FirstRand

FOR THE YEAR ENDED 30 JUNE **2020**

results presentation

FirstRand

2020

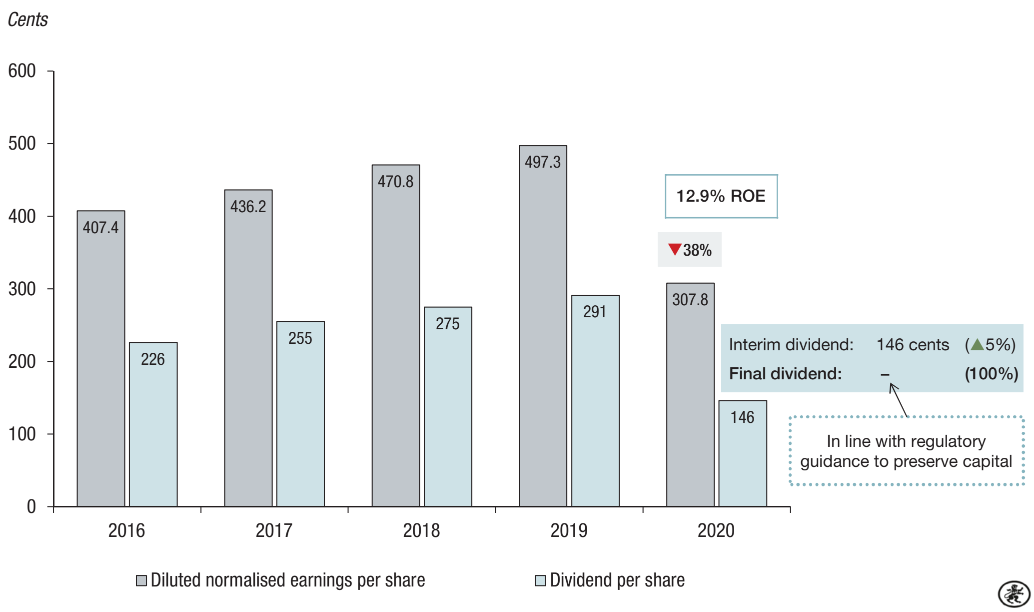
RESULTS PRESENTATION

for the year ended 30 June

overview of results

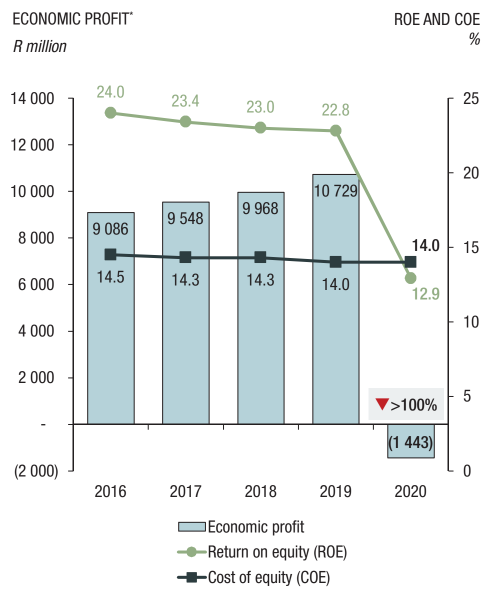
2

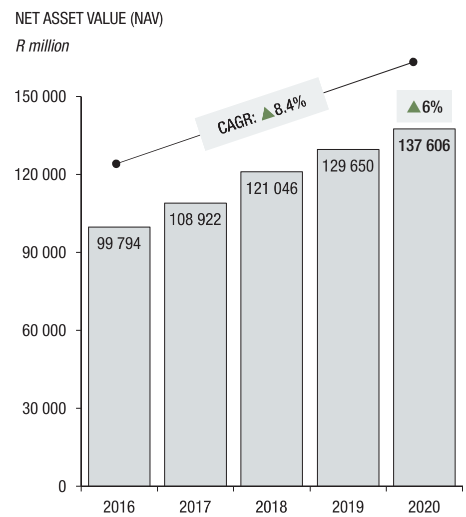
Decline in earnings and returns reflects extremely challenging operating environment



3

Lower earnings, however, importantly accretion in NAV





* Defined as net income after cost of capital.

4

COVID-19 pandemic led to a global economic crisis

HEALTH CRISIS	ECONOMIC CRISIS
National State of Disaster declared	Global policy actions spanned all channels
Control the spread	Economic stability
Protect the vulnerable	Monetary stability
Treat the infected	Financial stability
Protect lives, flatten curve, health care system readiness	Economy, employment, investment, credit

Both SA government's and central bank's decisive actions have been critical to protecting lives and ensuring financial stability – but still cannot fully address the magnitude of the economic consequences

5

Government and regulatory response was comprehensive

ECONOMIC STABILITY

Government fiscal and economic support measures, reprioritisation and guarantees = R500 billion:
- Social grants and special COVID-19 grant
- UIF
- Tax deferrals
- Municipal support
- Health and frontline services
- R200 billion loan guarantee scheme and special financing terms

MONETARY STABILITY

- 275 bps in interest rate cuts to date
- Enhanced liquidity operations
- Continued use of FX swaps for liquidity management and FX provision

FINANCIAL STABILITY

- SARB took action to support liquidity transmission and support market functioning
- Initiated working group to consider reforms required for collateral management and operations
- Recommendations to review liquidity risk in shadow banking institutions

PRUDENTIAL AUTHORITY

Actions to assist banks with risk capacity to ensure they continue to support real economy

Liquidity
- LCR minimum requirement reduced to 80%

Risk capacity
- Actions to limit procyclicality of IFRS 9 treatment of restructured credit exposures

Capital
- Reduced Pillar 2A requirement from 1% to 0%
- Restrictions on dividends on ordinary shares and compensation to executive officers/material risk takers
- Allows banks to enter capital conservation buffer

6

The group focused on serving the needs of multiple stakeholders

CUSTOMERS

- Debt relief
  - Retail: emergency cash flow relief facility, payment holidays, extension of balloon payments
  - Commercial: payment holidays through term extensions, overdrafts with flexible repayment timeframes and government-guaranteed SME loan scheme
  - Corporate: relief provided in the form of additional liquidity, payment holidays and covenant relaxations
- Waived SASwitch fees
- Provided rental relief on speedpoint and other devices
- Provided 1GB free data to qualifying customers

EMPLOYEES

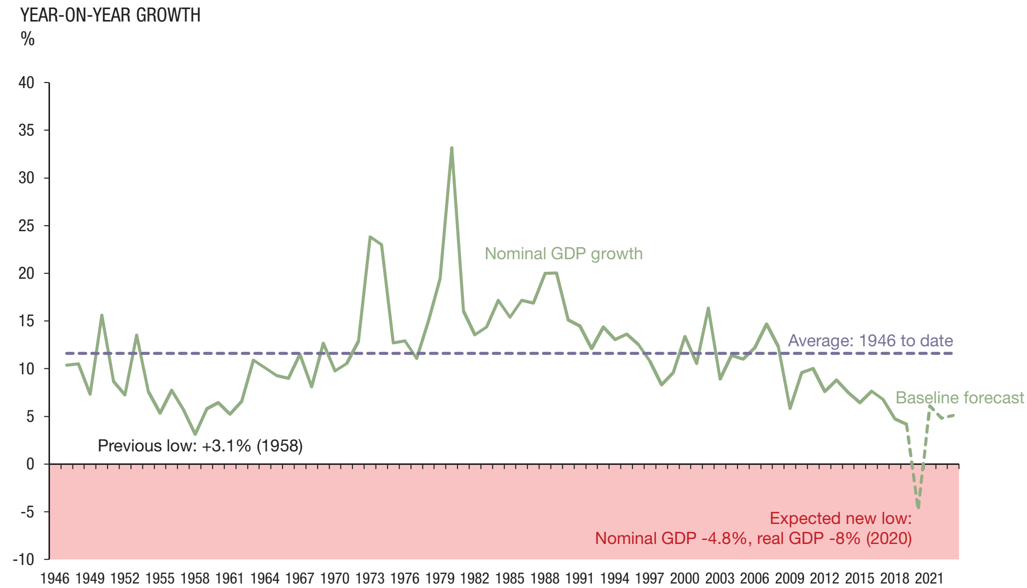
- Work from home
  - Provided required equipment, VPN access, hardware support and data solutions
  - MS Teams deployed across group in 3 days – now primary tool of trade
- Ensuring safe environment at group premises
  - On-site temperature/symptom screening
  - COVID-19 applet on the FNB banking app
  - PPE and screens
  - Management of positive cases and decontamination of premises
- Focus on employee wellbeing (mental health in particular)
- Employee engagement

SOCIETY

- In SA, supported Solidarity Fund and B4SA
- FirstRand launched the South African Pandemic Intervention and Relief Effort (SPIRE)
- Protection for frontline workers
  - PPE, test kits
  - Safe and convenient accommodation
- Expanded ICU capacity at 4 public sector hospitals by 100 beds
- Maskathon: >300 000 cloth masks manufactured to date
- Food parcels
- Care for the elderly (>150 vulnerable care homes)
- HOPE (Namibia), ASPIRE (Ghana)
- Initiatives in Botswana, Nigeria, Zambia, Mozambique and UK

7

Deepest nominal GDP contraction in SA since WWII

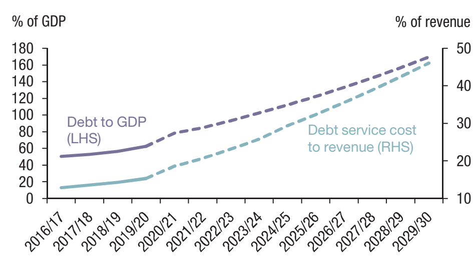


Sources: SARB, FirstRand.

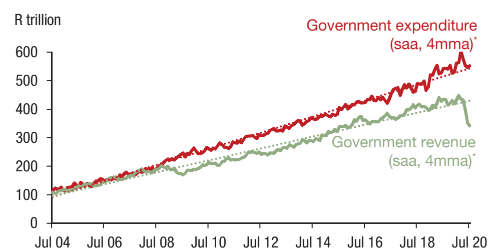
8

Growing concern regarding SA sovereign debt sustainability

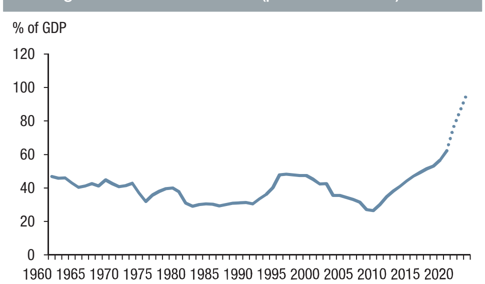
Debt to GDP, debt service cost to revenue (passive scenario)



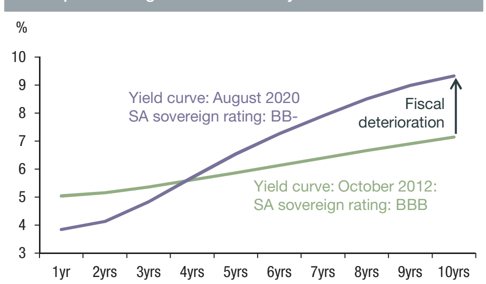
SA financing gap



Gross government debt to GDP (passive scenario)



A comparison of government bond yield curves

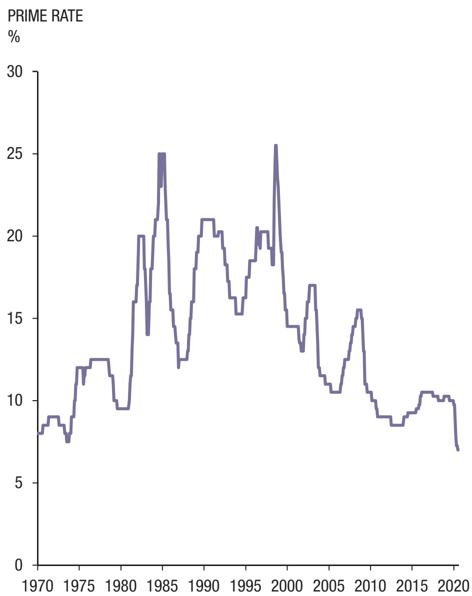


* *Seasonally adjusted, annualised 4-month moving average.*

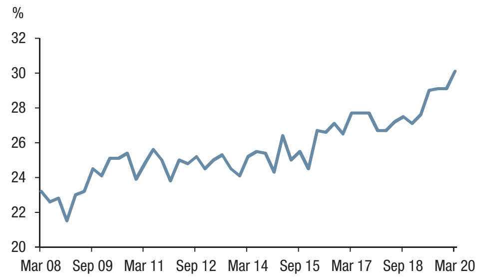
9

Significant deterioration across key SA macro variables

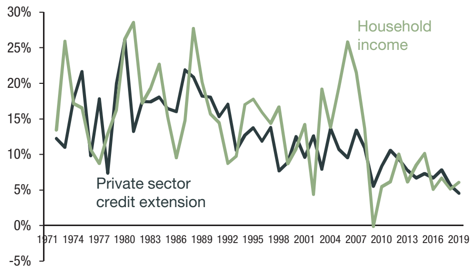
Interest rates



Unemployment rate



Household income and credit growth



10

Impact of macro shocks on business performance

OPERATING ENVIRONMENT	BUSINESS IMPACT
Low real GDP growth • Low real disposable income growth • Low real corporate profitability growth • Low real government revenue growth and sovereign downgrades	– Negative impact on corporate activity, retail and commercial transactional volumes (negative NIR impacts) – Material increase in retail, commercial and corporate credit impairments – Subsequent rating downgrades for banks and corporates – increase in cost of equity
Low private sector credit growth Low credit extension growth to households and businesses	– Less corporate activity and lower corporate and commercial advances growth – Slowdown in retail advances growth
Relatively higher private sector savings	+ Increased deposit growth
Low (and falling) policy rates	– Negative endowment impact
Low inflation	+ Reduced cost pressures – Revenues (lower fee increases, etc.)

