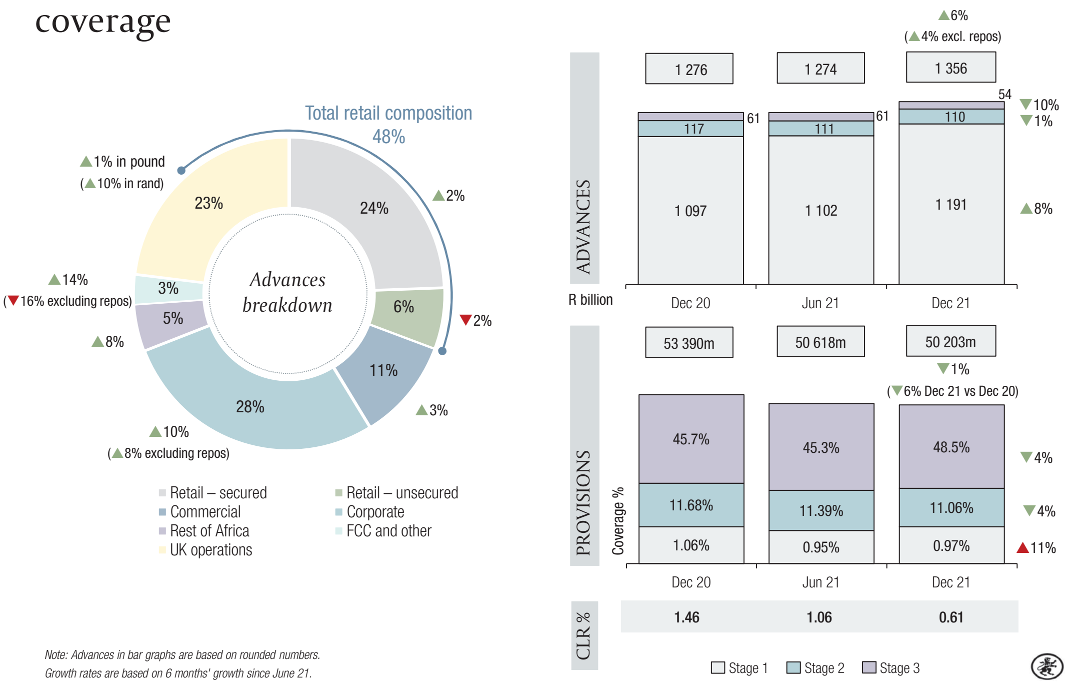
Strength of deposit franchise continued to support lower institutional issuances



** Asset-backed securities include Aldermore's securitisations.*
Note: Percentage growth is based on actual rather than rounded numbers shown in the bar graphs.

42

Positive credit performance while maintaining prudent coverage

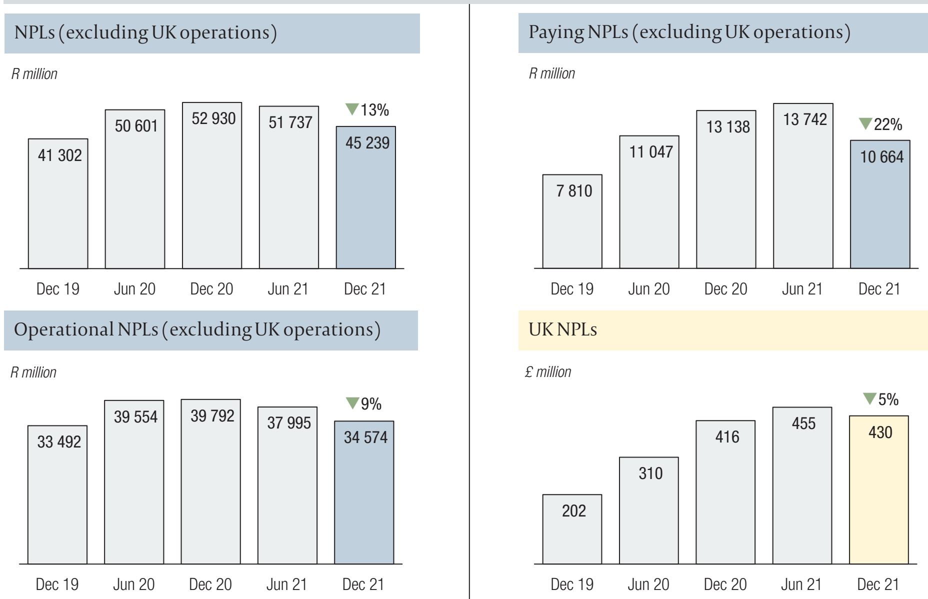


Note: Advances in bar graphs are based on rounded numbers.
Growth rates are based on 6 months' growth since June 21.

43

NPL formation benefiting from inflows and curing

Total NPLs ▼10%
(Dec 21 vs Dec 20 ▼11%)



Note: Growth rates are based on 6 months' growth since June 21.

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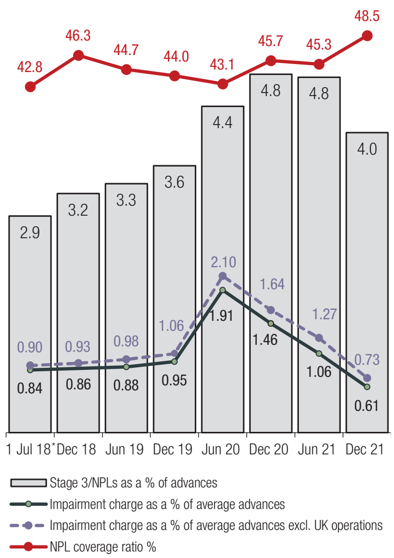
All portfolios showing lower charge



Impairment charge *R million*	Dec 21	Dec 20	Dec 21 CLR %	Dec 20 CLR %
Retail – secured	989	1 581	0.60	0.97
Residential mortgages	172	529	0.15	0.47
WesBank VAF	817	1 052	1.64	2.04
Retail – unsecured	2 186	3 409	5.09	7.71
FNB card	430	781	2.75	5.14
Personal loans	1 349	1 944	6.88	9.36
- FNB and DirectAxis	1 209	1 609	6.64	8.39
- Covid-19 relief	140	335	10.03	21.13
Retail other	407	684	5.29	8.27
Stress scenario	(143)	-	-	-
FNB centre	420	620	-	-
Total retail	3 452	5 610	1.67	2.70
Commercial	-	975	-	1.46
Corporate	49	820	0.03	0.48
Rest of Africa	232	751	0.74	2.32
Centre	1	21	0.01	0.11
Total excluding UK operations	3 734	8 177	0.73	1.64
UK operations	293	1 237	0.20	0.83
Total including UK operations	4 027	9 414	0.61	1.46

