FIRSTRAND'S YEAR END RESULTS DEMONSTRATE FULL RECOVERY

Superior return profile and ongoing capital generation enables historic total dividend of R26 billion

Johannesburg, 15 September 2022 – FirstRand Limited, the financial services group comprising FNB, RMB, WesBank and Aldermore, today announced results for the year ended 30 June 2022.

Normalised earnings increased 23% to R32.7 billion and, whilst a large driver of this growth can still be ascribed to the post-pandemic reduction in cost of credit, topline growth delivered a welcome contribution.

Other key highlights include:

- Economic profit (the group's key performance measure) more than doubled to R10.1 billion
- Pre-provision operating profit was up 6% to R53.8 billion, which is 9% above the pre-pandemic level
- ROE increased to 20.6%
- Total dividend (annual and special combined) increased 78%

Commenting on the results FirstRand CEO, Alan Pullinger, said:

> *"FirstRand's performance reflects the quality of its operating businesses, FNB, RMB, WesBank and Aldermore. Disciplined execution on strategy has continued to drive shareholder value. Earnings have fully recovered and are significantly above peak 2019 levels, and economic profits have more than doubled.*
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> *"The ROE at 20.6% remains well situated in the target range. In addition, the group has declared the highest annual dividend in its history of 342 cents per share, as well as a special dividend of 125 cents per share. This resulted in a total distribution to shareholders of R26.2 billion."*

FirstRand continued to be discerning in pursuing advances growth emanating from the rebound that immediately followed the pandemic, however, momentum in new business origination picked up markedly in the second half. This approach, combined with disciplined pricing and conservative provisioning, has resulted in an even stronger balance sheet and should ensure that its operating businesses capture a higher market share of good-quality, lower-risk business, whilst satisfying the credit demand from their customers as incomes recover from the effects of the pandemic. The group's deposit franchises grew strongly, lowering overall cost of funding.

Given the improving momentum in advances and the performance of the deposit franchise, overall group NII increased 5% year-on-year. Total group operational NIR increased 8%. This was supported by 5% growth in fee and commission income, 15% growth in trading and fair value income, and a significant rebound (+29%) in insurance income.

The performances of the underlying businesses were driven by operational resilience and ongoing execution on specific growth strategies.

FNB delivered normalised profit before tax (PBT) growth of 23%, with its ROE improved to 40.6%. Key drivers of the performance included a strong rebound in NIR, coupled with a significant reduction in year-on-year impairments. Pre-provision operating profits increased 4% and now exceed pre-pandemic levels.

RMB grew normalised PBT 17%, driven by a solid underlying operational performance across its portfolio, in particular from investment banking, markets and private equity.

WesBank's normalised PBT increased 23%, and there was a good recovery in new business production, up 11% year-on-year. Origination continued to focus on both lower-risk and FNB main-banked customers.

The UK operations, represented by Aldermore and MotoNovo, delivered a strong performance. In sterling, normalised PBT grew 12%, supported by 6% growth in advances and 14% growth in customer deposits.

The group's portfolio of businesses in broader Africa grew normalised PBT 17% and pre-provision operating profits by 14%, a good performance underpinned by customer growth and the scaling deposit franchise.

Commenting on prospects, Pullinger commented:

> *"Looking forward as inflation subsides and economic reforms gather pace, the group is well positioned to play strongly into an overall improving domestic economic backdrop.*
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> *Despite this year's high level of payout to shareholders, given its superior return profile, FirstRand remains capital generative and has the necessary financial capacity to increase momentum in risk-weighted asset growth in the 2023 financial year. The growth in advances that took place in the last quarter of the year under review is evidence of increasing momentum.*
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> *"The group's ROE is expected to remain comfortably within the target range of 18% to 22% and earnings growth will revert to group's long-term target of real GDP plus CPI plus (0% to 3%)."*

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