11

Key group performance metrics

Normalised earnings
R17.3bn
(2019: R27.9bn) ↓38%

Pre-provision operating profit
R48.3bn
(2019: R49.2bn) ↓2%

Interim dividend per share
146 cents
(2019: 139 cents) ↑5%

Return on assets
0.96%
(2019: 1.75%) ↓79 bps

Return on equity
12.9%
(2019: 22.8%) ↓990 bps

No final dividend in line with regulatory guidance
(2019: 152 cents) ↓100%

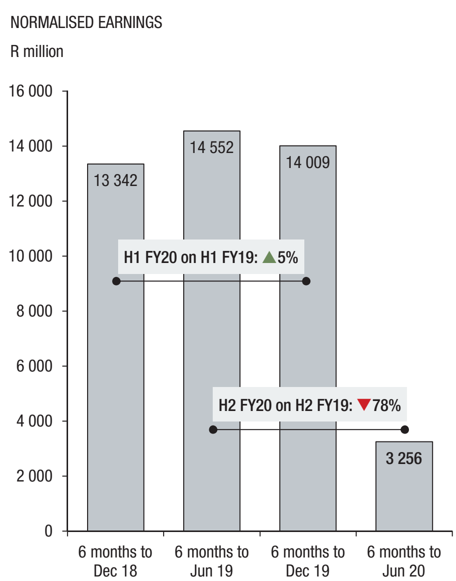
Credit loss ratio
1.91%
(2019: 0.88%) ↑103 bps

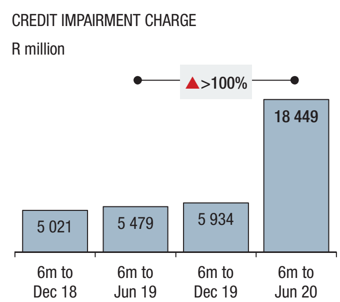
Cost-to-income ratio
52.9%
(2019: 51.6%) ↑120 bps

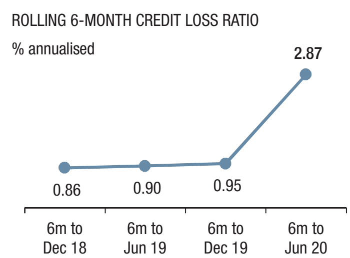
CET1 ratio
11.5%
(2019: 12.1%) ↓60 bps

12

Earnings decline driven by significant increase in credit impairments in the second half

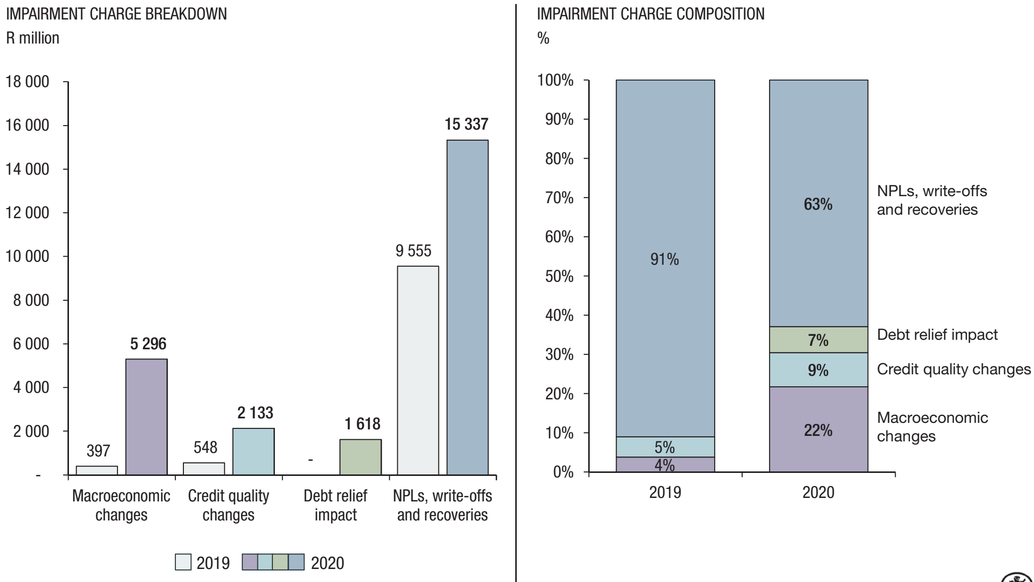






13

Unpack of credit impairment charge demonstrates prudent forward-looking provisioning



14

FLI charge reflects appropriate conservatism

MACROECONOMIC CHANGES

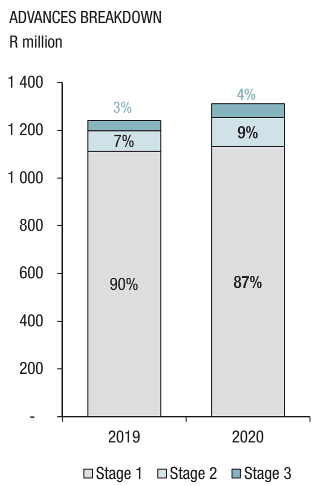
Significant deterioration in IFRS 9 FLI macro assumptions and greater downside risk

	Changes to 2020 base case forecasts		Changes to 2021/22 base case forecasts	
MACRO VARIABLES	**2019 inputs**	**2020 inputs**	**2019 inputs**	**2020 inputs**
GDP growth	1.2%	**- 8.0%**	1.2%	**2.4%**
Repo rate	6.75%	**3.25%**	6.75%	**3.25%**
Employment growth	0.4%	**- 2.4%**	0.4%	**0.7%**
Inflation rate	5.0%	**3.0%**	5.1%	**3.5%**

	Changes to assigned weightings	
SCENARIOS	**2019 probability weightings**	**2020 probability weightings**
Downside	18%	**32%**
Base case	59%	**56%**
Upside	23%	**12%**

Credit quality reflects deteriorating macros and sovereign rating downgrades

CREDIT QUALITY CHANGES (MIGRATION)



Stage 2 advances breakdown

	2020		2019		
	R million	% contribution	R million	% contribution	% change
SA retail	**36 386**	**30**	25 919	30	40
SA corporate and commercial	**46 478**	**38**	33 509	39	39
UK operations	**34 419**	**28**	22 963	27	50
Other	**5 018**	**4**	3 955	4	27
Total stage 2 advances	**122 301**	**100**	**86 346**	**100**	**42**

Group followed customer-centric approach to debt relief

SUMMARY OF DEBT RELIEF PROVIDED AT 30 JUNE 2020

	Number of customers (thousands)	Number of accounts (thousands)	Underlying gross advances for which relief was provided (R million)	Total portfolio (R million)	% of portfolio for which relief was provided	
Retail*	203.3	674.3	68 834	473 102	15	Implemented primarily through R3.8bn cash flow relief facilities
Commercial	16.7	31.0	30 832	135 030	23	Payment holidays, term extensions, and R790m to SMEs under the government-guaranteed loan scheme
Corporate**	n/a	n/a	58 083	359 704	16	Relief provided in the form of additional liquidity, payment holidays and covenant relaxations
UK operations	86.7	86.7	71 889	306 246	23	Relief provided primarily through payment moratoria
Total group	**306.7**	**792.0**	**229 638**	**1 311 095**	**18**	

* *Includes FNB rest of Africa core banking customers.*
** *Includes RMB rest of Africa.*

17

As expected, NPLs increased across all portfolios

	NPLs AS A % OF ADVANCES	
	2020	**2019**
Retail	**8.44**	6.33
Commercial	**5.85**	3.82
Corporate	**0.90**	0.84
Rest of Africa	**6.32**	6.14
UK operations	**2.18**	1.38
Total group	**4.37**	3.33

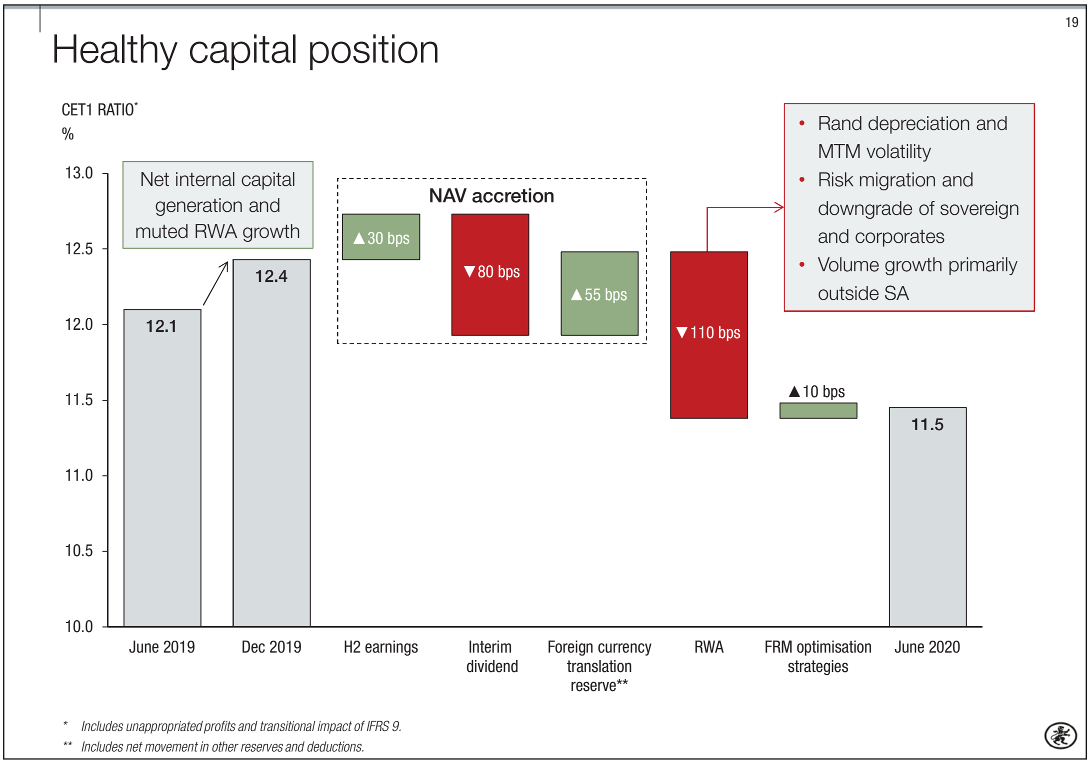
- **Retail NPLs** increased despite relief granted
- Significant increase in **commercial NPLs**
- **Corporate** NPLs remain relatively low
- **UK operations** NPLs driven by lockdown impact and normalisation of book following strong advances growth in prior periods

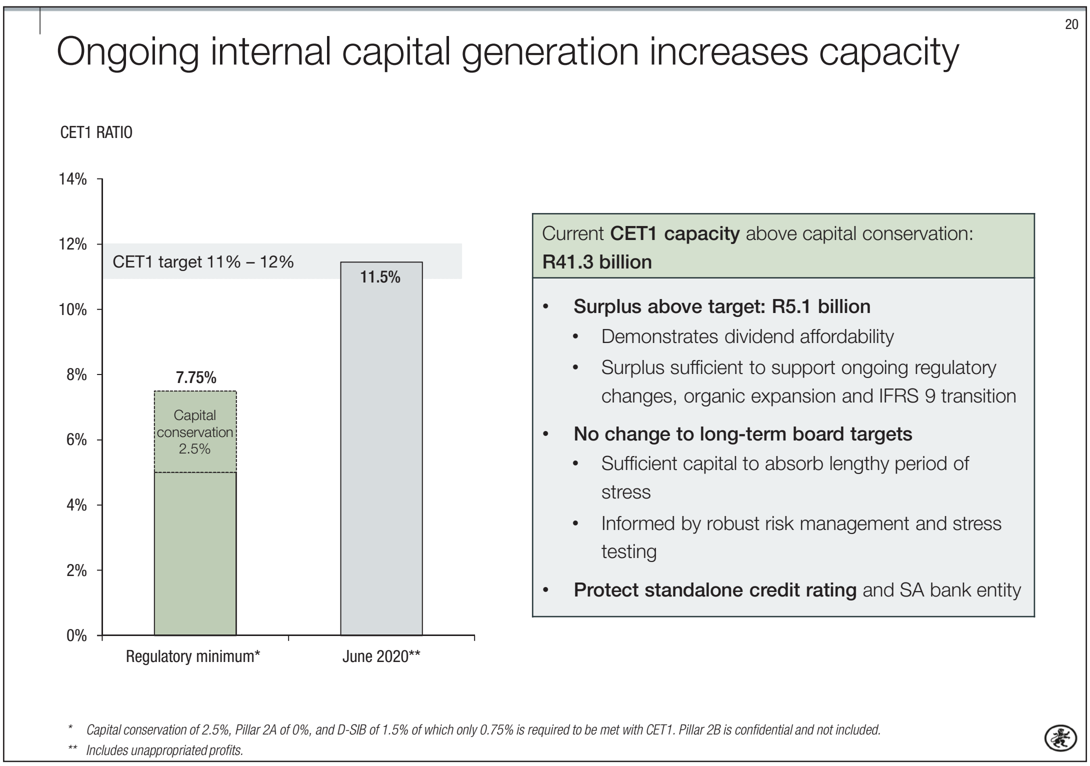
18

Group crisis response framework to protect shareholder value

- FirstRand implemented **specific actions** in March to weather the storm and ensure the group can **fully capitalise on recovery**
- Anchored business to financial resource management principles for next 18 to 24 months:
  - Carefully **price** for **financial resources**
  - **Appropriately provide** against lending portfolios
  - Strict **cost management** critical
  - Balance sheet must be appropriately **tilted** to **macro outlook** and **further strengthened**
  - **Accrete capital and NAV** – deployment of capital to reflect revised cost of equity of 15.5%

Objective is to emerge from COVID-19 with limited vulnerabilities and capital for growth


19
Healthy capital position
CET1 RATIO*
%
13.0
12.5
12.0
11.5
11.0
10.5
10.0
Net internal capital generation and muted RWA growth
12.1
12.4
NAV accretion
▲30 bps
▼80 bps
▲55 bps
▼110 bps
▲10 bps
11.5
• Rand depreciation and MTM volatility
• Risk migration and downgrade of sovereign and corporates
• Volume growth primarily outside SA
June 2019
Dec 2019
H2 earnings
Interim dividend
Foreign currency translation reserve**
RWA
FRM optimisation strategies
June 2020
* Includes unappropriated profits and transitional impact of IFRS 9.
** Includes net movement in other reserves and deductions.