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

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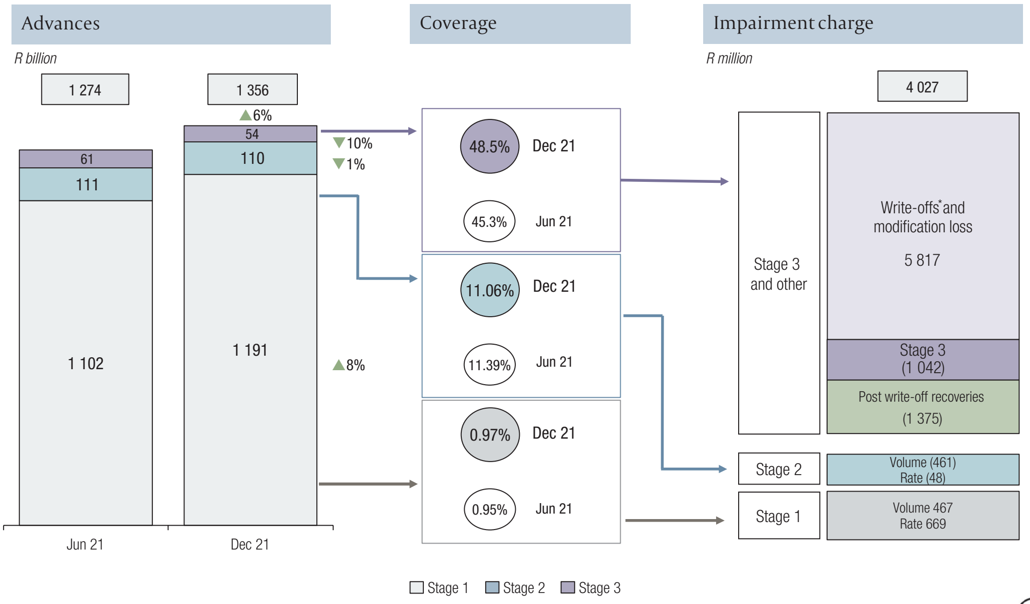
Unpacking impairment charge – positive balance sheet composition change with coverage maintained



* Write-off of gross balances excluding prior year provisions held and also includes modification losses.

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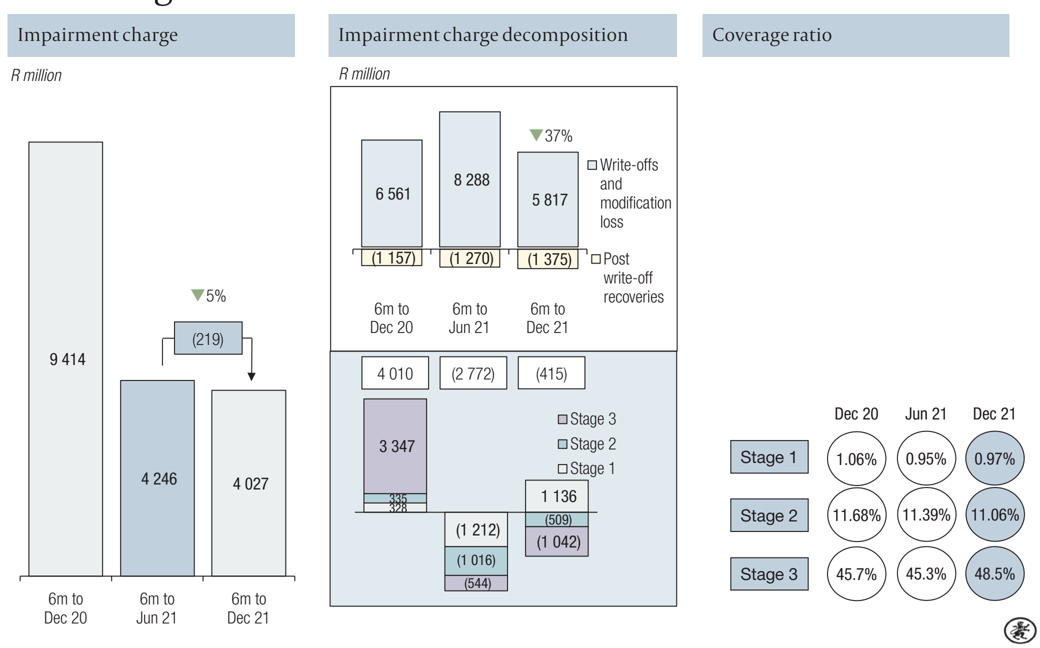
Impairment charge driven by change in advances mix across stages



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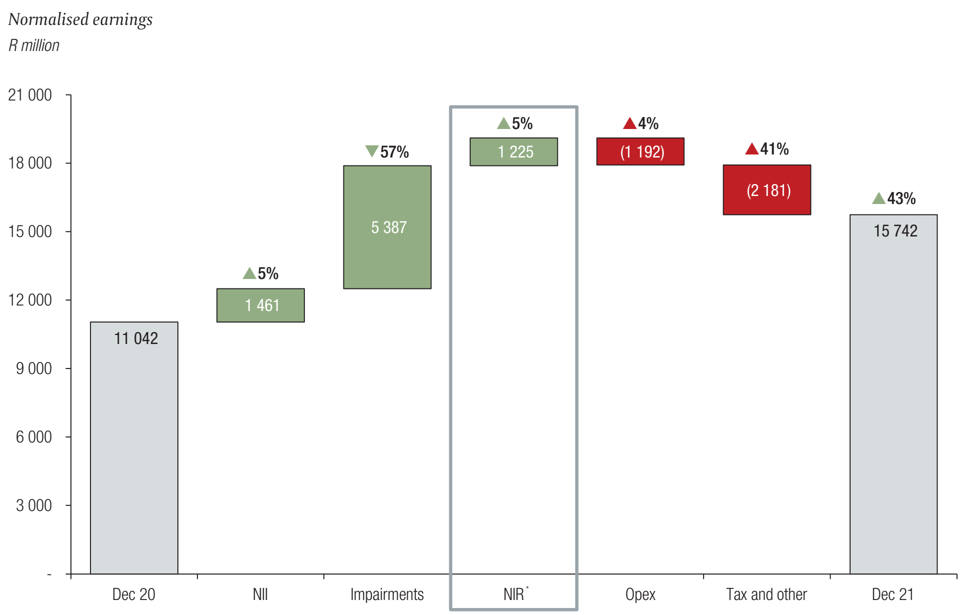
Non-interest revenue growth underpinned by client franchise



* Including income from associates and joint ventures.

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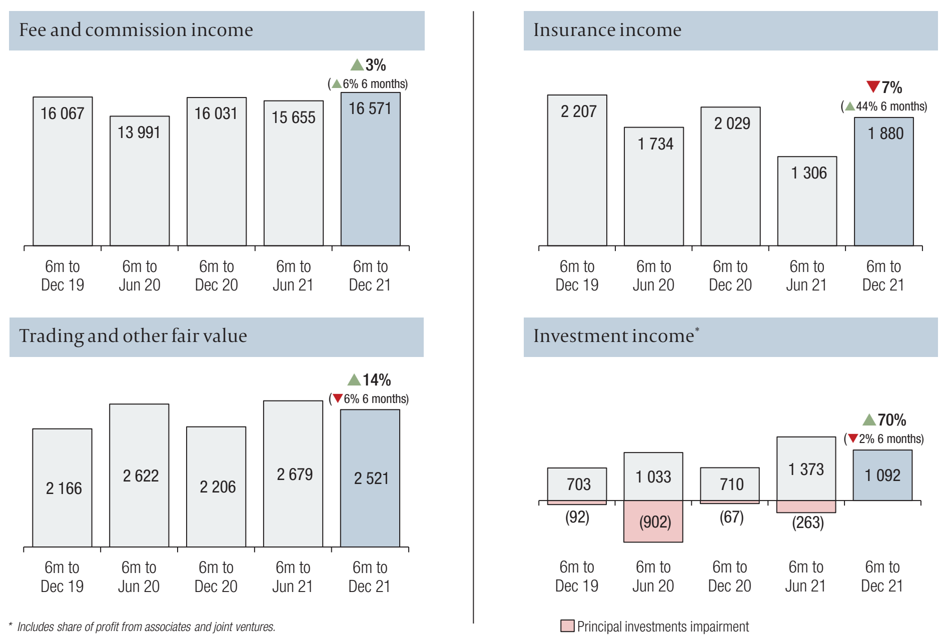
Unpacking non-interest revenue growth drivers



* Includes share of profit from associates and joint ventures.

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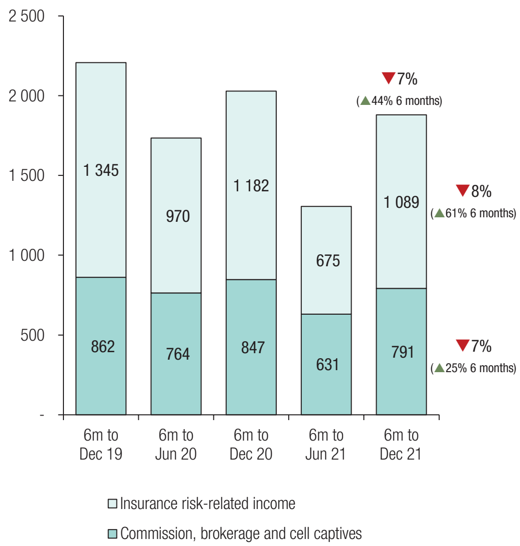
Insurance had high claims and provisions, although positive recovery since June 2021

Insurance income

R million



	% change Dec 21 vs Dec 20	% change Dec 21 vs Jun 21
Insurance risk-related income		
Claims and reserving	18 ▲	29 ▼
Good growth in premiums driven by FNB Life and short-term insurance	11 ▲	6 ▲
Commission, brokerage and cell captives		
Profit share from cell captives	7 ▼	25 ▲

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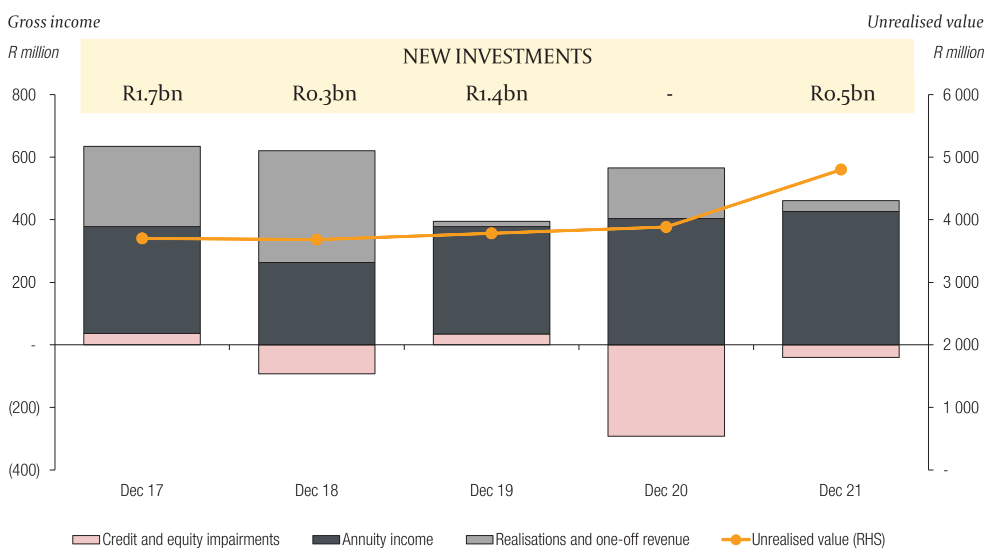
Private equity portfolio reflects impact of economic rebound

Private equity earnings and unrealised value



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Operating expenses showed sub-inflation increase…

* Including income from associates and joint ventures.

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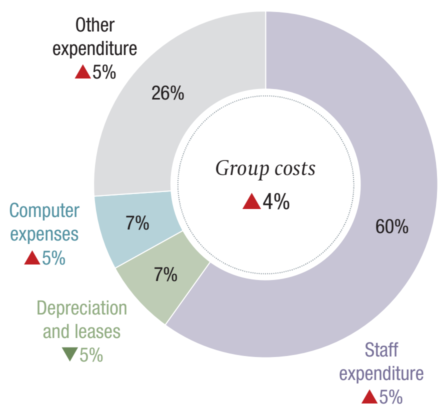
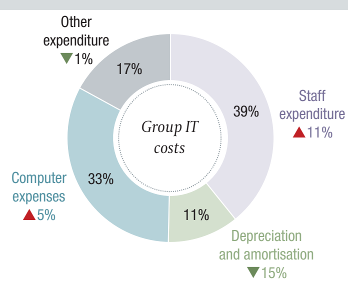
…driven by focus on costs supported by depreciation



Staff costs ▲5%

	% change	Comment
Direct staff costs	▲4	Salary increases in SA averaged in excess of 4% – headcount marginally down
Short-term incentives	▲12	Bonus pool increase due to NIACC and earnings growth
Long-term incentives	▲9	Increase related to headcount and mix change in favour of LTI

IT costs (continued investment) ▲3%



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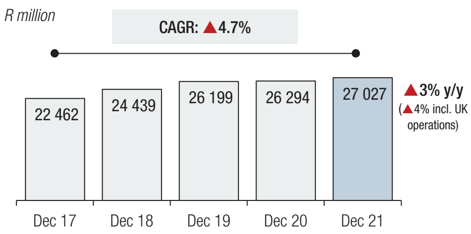
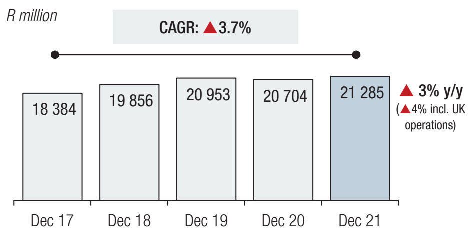
In support of strategy, IT costs growing faster than other expenditure

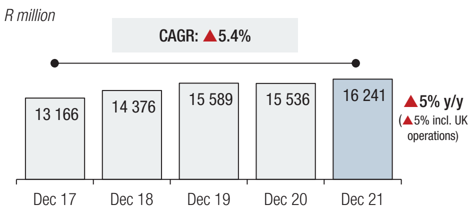
Operating expenses*



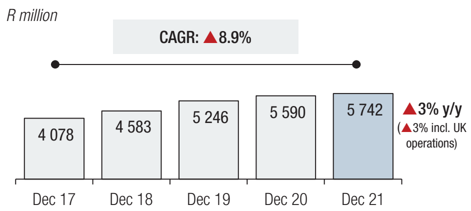
Operating expenses excluding IT costs*



Staff costs*



IT costs*



* *Excluding UK operations.*

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Business has emerged from pandemic in good shape

Revenue ▲5%

- Deposit franchise ▲11%
- Advances ▲2% (6% reported)
- NII further supported by increased capital balances and lower funding costs
- NIR – resilient growth in fee and commission, and trading income

Impairment charge ▼57%

- Positive underlying trends supported by the improving economic environment and lower risk origination
- Overall provisioning stock maintained
- Additional stress scenario maintained
- NPLs ▼11%

Operating expenses ▲4%

- Continued focus on cost containment
- Ongoing investment strategies

Dividend ▲43%

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

Note: Balance sheet growth rates are based on growth since Dec 20.