20
Ongoing internal capital generation increases capacity
CET1 RATIO
14%
12%
10%
8%
6%
4%
2%
0%
CET1 target 11% – 12%
11.5%
7.75%
Capital conservation 2.5%
Regulatory minimum*
June 2020**
Current CET1 capacity above capital conservation: R41.3 billion
• Surplus above target: R5.1 billion
• Demonstrates dividend affordability
• Surplus sufficient to support ongoing regulatory changes, organic expansion and IFRS 9 transition
• No change to long-term board targets
• Sufficient capital to absorb lengthy period of stress
• Informed by robust risk management and stress testing
• Protect standalone credit rating and SA bank entity
* Capital conservation of 2.5%, Pillar 2A of 0%, and D-SIB of 1.5% of which only 0.75% is required to be met with CET1. Pillar 2B is confidential and not included.
** Includes unappropriated profits.

21

Group has track record in disciplined capital allocation – will underpin recovery in returns

AVERAGE NET ASSET VALUE R million	Capital allocation as at 30 June 2020	2019	% change
FNB	47 028	42 080	12
WesBank	10 239	9 710	5
RMB	35 393	33 034	7
Aldermore and MotoNovo	23 367	18 230	28
Centre*	9 276	9 310	–
Unallocated excess capital (>11%)	8 325	10 242	(19)
TOTAL GROUP	**133 628**	**122 606**	**9**

Capital allocation principles:

- Allocate capital at the higher of average RWA consumption at internal target or net asset value
- Allocate certain regulatory impairments
- Excess capital above internal target not allocated to operating businesses

* *FirstRand Corporate Centre (FCC) including Group Treasury.*

22

Group has protected its balance sheet

	ACTUAL	TREND
Assets in marketable format	**>R400 billion**	Increased (improved liquidity)
Liquid assets as % total assets	**21%**	Increased (improved liquidity)
LCR and NSFR	**LCR: 115% (group), 124% (bank)** **NSFR: 117% (group), 116% (bank)**	The group entered COVID-19 in a strong liquidity position, which has been maintained – ratios remain well above regulatory minimums
Credit quality of assets	**BB-/B+**	Downward shift
Institutional funding term*	**37 months**	Improved duration
Deposit franchise*	**68% core deposit funding**	Increased contribution to overall funding (improved liquidity risk profile)
RWA risk density	**57.8%**	Stable – impacted by growth in derivative assets and optimisation
CET1 ratio	**11.5% (group), 12.3% (bank)**	Decreased, but remains within internal target range and well above regulatory minimums
Standalone bank credit rating	**Highest in SA**	Maintained

* *For South African operations only.*

FirstRand

2020

RESULTS PRESENTATION

for the year ended 30 June

operating reviews

24

Operating businesses' performances reflect severe impact of the pandemic and lockdowns

	NORMALISED EARNINGS		
R million	2020	2019	% change
FNB	12 271	17 745	(31) ▼
RMB	5 819	6 975	(17) ▼
WesBank	843	1 808	(53) ▼
UK operations	865	2 292	(62) ▼
Centre*	(2 533)	(926)	>100 ▼
Total group	**17 265**	**27 894**	**(38)** ▼

* FirstRand Corporate Centre (FCC) including Group Treasury.

Group's pre-provisioning operating profit demonstrates health of underlying franchise

R million	2020	2019	% change	
Pre-provision operating profit:				
FNB	32 349	32 292	0	–
RMB	11 669	10 271	14	▲
WesBank	4 249	4 565	7	▼
UK operations	4 845	4 453	9	▲
Centre	(4 811)	(2 393)	>100	▼
Total group pre-provision operating profit	48 301	49 188	2	▼
Add back: other COVID-19 impairments	1 724	636	>100	
– Principal investment impairments	994	150	>100	
– Credit impairments on WesBank associates	730	486	50	
Group pre-credit and other COVID-19 impairments	50 025	49 824	–	

FNB financial highlights

Normalised earnings
R12.3bn
(2019: R17.7bn)
↓31%

Pre-tax profit
R17.9bn
(2019: R25.5 bn)
↓30%

Pre-provision operating profit
R32.3bn
(2019: R32.3bn)
↔0%

Return on assets
2.51%
(2019: 3.80%)
↓129 bps

Return on equity
25.8%
(2019: 41.5%)
↓1 570 bps

Loans and advances
R477bn
(2019: R463bn)
↑3%

Deposits
R623bn
(2019: R530bn)
↑17%

Cost-to-income ratio
51.6%
(2019: 50.6%)
↑100 bps

Credit loss ratio
3.08%
(2019: 1.52%)
↑109 bps

NPLs as % of advances
7.59%
(2019: 5.89%)
↑170 bps

27

Key operational statistics

Customers

Retail	7.20m	–
- Consumer	5.74m	(2%)
- Premium	1.46m	+9%
Commercial	1.03m	+6%
Total SA	**8.23m**	**–**
eWallet*	**3.27m**	**+39%**

Insurance

In-force APE	+7%
Retail base penetration	26%
Number of lives covered	6.3m

Third-largest insurer in **FNB base** by debit order value

Vertical sales index

2.92

(2019: 2.86) ↑

eWallet

Send money value	+10%
% of ATM withdrawals	29%
Value of withdrawals	R33bn

Wealth and investments

Account base	+13%
Trade values	R33bn
AUM	+8%

FNB voted the

BEST DIGITAL BANK

in the 2015 – 2020 SITEisfaction survey

Banking app

Volumes	+28%
Monthly logins	+23%
Average users	3.5m

eBucks

Spend value	R2.2bn	+9%
Spend-to-earn ratio	90%	

Points of presence

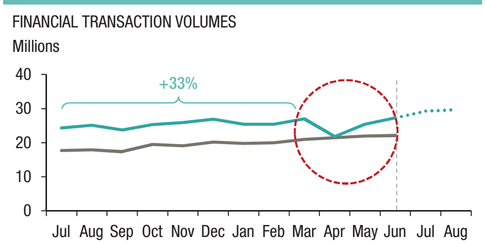
Branches	604	(1%)
ATMs/ADTs	5 622	(2%)

** eWallet transacting base refers to a wallet that has received funds and been accessed at least twice in a six-month period.*

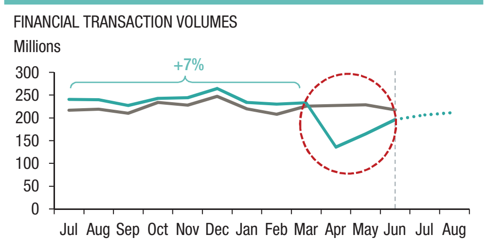
28

Pre-COVID volume growth …

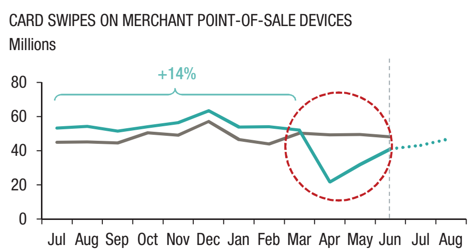
Banking app volumes ▲28% y/y



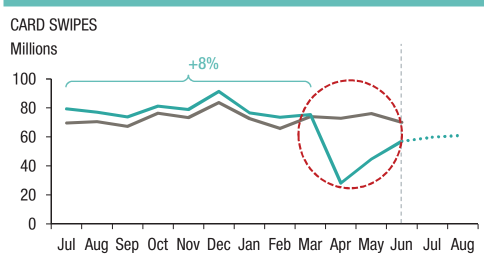
Transactional volumes* ▼1% y/y



Swipes at point-of-sale (acquiring) ▲1% y/y



Swipes by FNB card holders (issuing) ▼4% y/y

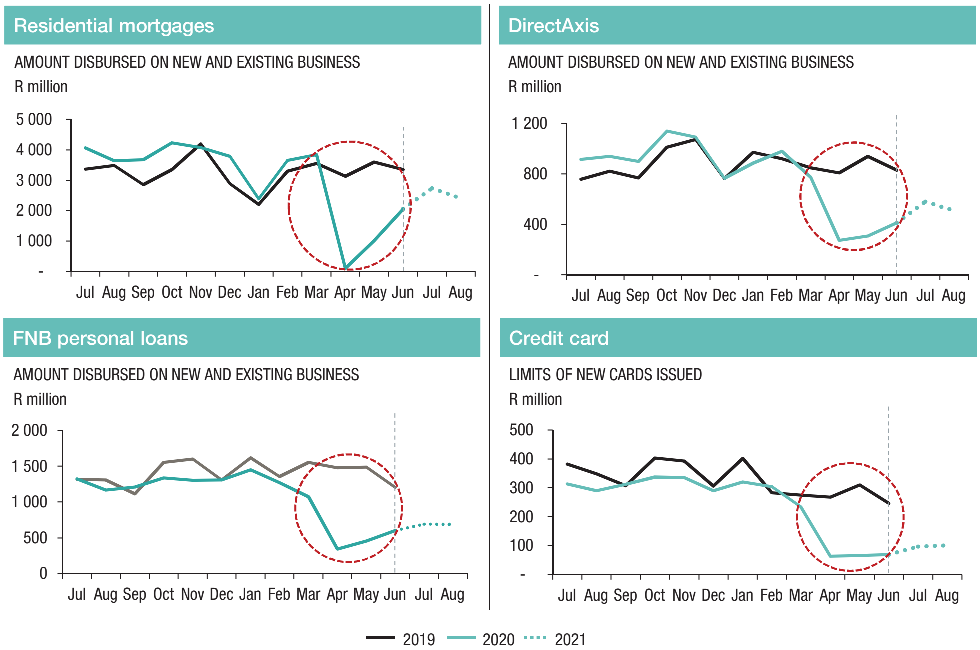


2019 2020 2021

** Reflect financial volumes on all channels.*

29

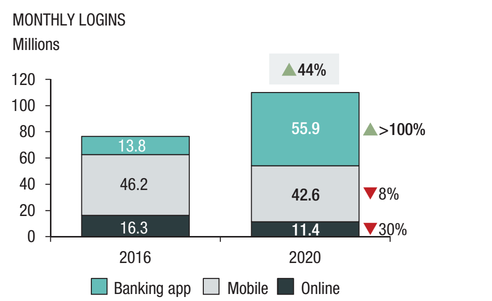
…and pay-out levels impacted during lockdown

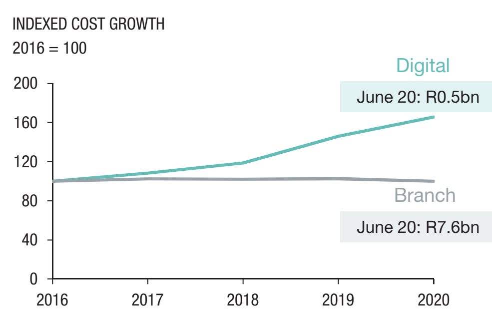


30

Continued progress on platform strategy

- Advantages of digital on-platform sales, service and fulfilment
  - Higher take-up
  - Lower cost of origination
    - Digital cost for FNB loans is 95% cheaper than branch
  - Entrenches customer relationships
  - 22% of mortgage payouts now originated on platform through nav>>Home
  - Proactive fraud detection of compromised customers improved >100%
  - Multiple customer data points inform more contextual solutions
  - On track to deliver efficiencies





31

FNB rest of Africa key performance metrics

Normalised earnings
R238m
(2019: R567m) ↓58%

Pre-tax profit
R1.1bn
(2019: R1.7 bn) ↓32%

Pre-provision operating profit
R2.7bn
(2019: R2.6bn) ↑6%

Return on equity
3.0%
(2019: 9.9%) ↓690 bps

Credit loss ratio
2.83%
(2019: 1.61%) ↑122 bps

Cost-to-income ratio
65.8%
(2019: 66.1%) ↓30 bps

Mature subsidiaries

- NIR recovered on the back of repricing and customer acquisition
- Impairments increased >100% (Botswana and Namibia)