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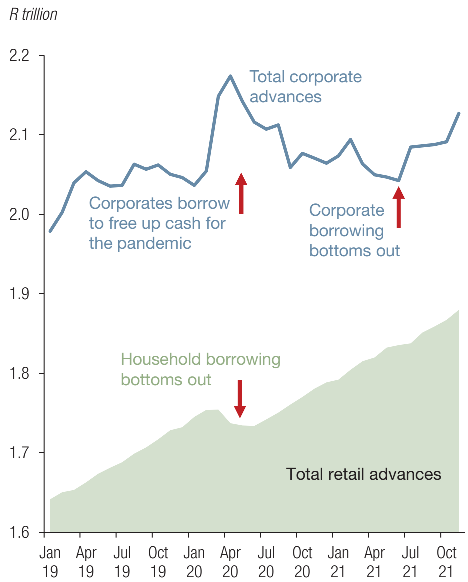
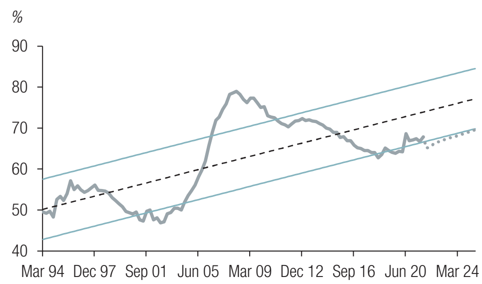
looking ahead

Signs that a reboot in SA credit growth is taking shape

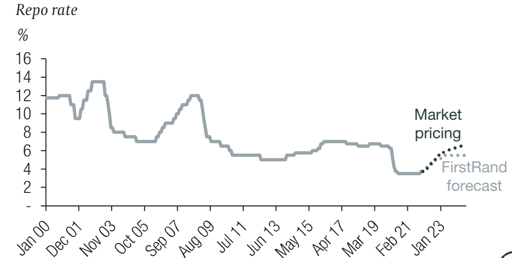
Corporate and household credit extension



Household debt to disposable income ratio



Interest rate uncertainty is high



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

- Advances growth should accelerate as SA credit cycle gains momentum
- Deposit growth anticipated to slow as consumers draw down precautionary savings
- Steady improvement expected in the rest of Africa with continued benefit from commodity cycle
- UK economic rebound expected to be maintained – absolute growth in earnings for the full year is now expected to be stronger than previously guided
- ROE expected to remain in the stated range of 18% to 22% for the full year despite capital generation exceeding demand
- Earnings growth for the full year expected to exceed group's long-term target of real growth in earnings (defined as real GDP plus CPI) – benefiting from last tailwinds of pandemic recovery

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appendix

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Group strategic framework presents distinctive investment proposition

FirstRand commits to building a future of SHARED PROSPERITY through enriching the lives of its customers, employees and the societies it serves. This is the foundation to a sustainable future and will preserve the group's enduring promise to create long-term value and superior returns for its shareholders.

DIVERSIFIED PORTFOLIO WITH UNIQUE STRATEGIES:

SOUTH AFRICA	REST OF AFRICA	UK
Platform-enabled integrated financial services providing ecosystems that create long-term value for clients and shareholders	Build competitive advantage and scale to deliver economic profit and dividends	Modernise, digitise and scale to a more valuable UK business that delivers economic profit and dividends

Enabled by digital platforms

Disciplined management of financial resources (capital, funding, liquidity and risk capacity) to deliver on financial commitments

Committed, accountable and empowered people key to delivering continued outperformance

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Group has protected its balance sheet

BALANCE SHEET POSITION AND TRENDS

	ACTUAL	TREND
Assets in marketable format	>R547 billion	Improved
Liquid assets as % total assets	27.5%*	Improved
LCR and NSFR	LCR: 118% (group), 124% (bank) NSFR: 125% (group), 121% (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**	40 months	Marginally lower due to increased floating-rate note and NCD issuance (primarily 12-month maturities)
Deposit franchise**	73% core deposit funding	Funding strategy favours client deposits creating an improved liquidity risk profile
RWA risk density	55.9%	Increased – function of asset mix and optimisation
CET1 ratio	13.6% (group), 14.1% (bank)	Improved – well above internal target range
Standalone bank credit rating	Highest in SA	Maintained

* *Reflects internal economic view.*
** *For South African operations only.*

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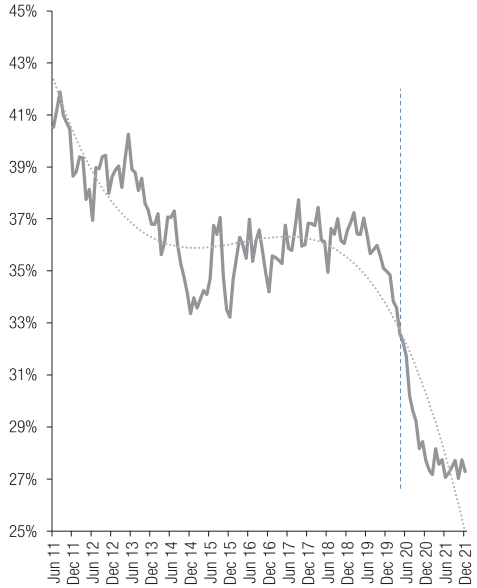
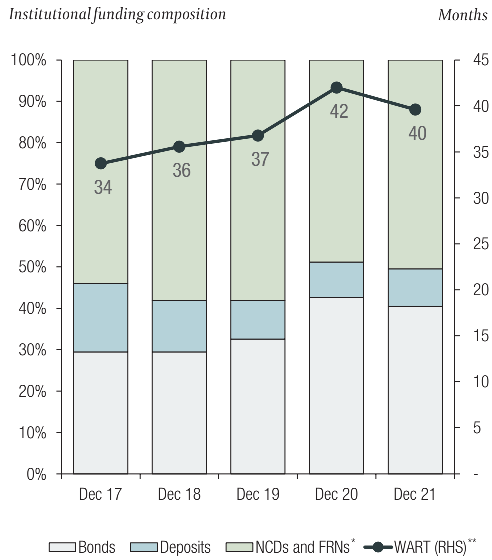
Institutional funding lengthened term maintained

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.

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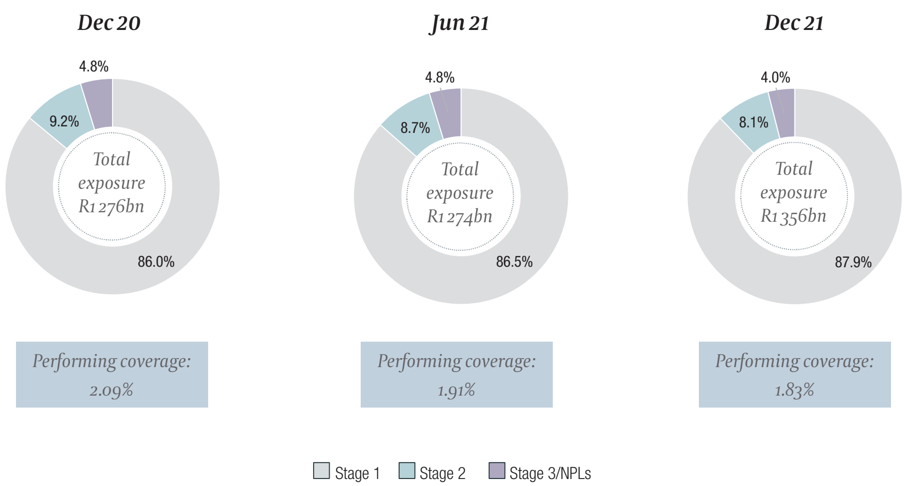
Quality of balance sheet improving on split