Mixed picture in emerging subsidiaries

- Losses contained
- GHL merger finalised
- Tanzania exit

32

RMB performance highlights

Normalised earnings
R5 819m
(2019: R6 975m) ↓17%

Pre-tax profit
R8 315m
(2019: R9 859m) ↓16%

Pre-provision operating profit
R11.7bn
(2019: R10.3bn) ↑14%

Return on assets
0.98%
(2019: 1.40%) ↓42 bps

Return on equity
16.0%
(2019: 21.0%) ↓500 bps

Primary-banked relationships
457
(2019: 441) ↑4%

Activity PBT split

	2020	change
IB&A	R4.6bn	(11%)
CTB	R1.9bn	(8%)
M&S	R2.4bn	21%
Investing	(R0.3bn)	(>100%)

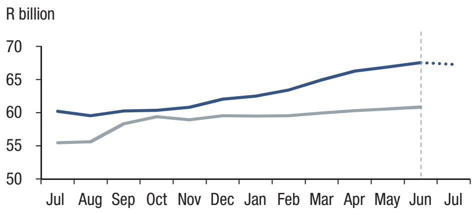
Credit loss ratio
0.94%
(2019: 0.12%) ↑82 bps

Cost-to-income ratio
42.5%
(2019: 46.8%) ↓430 bps

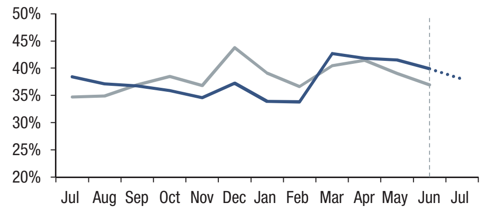
33

Underlying activity levels remained robust with increased facility utilisation

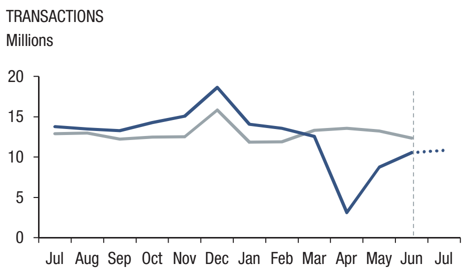
Operational deposits



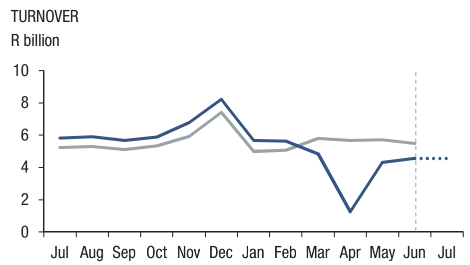
Rand general banking facility utilisation



Merchant services volumes (SA)



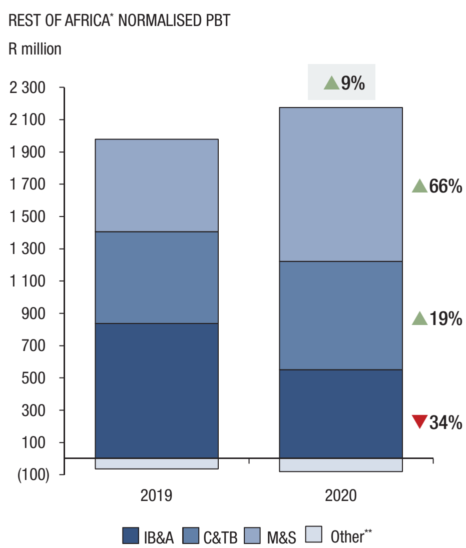
Merchant services turnover (SA)



2019 2020 2021

34

Growth in rest of Africa driven by strong markets performance



Markets and structuring

- Strong flow trading activities in Nigeria
- Robust growth leveraging off investments into the London-Africa corridor strategy
- Increased client activity across various markets

Corporate and transactional banking

- Increased transactional volumes and deposits, particularly in Botswana
- Increased impairments due to negative migration of counters and sovereign downgrades

Investment banking and advisory

- Adverse impact of COVID-19 ECL impairments, despite strong growth in annuity income

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

WesBank performance highlights

Normalised earnings
R843m
(2019: R1 808m)
↓53%

Pre-tax profit
R1 226m
(2019: R2 580m)
↓52%

Pre-credit provision operating profit*
R5.0bn
(2019: R5.0bn)
⇔0%

FNB/RMB-banked new business production

Retail VAF	51%
Corporate and commercial	78%

Return on equity
8.0%
(2019: 17.8%)
↓980 bps

Cost-to-income ratio
50.0%
(2019: 47.4%)
↑260 bps

Costs
R4 296m
(2019: R4 123m)
↑4%

Credit loss ratio
2.28%
(2019: 1.46%)
↑82 bps

PBT contribution

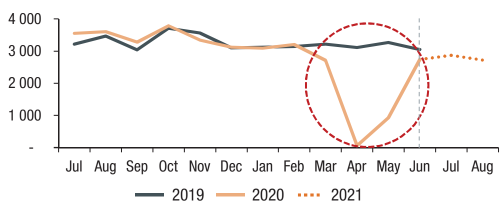
Retail VAF	80%
Corporate and commercial	20%

* *PBT less credit impairments and credit impairments on associates.*

Disciplined origination resulted in expected new business payout until pandemic impact

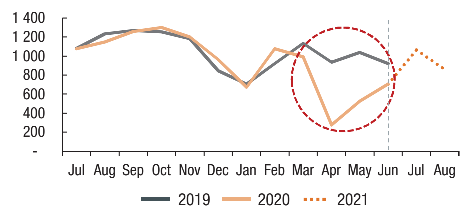
Retail VAF bounce-back

AMOUNT DISBURSED ON NEW AND EXISTING BUSINESS
R million



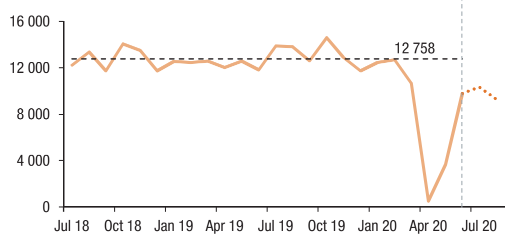
Corporate and commercial start to stablise

AMOUNT DISBURSED ON NEW AND EXISTING BUSINESS
R million

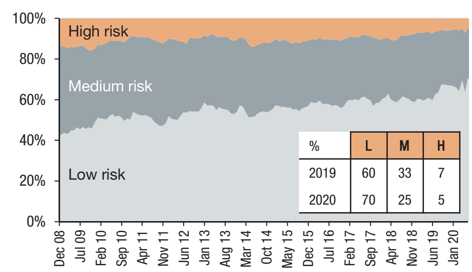


Pre-lockdown retail new business production units up

NEW BUSINESS PRODUCTION UNITS



Scorecards tilting origination to lower-risk buckets



37

UK operations’ performance highlights

Normalised earnings
£44m
(2019: £126m)
↓65%

Pre-tax profit
£74m
(2019: £179m)
↓59%

Pre-provision operating profit
£248m
(2019: £243m)
↑2%

Return on assets
0.26%
(2019: 0.81%)
↓55 bps

Return on equity
3.9%
(2019: 11.8%)
↓790 bps

Aldermore excluding MotoNovo PBT
£81.8m
(2019: £136.8m)
↓40%

Credit loss ratio
1.24%
(2019: 0.49%)
↑75 bps

Cost-to-income ratio
50.7%
(2019: 49.8%)
↑90 bps

MotoNovo standalone PBT
(£8.1m)
(2019: £42.5m)
↓>100%

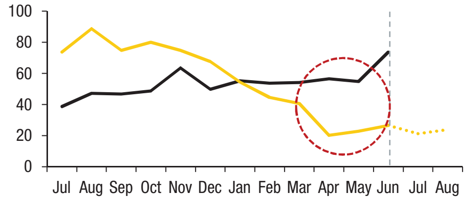
A

38

Rebound in MotoNovo volumes, other books still below trend

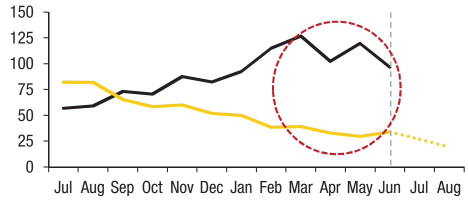
Residential mortgages

AMOUNT DISBURSED ON NEW AND EXISTING BUSINESS
£ million



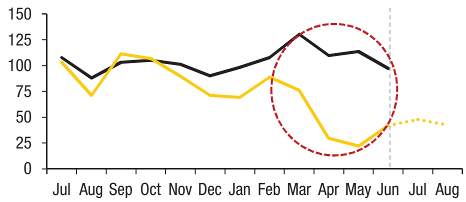
Buy-to-let

AMOUNT DISBURSED ON NEW AND EXISTING BUSINESS
£ million



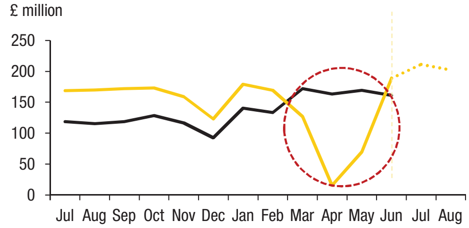
Asset finance

AMOUNT DISBURSED ON NEW AND EXISTING BUSINESS
£ million



MotoNovo (VAF)

AMOUNT DISBURSED ON NEW AND EXISTING BUSINESS
£ million



2019 2020 2021

A

FirstRand

2020

RESULTS PRESENTATION

for the year ended 30 June

financial review

40

Key performance metrics (normalised)

	2020	2019	% change
Diluted EPS (cents)	307.8	497.3	(38) ▼
Dividend per share* (cents)	146	291	(50) ▼
Earnings (R million)	17 265	27 894	(38) ▼
NIACC** (R million)	(1 443)	10 729	(>100) ▼
Net asset value per share (cents)	2 453.1	2 311.3	6 ▲
Net interest margin (%)	4.45	4.75	▼
Credit loss ratio (%)	1.91	0.88	▲
Credit loss ratio (excluding UK operations) (%)	2.10	0.98	▲
Cost-to-income ratio (%)	52.9	51.6	▲
Return on equity (%)	12.9	22.8	▼
Return on assets (%)	0.96	1.75	▼
CET1 ratio# (%)	11.5	12.1	▼

* Interim dividend per share 146 cents (2019: 139 cents). Final dividend per share n/a (2019: 152 cents).

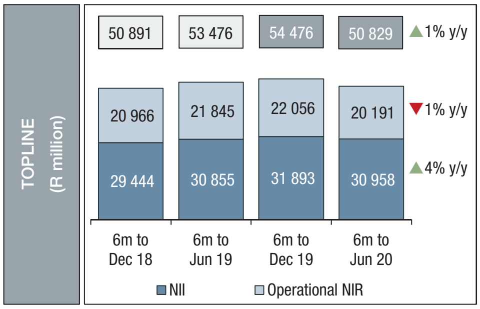
** Defined as net income after cost of capital (economic profit).

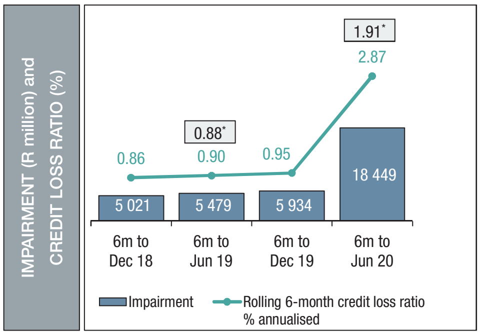
Includes unappropriated profits.

41

Credit drives down normalised earnings, pre-provision operating profit resilient

NORMALISED EARNINGS R million	2020	2019	% change
Net interest income	62 851	60 299	▲ 4
Operational non-interest revenue	42 247	42 811	▼ 1
Share of associate income	207	1 257	▼ 84
Total revenue	105 305	104 367	▲ 1
Operating expenses	(55 656)	(53 899)	▲ 3
Indirect tax	(1 348)	(1 280)	▲ 5
Pre-provision operating profit	48 301	49 188	▼ 2
Impairment charge	(24 383)	(10 500)	▲ >100
Income tax expense	(4 874)	(9 152)	▼ 47
Profit after tax	19 044	29 536	▼ 36
Other equity and non-controlling	(1 779)	(1 642)	▲ 8
Normalised earnings	17 265	27 894	▼ 38



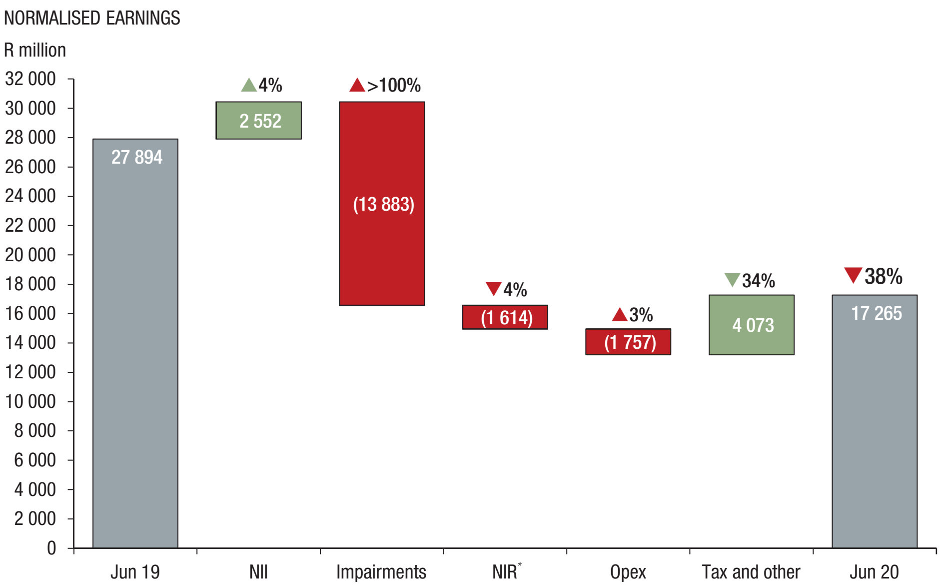


* 12 month credit loss ratio to June.

Note: Topline total includes share of associate income.

42

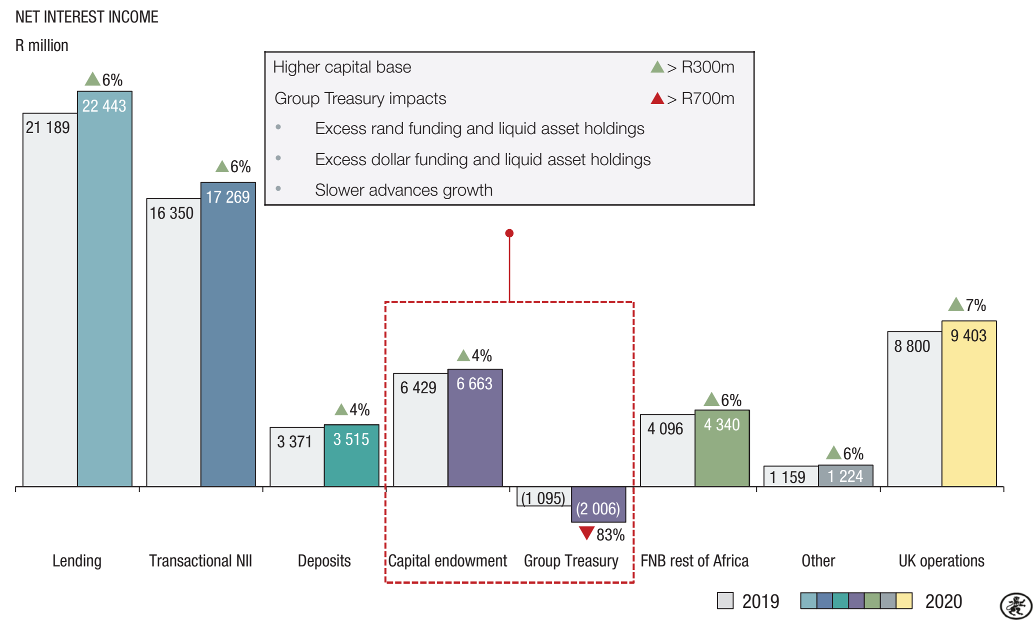
Impairments represent over 90% of decline in normalised earnings



* Including income from associates and joint ventures.

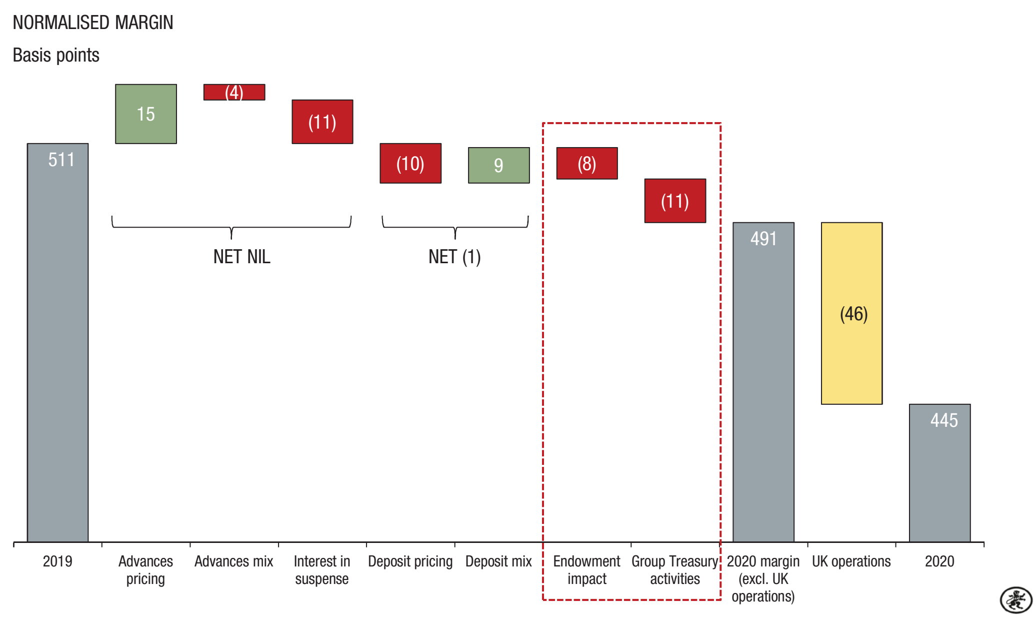
43

Net interest income resilient due to liabilities growth, but margin pressure across portfolio



44

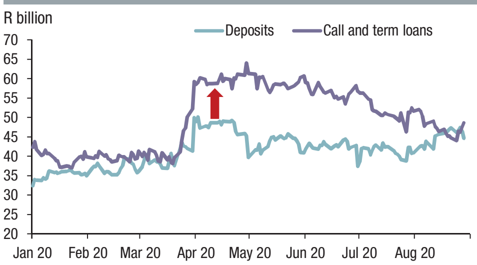
Unpacking margin – endowment and liquidity drag most significant



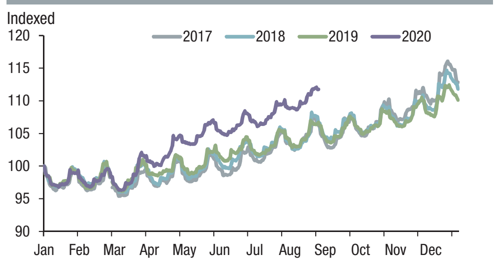
45

Lockdown caused massive dislocation to balance sheet trends

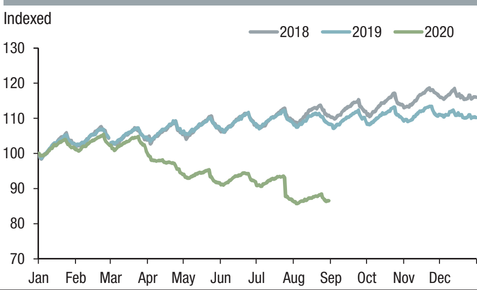
CORPORATE – CALL AND TERM LOANS VS DEPOSITS



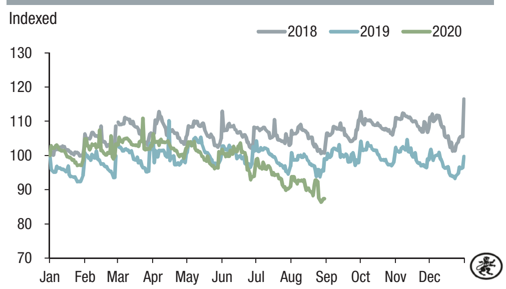
RETAIL AND COMMERCIAL DEPOSITS (INDEXED)



FNB CREDIT CARD ADVANCES



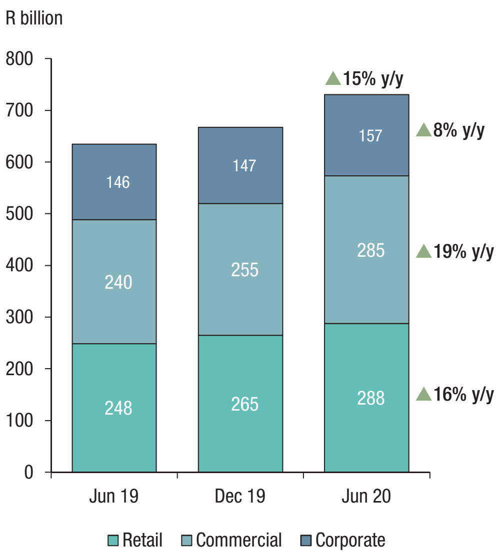
FNB OVERDRAFTS



46

Strength of transactional franchise attracted above system deposit growth

SOUTH AFRICA DEPOSITS*



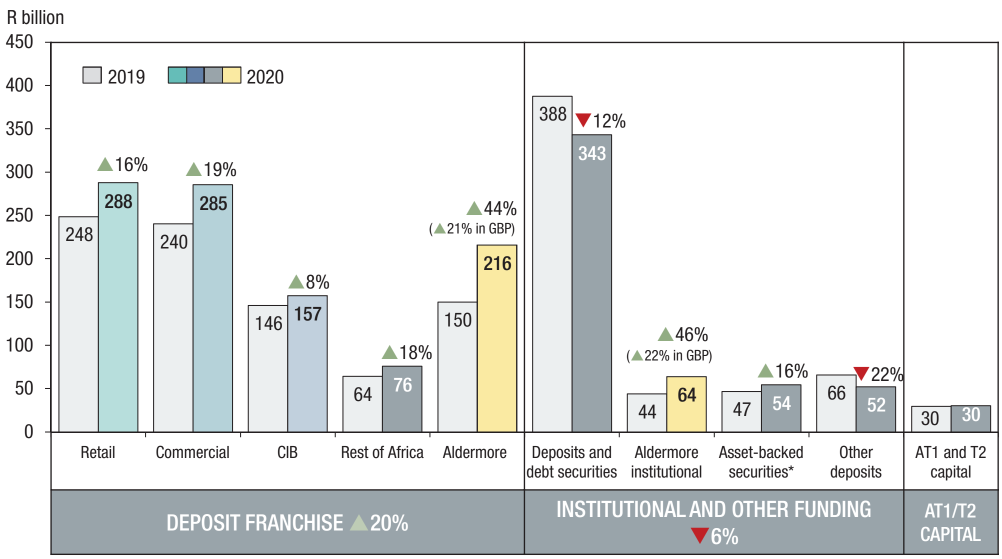
- Aligned to strategy to grow group's deposit franchise
- Value proposition underpinned by
  - Competitive products and rates
  - Platform-enabled execution – traction in deposits sourced through digital channels
  - Supported cross-sell and up-sell to existing base

* *Include transactional and other deposits.*

47

Strength of deposit franchise benefited given COVID-19 response from institutional funders

LIABILITIES

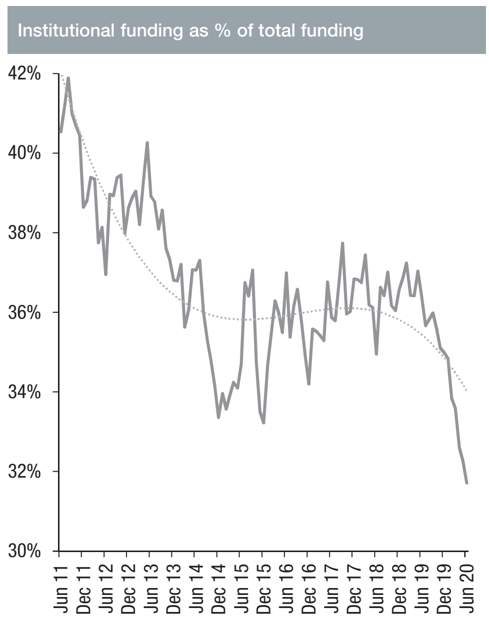


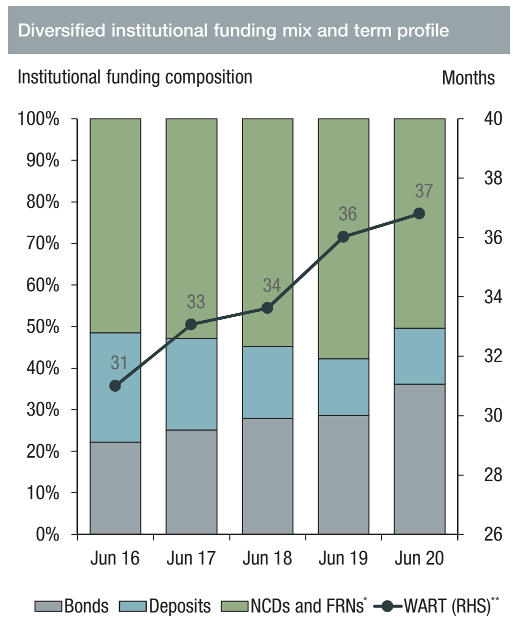
* Asset-backed securities include Aldermore's securitisations.