Portfolio split



Dec 20	Jun 21	Dec 21
Performing coverage: 2.09%	Performing coverage: 1.91%	Performing coverage: 1.83%

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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: earnings for the three months ended 30 June 2018	16	
June 2018 adjusted NAV @ spot rate (£1 = R18.18)	1 114	20 253
Aldermore excluding MotoNovo: earnings for the year ended 30 June 2019	95	
June 2019 adjusted NAV @ spot rate (£1 = R17.98)	1 209	21 738
Aldermore excluding MotoNovo: earnings for the year ended 30 June 2020	52	
June 2020 adjusted NAV @ spot rate (£1 = R21.43)	1 261	27 023
Aldermore excluding MotoNovo: earnings for the year ended 30 June 2021	85	
June 2021 adjusted NAV @ spot rate (£1 = R19.72)	1 346	26 543
Aldermore excluding MotoNovo: earnings for the six months to 31 December 2021	57	
December 2021 adjusted NAV @ spot rate (£1 = R21.47)	1 403	30 122
Aldermore excluding MotoNovo return on investment over 45 months	27.8%	64.5%
Compound annual growth rate (CAGR)	6.8%	14.2%

FirstRand excess capital could have been invested at 3-month JIBAR: 7.11% (FY18), 7.06% (FY19), 6.51% (FY20), 3.64% (FY21) and 3.69% (1H22)

A

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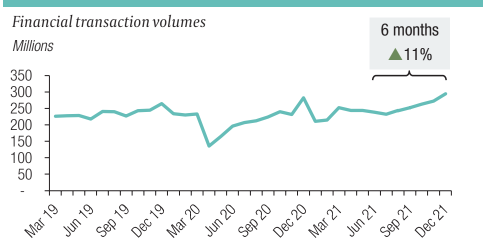
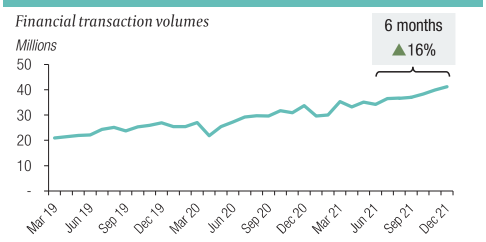
Transactional volumes rebounded

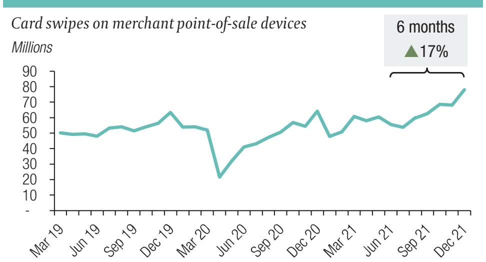
Transactional volumes* ▲12% y/y



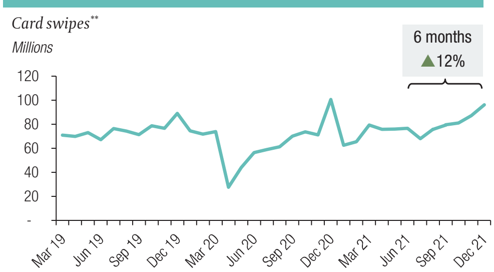
Banking app volumes ▲24% y/y



Swipes at point of sale (acquiring) ▲24% y/y



Swipes by FNB card holders (issuing) ▲12% y/y



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

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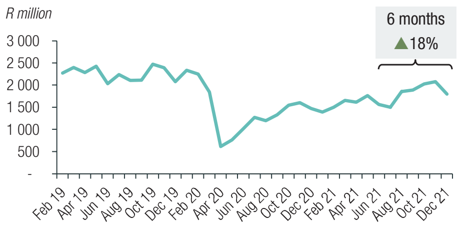
Origination focused on good credit quality

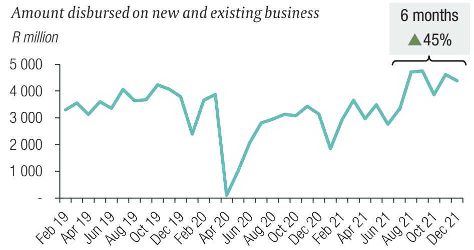
Total personal loans

Amount disbursed on new and existing business



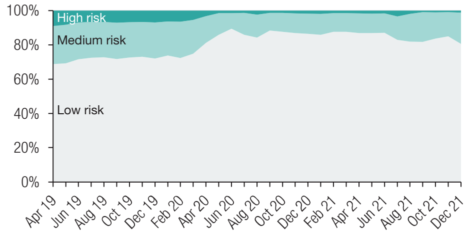
Residential mortgages

Amount disbursed on new and existing business



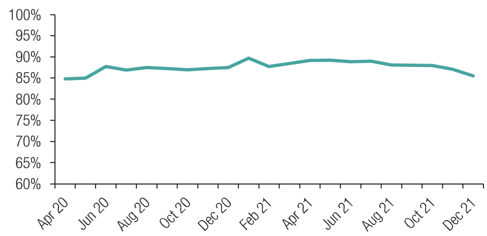
Origination remains conservative*

New business risk distribution



Retail collection trends

Overall debit order success rate



* Reflects origination of retail products (excluding DirectAxis).

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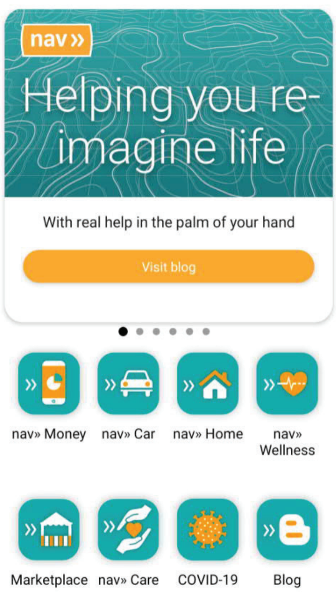
nav» Tools are successfully scaling and adding network effects



- **nav» Home**
  - R33.4bn in payouts
  - 1 153 current listings and 132 agencies
- **nav» Car**
  - Shop for cars, pay fines, renew licence discs
  - 729k vehicles loaded
  - Licence renewals with >100% growth
- **nav» Marketplace**
  - 350 listings on CarP2P
  - R95.7m advances written since inception
  - 895 registrations on Pro-Services
- **nav» Money**
  - Track spend, view credit scores, etc.
  - 56% growth to 2.5 million users

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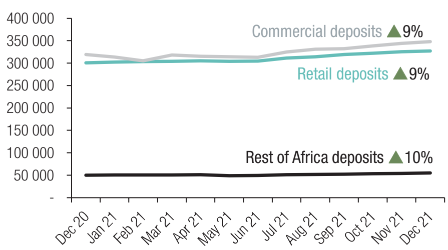
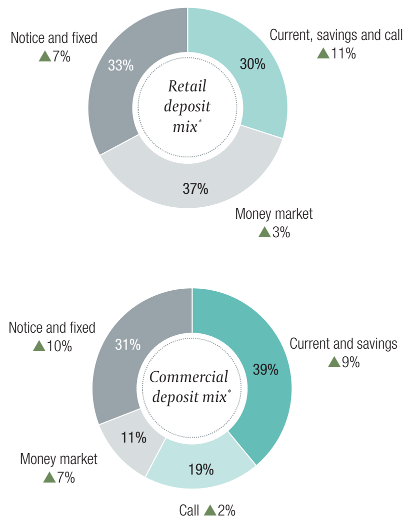
Behavioural savings underpinned growth in deposits