Note: *Percentage growth is based on actual rather than rounded numbers shown in the bar graphs.*

48

Resultant lengthening of term



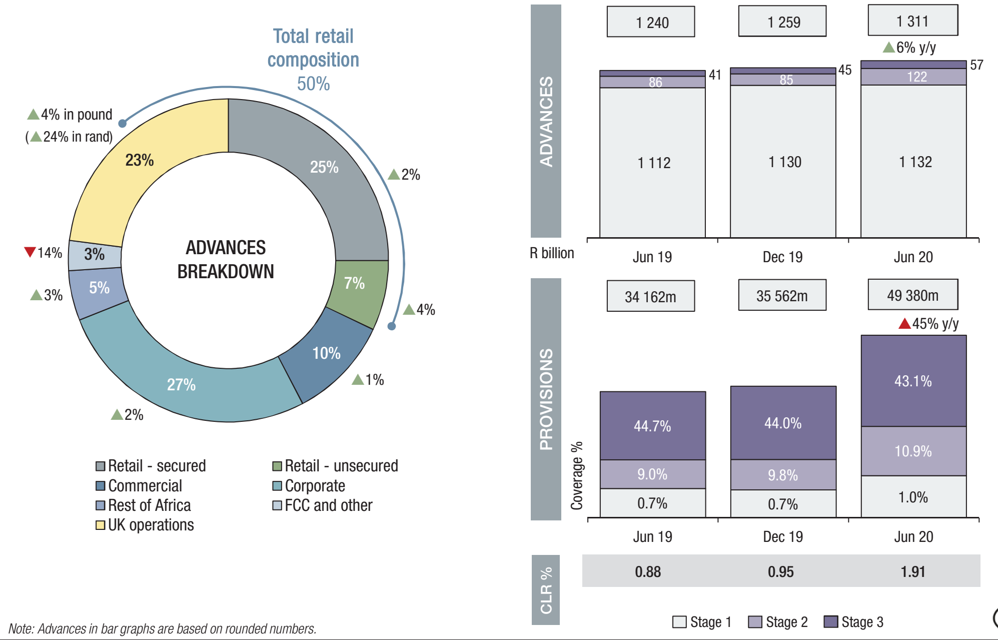


** *Negotiable certificates of deposit (NCD) and floating rate notes (FRNs).*

* *Weighted average remaining term (WART) is for institutional funding in South Africa.*

49

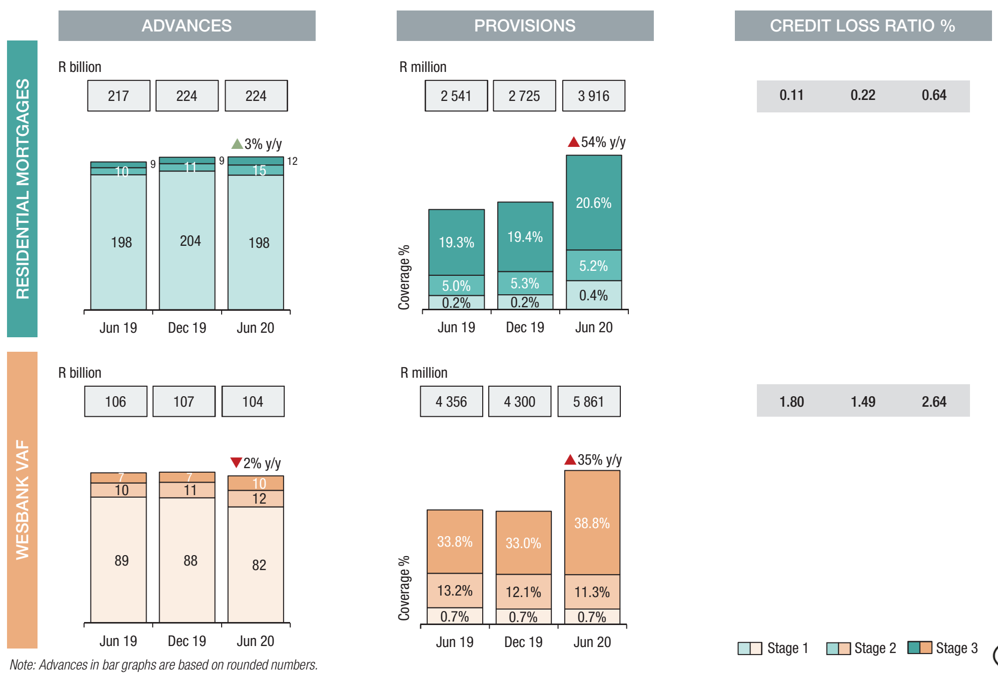
Nature of this crisis impacts performing coverage across portfolios despite diversification



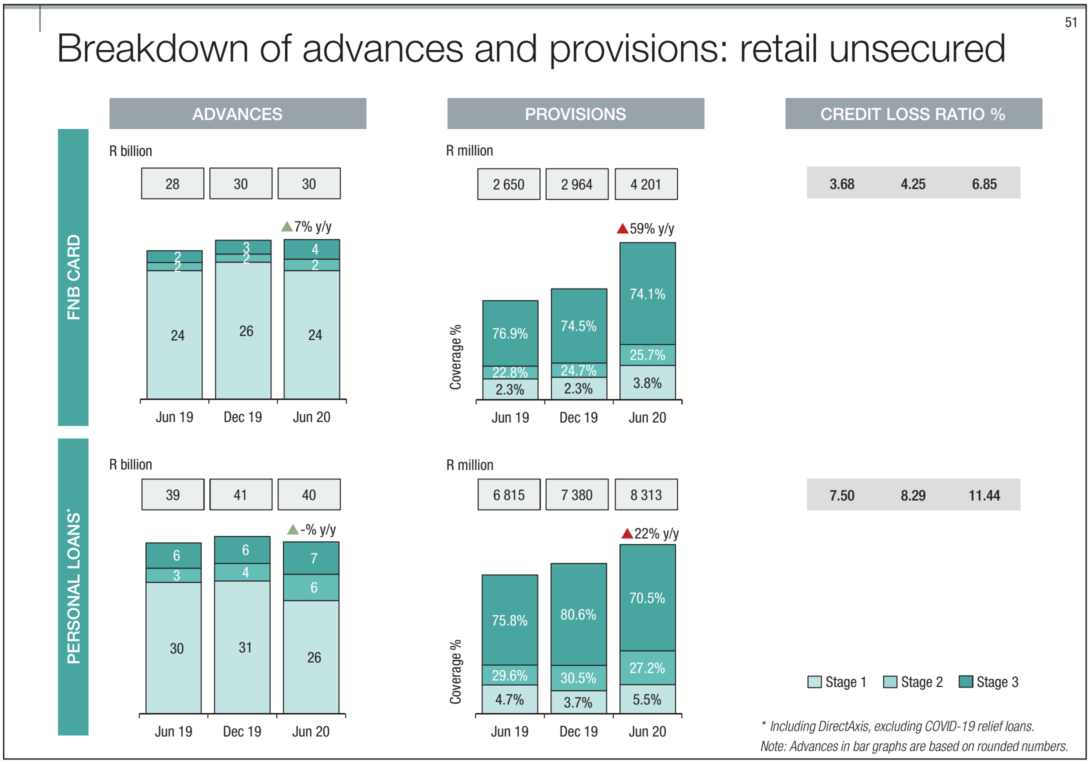
Note: Advances in bar graphs are based on rounded numbers.

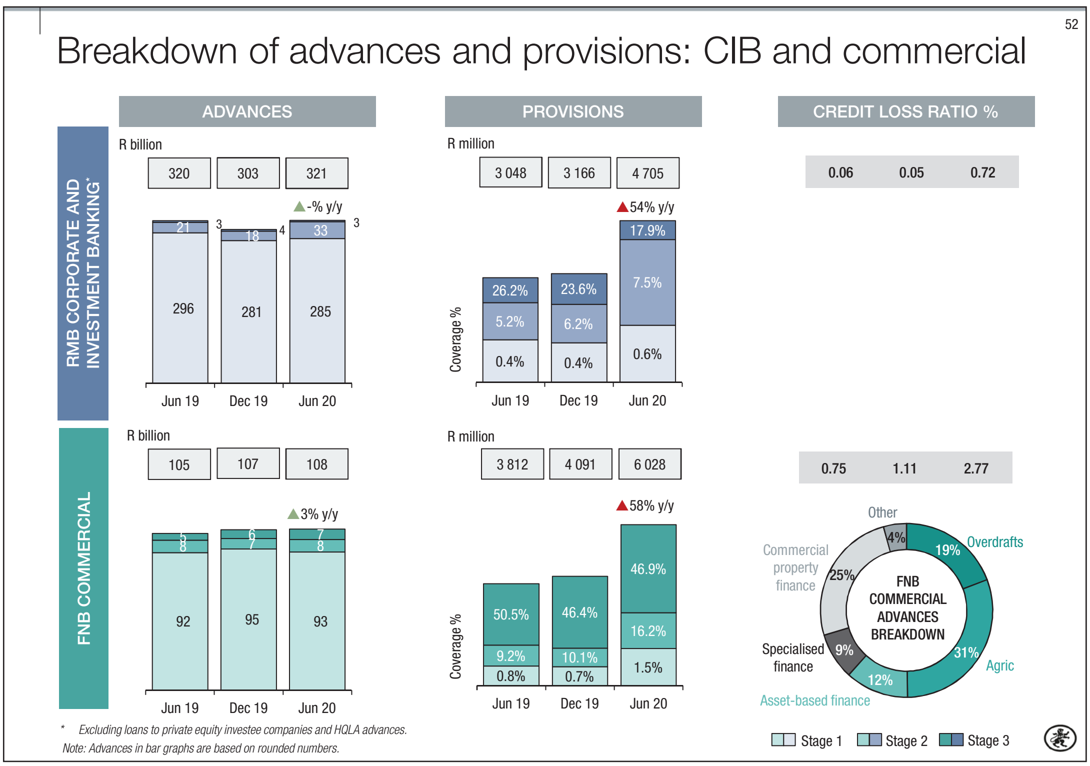
50

Breakdown of advances and provisions: retail secured



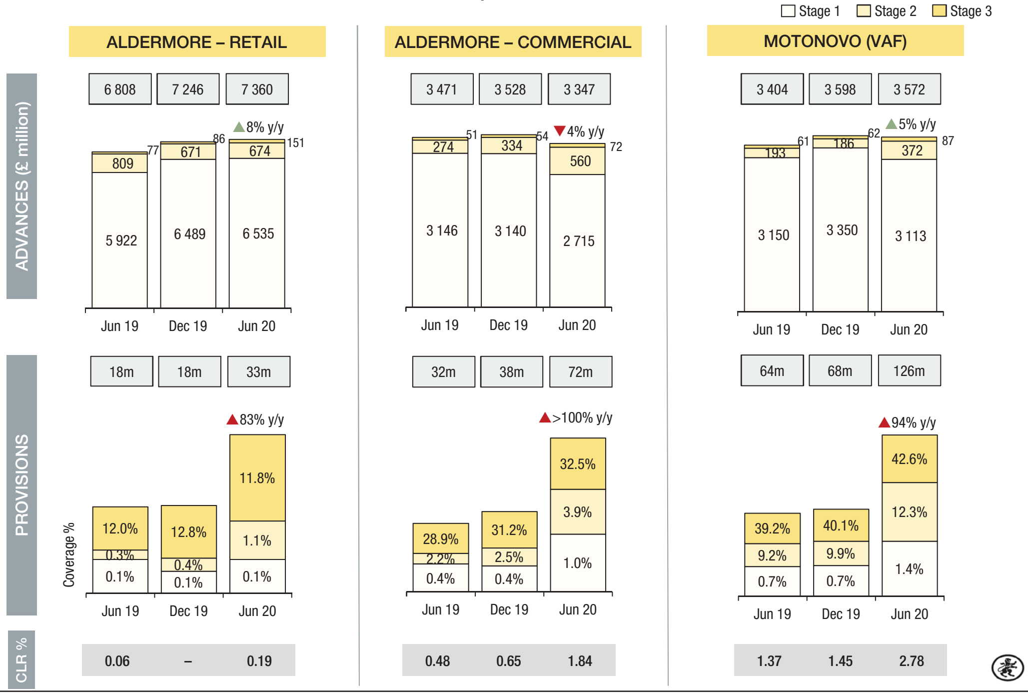
Note: Advances in bar graphs are based on rounded numbers.


51
Breakdown of advances and provisions: retail unsecured
ADVANCES
PROVISIONS
CREDIT LOSS RATIO %
FNB CARD
R billion
28 30 30
7% y/y
Jun 19 Dec 19 Jun 20
R million
2 650 2 964 4 201
59% y/y
Coverage %
76.9% 74.5% 74.1%
22.8% 24.7% 25.7%
2.3% 2.3% 3.8%
3.68 4.25 6.85
PERSONAL LOANS*
R billion
39 41 40
-% y/y
R million
6 815 7 380 8 313
22% y/y
75.8% 80.6% 70.5%
29.6% 30.5% 27.2%
4.7% 3.7% 5.5%
7.50 8.29 11.44
Stage 1 Stage 2 Stage 3
* Including DirectAxis, excluding COVID-19 relief loans.
Note: Advances in bar graphs are based on rounded numbers.


52
Breakdown of advances and provisions: CIB and commercial
ADVANCES
PROVISIONS
CREDIT LOSS RATIO %
RMB CORPORATE AND INVESTMENT BANKING*
R billion
320 303 321
-% y/y
296 281 285
21 18 33
Jun 19 Dec 19 Jun 20
R million
3 048 3 166 4 705
54% y/y
Coverage %
26.2% 23.6% 17.9%
5.2% 6.2% 7.5%
0.4% 0.4% 0.6%
0.06 0.05 0.72
FNB COMMERCIAL
R billion
105 107 108
3% y/y
92 95 93
R million
3 812 4 091 6 028
58% y/y
50.5% 46.4% 46.9%
9.2% 10.1% 16.2%
0.8% 0.7% 1.5%
0.75 1.11 2.77
FNB COMMERCIAL ADVANCES BREAKDOWN
Other 4%
Overdrafts 19%
Agric 31%
Asset-based finance 12%
Specialised finance 9%
Commercial property finance 25%
Stage 1 Stage 2 Stage 3
* Excluding loans to private equity investee companies and HQLA advances.
Note: Advances in bar graphs are based on rounded numbers.

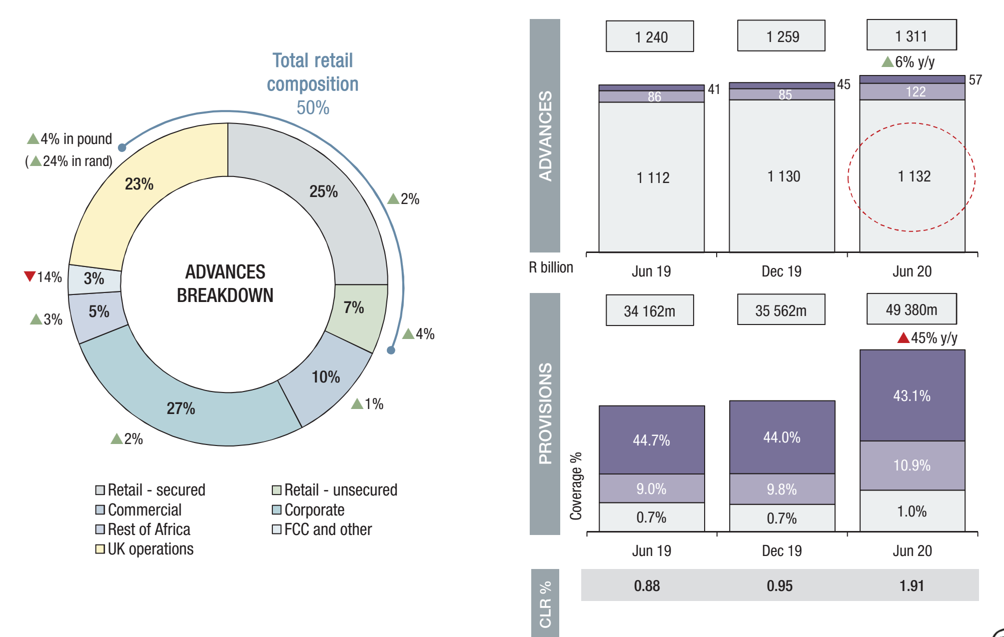
53

Breakdown of advances and provisions: UK business



54

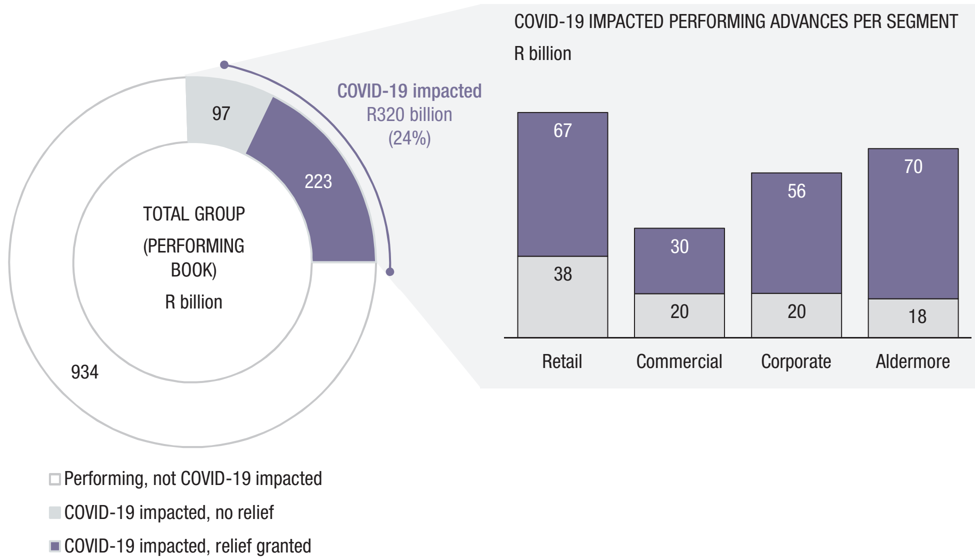
Unpacking the performing book…



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

55

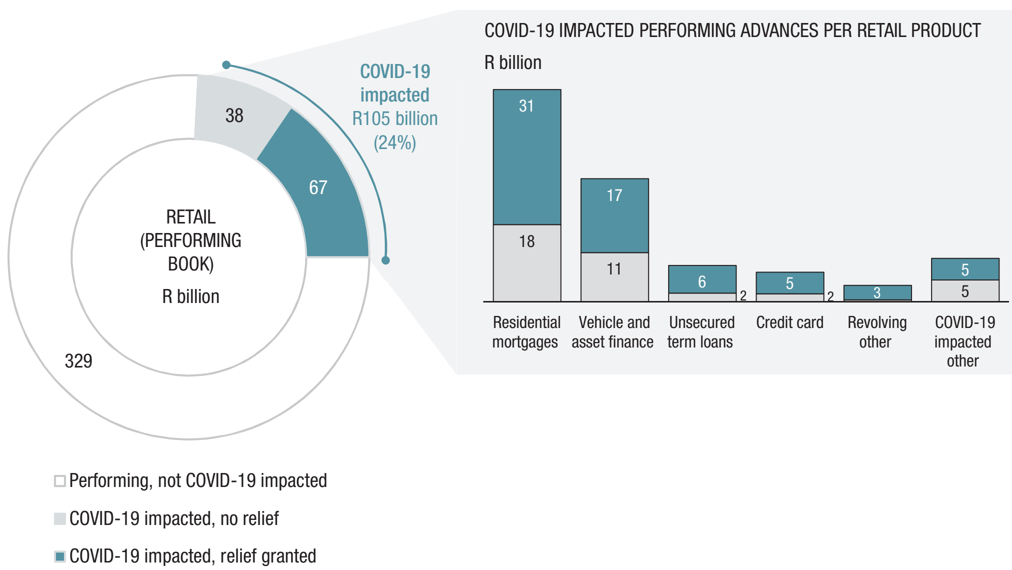
…majority of customers did not require COVID-19 relief



Note: COVID-19 impacted performing advances in bar graphs is based on rounded numbers.

56

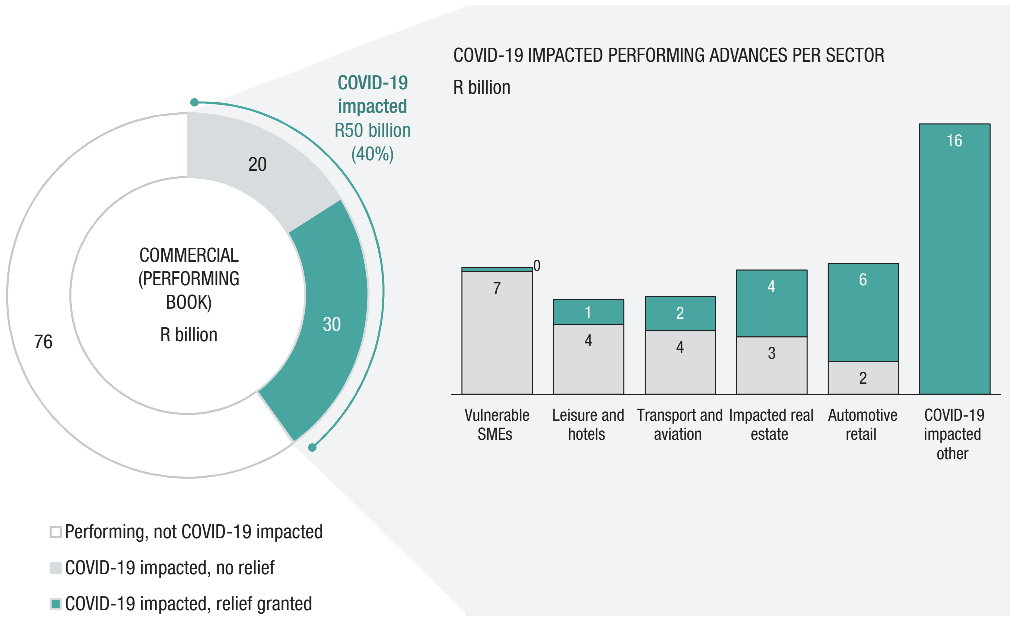
Absolute retail relief concentrated in secured



Note: COVID-19 impacted performing advances in bar graphs is based on rounded numbers.

57

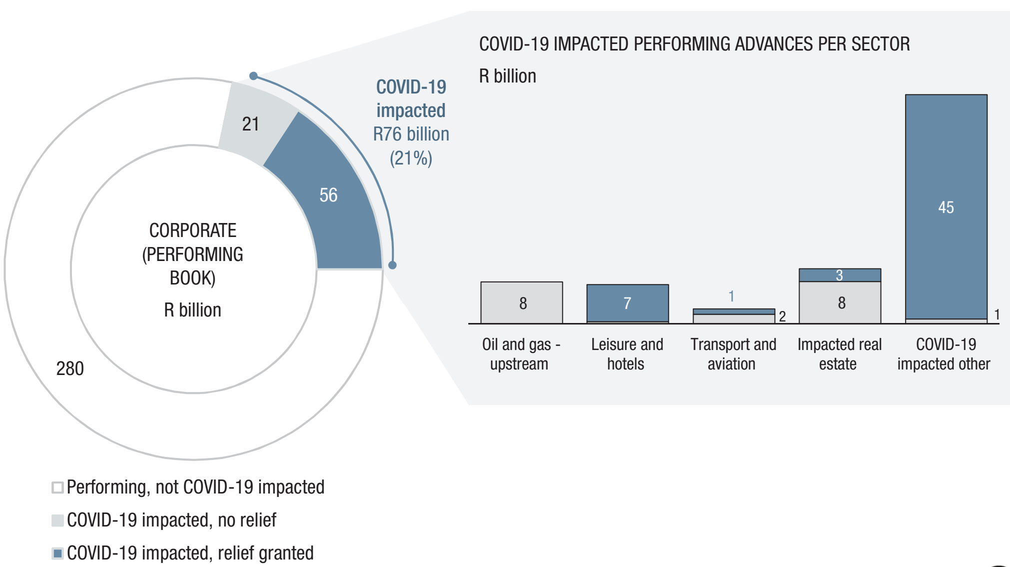
Commercial relief at client level, assessed 'survivability'



Note: COVID-19 impacted performing advances in bar graphs is based on rounded numbers.

58

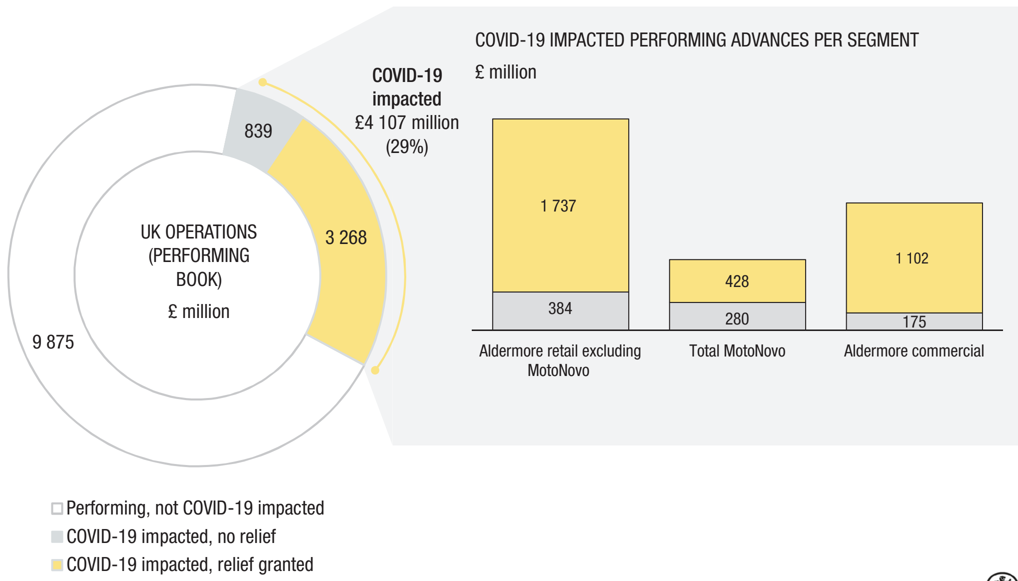
Corporate approach to relief also client centric



Note: COVID-19 impacted performing advances in bar graphs are based on rounded numbers.

59

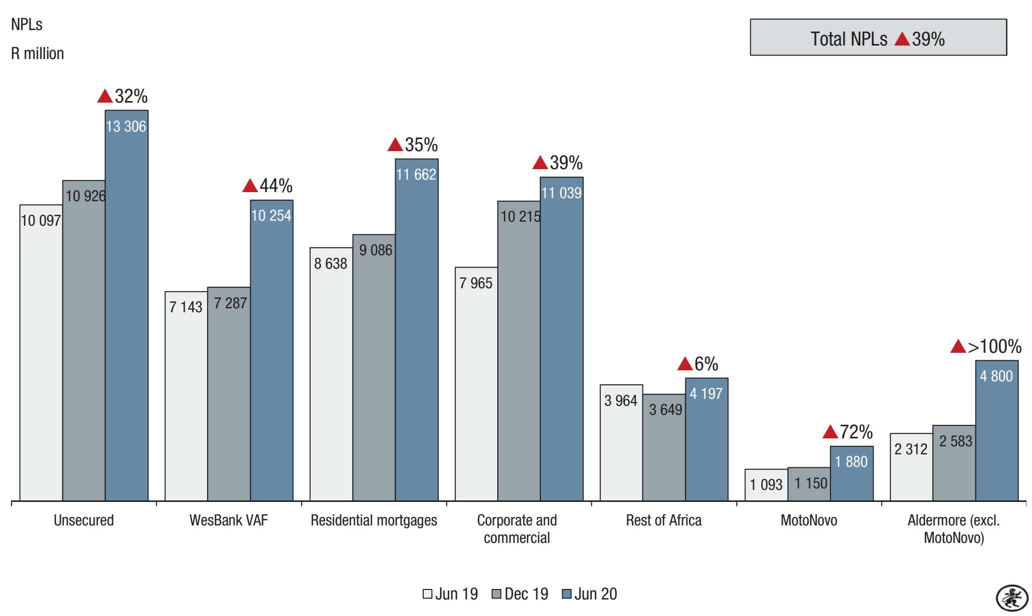
Relief reflects forbearance and fiscal support for SMEs



Note: COVID-19 impacted performing advances in bar graphs are based on rounded numbers.