FNB deposits



- Good deposit balance growth continued
- Overall growth has normalised post the pandemic-induced spike
- Platform-enabled execution – traction in deposits sourced through digital interfaces



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

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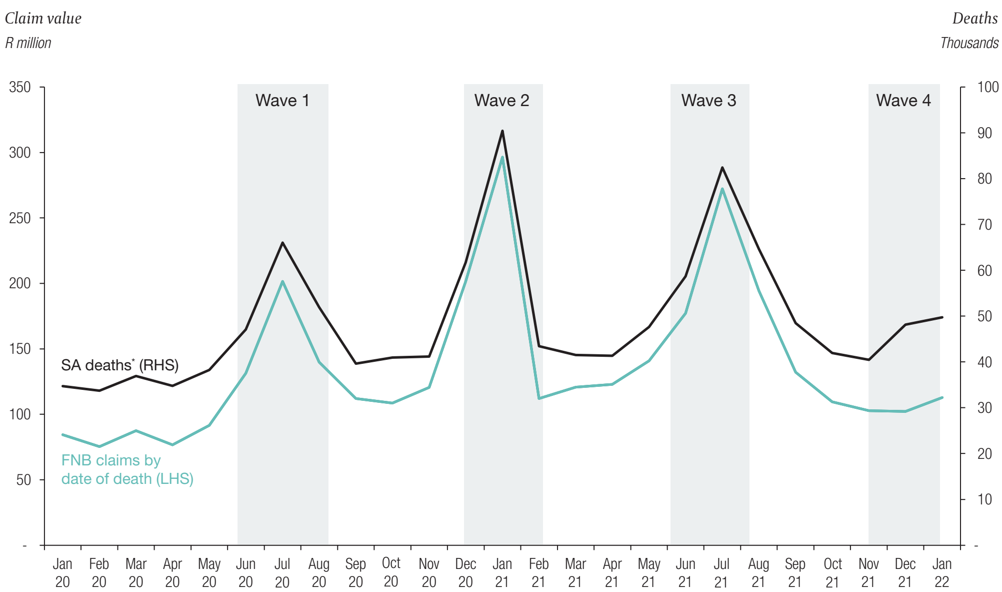
FNB Life claims experience in line with South African mortality



* SA deaths as published by the South African Medical Research Council.

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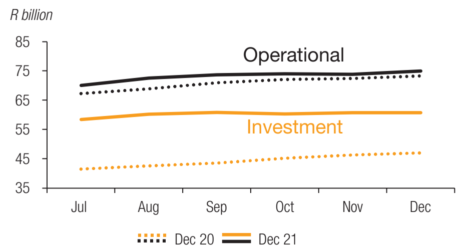
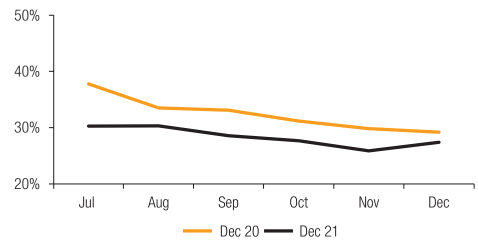
C&I robust deposit growth with continued pressure on merchant services volumes

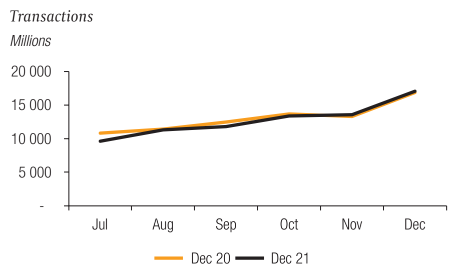
Average deposits



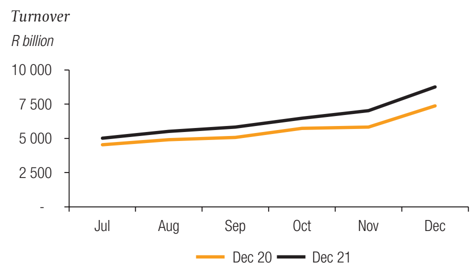
Rand general banking facility utilisation



Merchant services volumes (SA)



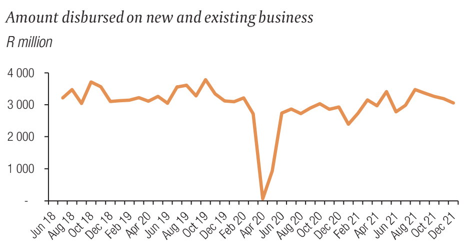
Merchant services turnover (SA)



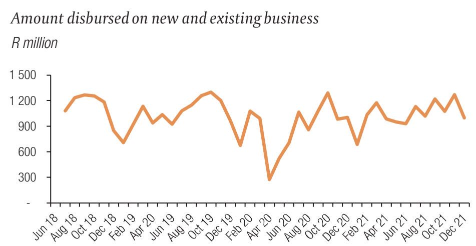
70

WesBank's production levels reflect continued disciplined origination strategies

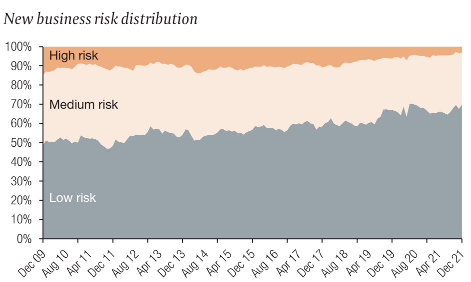
Retail VAF reverts to a new normal



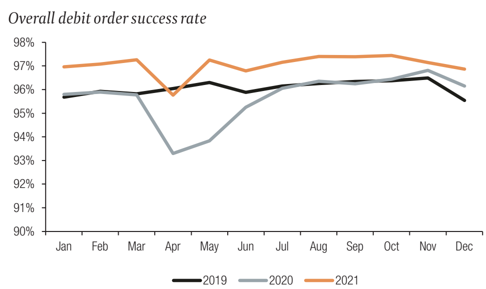
Corporate and commercial remains variable



Origination remains tilted to lower-risk buckets



Retail collection trends



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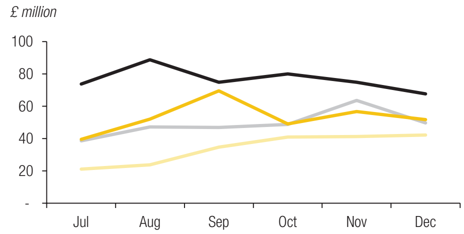
Majority of Aldermore portfolios gaining momentum

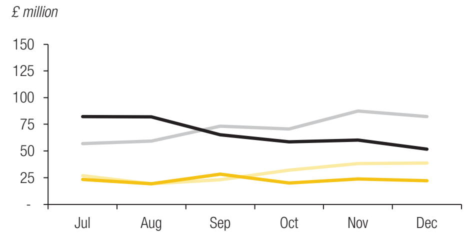
Residential mortgages

Amount disbursed on new and existing business



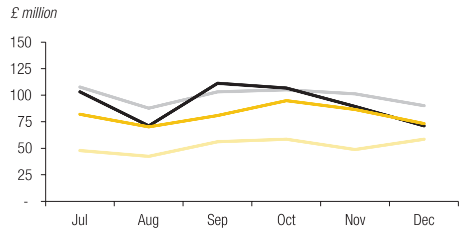
Buy-to-let mortgages

Amount disbursed on new and existing business



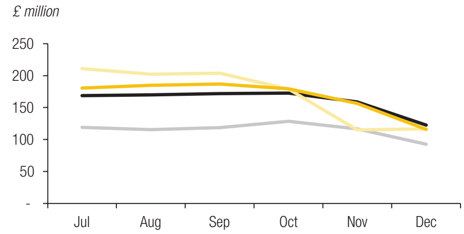
Asset finance

Amount disbursed on new and existing business



Vehicle finance

Amount disbursed on new and existing business



FY19 FY20 FY21 FY22

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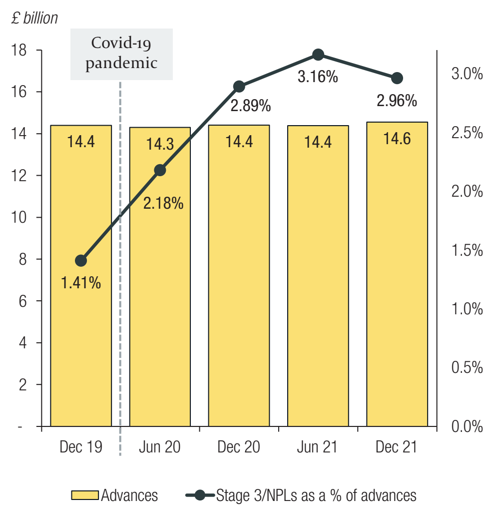
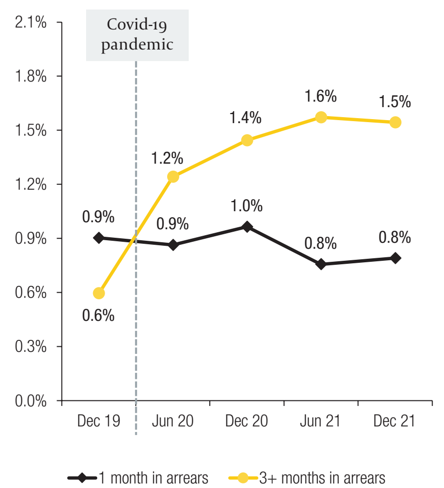
Positive trends in arrears and NPLs

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.

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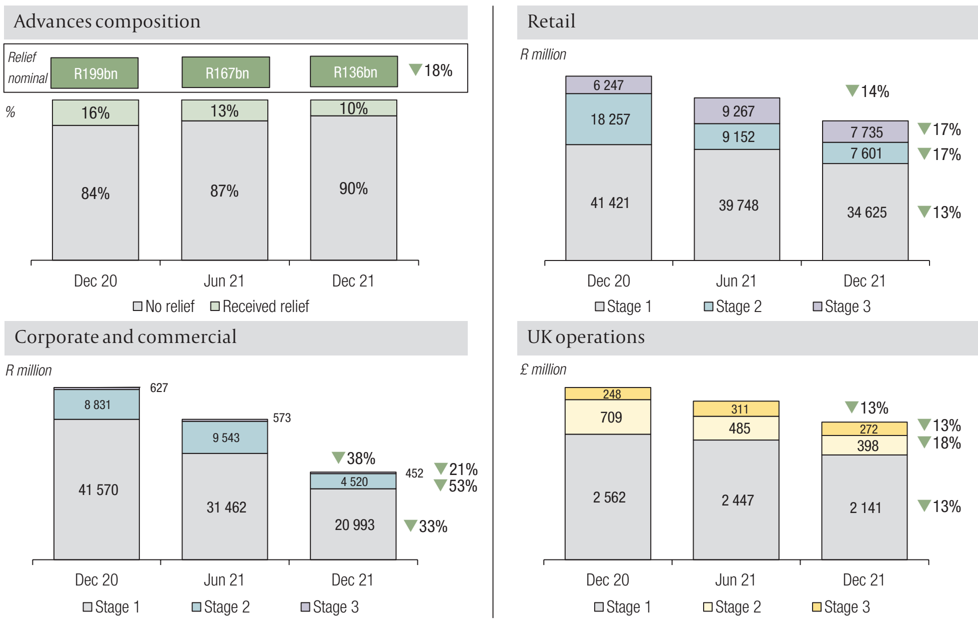
Positive payment behaviour in the relief book



Note: Rest of Africa decreased 98% since June 21 from R3 372m to R64m. Growth rates are based on 6 months' growth since June 21.

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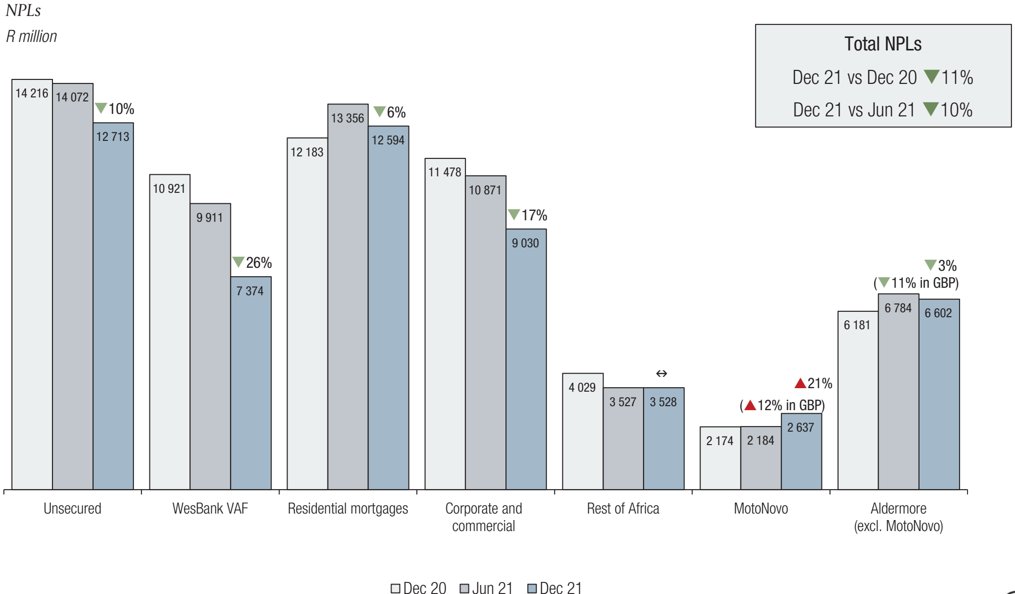
Strong collections and conservative origination strategies supporting lower NPL formation

NPLs

R million



Note: Growth rates are based on 6 months' growth since June 21.

75

Breakdown of advances and provisions

Note: Advances in bar graphs are based on rounded numbers. Growth rates are based on 6 months' growth since June 21. Graphs exclude impact of temporary stress scenario.

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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 June 21.

* *Including DirectAxis, excluding Covid-19 relief loans.*

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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 June 21. Graphs exclude impact of temporary stress scenario.

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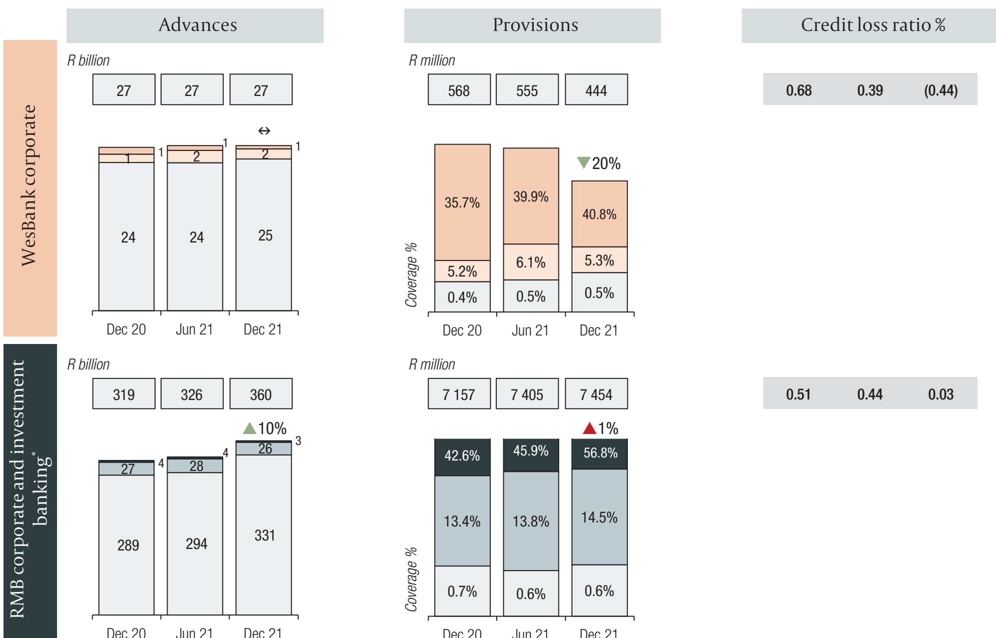
Breakdown of advances and provisions

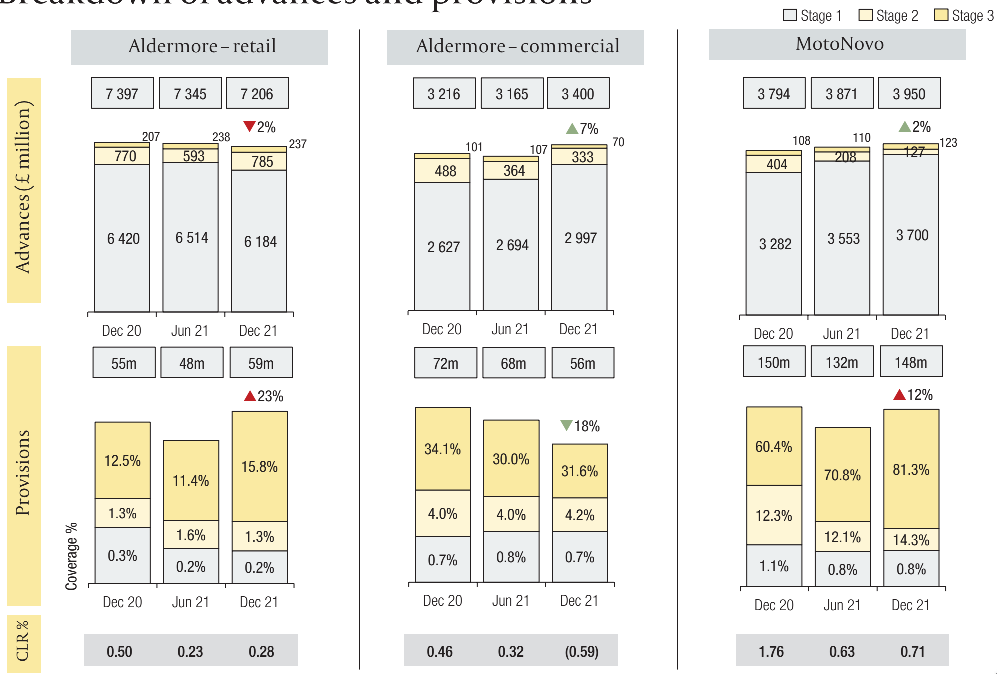


Note: Advances in bar graphs are based on rounded numbers. Growth rates are based on 6 months' growth since June 21.

* *Excludes HQLA and RMB rest of Africa.*

79

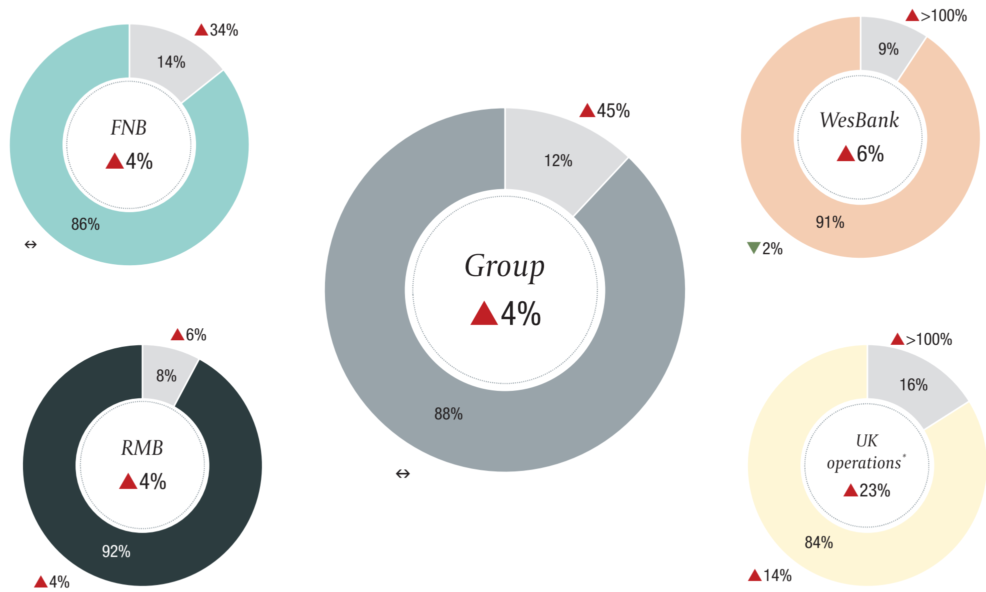
Breakdown of advances and provisions



Note: Advances in bar graphs are based on rounded numbers. Growth rates are based on 6 months' growth since June 21.

80

Operating business cost growth contained, spend focused on change initiatives

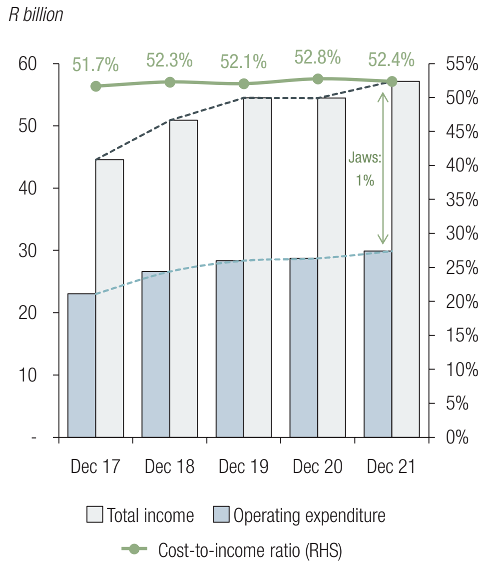


Note: Run costs includes fixed, variable and prior year investment spend which has transitioned into run.

Run
Change

* *Calculated in pound terms.*

Sub-inflation cost growth supports cost-to-income ratio reduction and positive jaws



Costs increased 4%

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

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