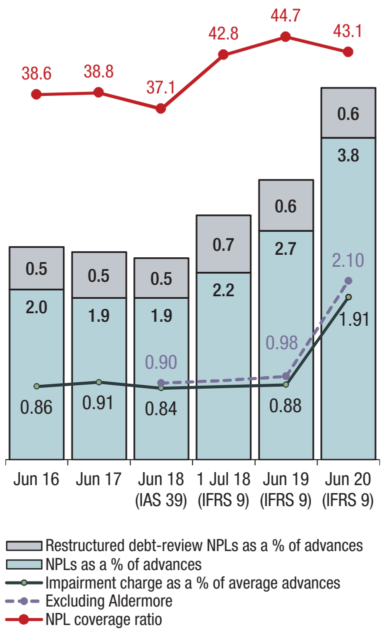
60

NPL formation trends compounded by COVID-19



61

Credit charge 2.3x prior year



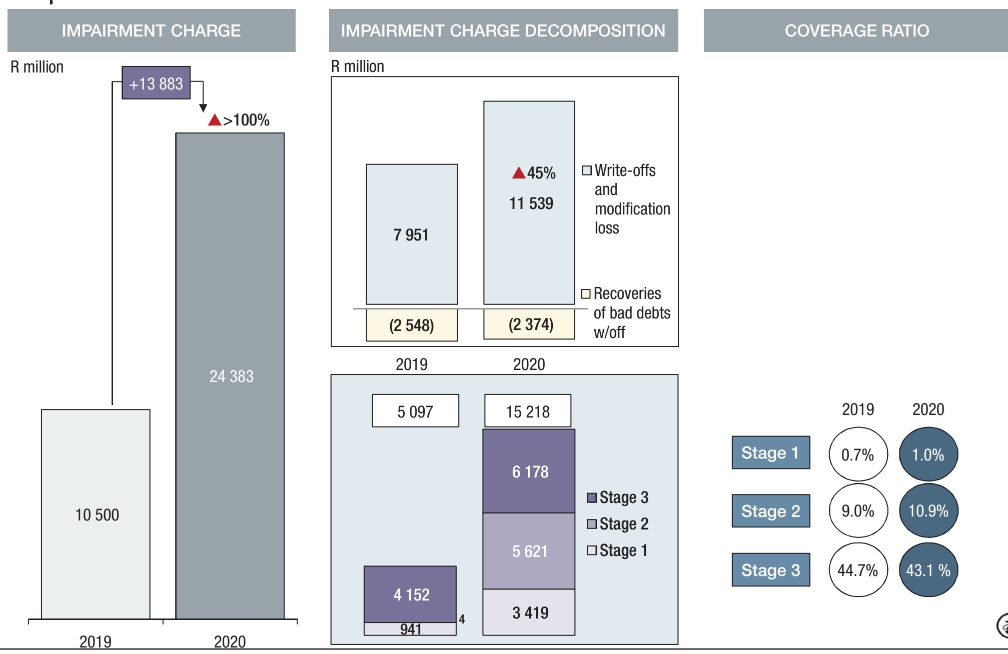
IMPAIRMENT CHARGE R million	2020	2019	2020 CLR %	2019 CLR %
Retail – secured	4 185	2 135	1.28	0.67
Residential mortgages	1 411	232	0.64	0.11
WesBank VAF	2 774	1 903	2.64	1.80
Retail – unsecured	8 562	4 904	9.83	6.28
FNB card	1 997	937	6.85	3.68
Personal loans	4 899	2 682	12.06	7.50
- FNB	2 447	1 296	10.46	6.39
- DirectAxis loans	2 068	1 386	12.87	8.94
- COVID-19 relief	384	-	32.99	-
Retail other	1 666	1 285	9.62	7.60
Total retail	12 747	7 039	3.09	1.78
Commercial	3 198	832	2.39	0.64
Corporate	3 293	400	0.95	0.12
Rest of Africa	1 630	890	2.49	1.41
FCC (including GTSY)	114	156	0.28	0.37
Total excluding UK operations	20 982	9 317	2.10	0.98
UK strategy	3 401	1 183	1.23	0.50
Total including UK operations	24 383	10 500	1.91	0.88

62

Impairment charge also reflects FLI-driven coverage increase

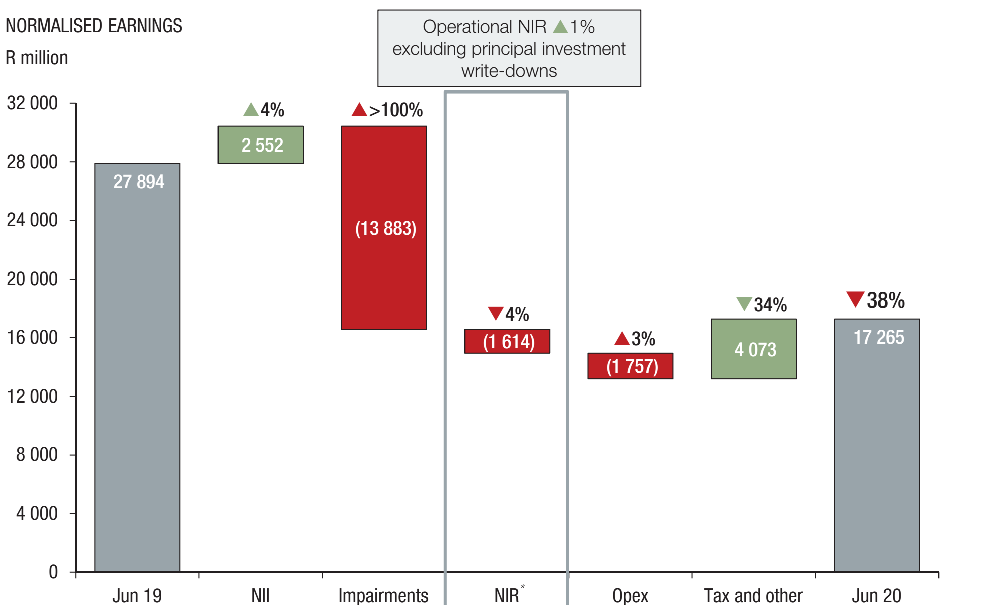
63

Write-offs, particularly in unsecured, remained in line with expectations

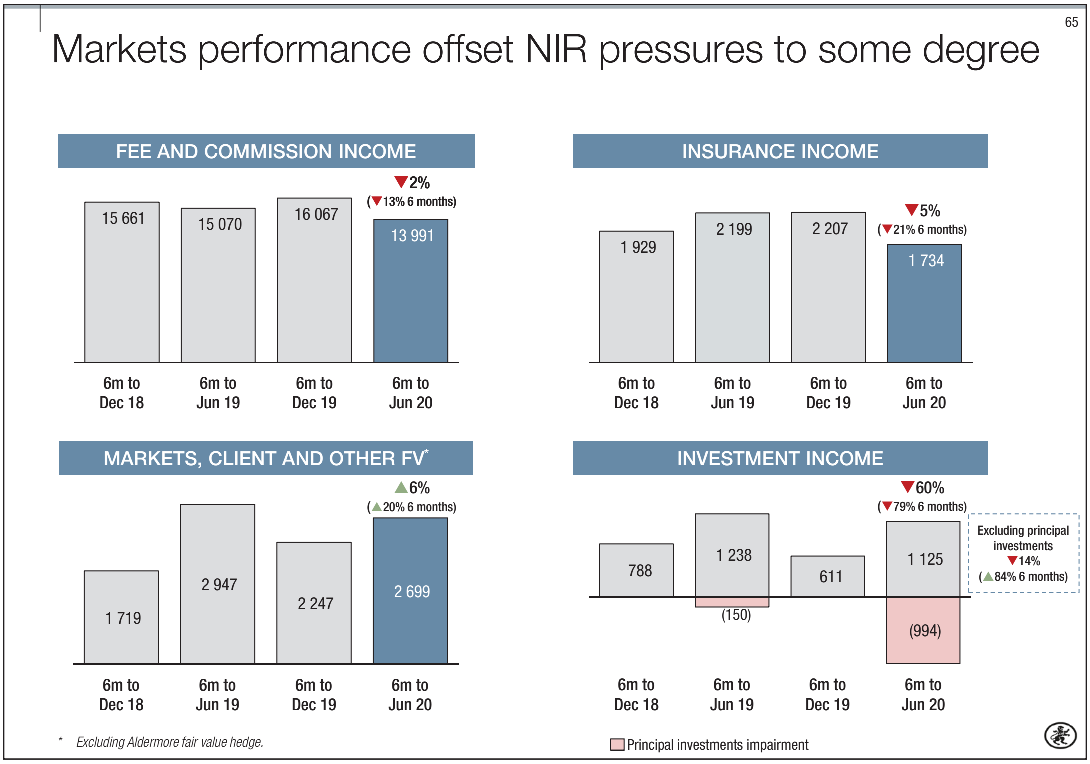


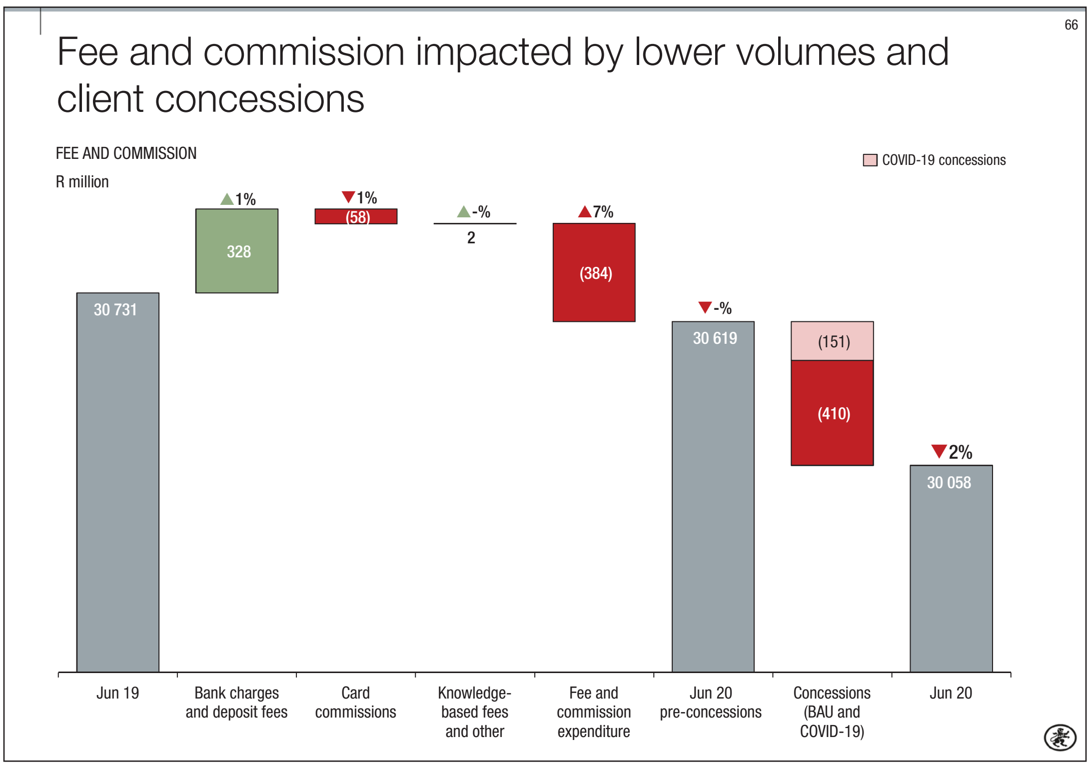
64

Operational NIR resilient, principal investment write-downs impacted overall NIR



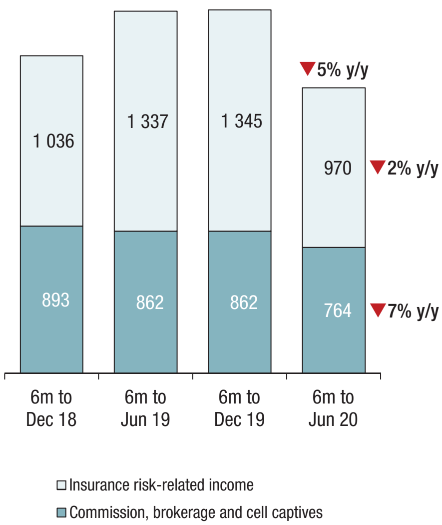
* Including income from associates and joint ventures.


65
Markets performance offset NIR pressures to some degree
FEE AND COMMISSION INCOME
15 661
15 070
16 067
2%
(13% 6 months)
13 991
6m to Dec 18
6m to Jun 19
6m to Dec 19
6m to Jun 20
INSURANCE INCOME
1 929
2 199
2 207
5%
(21% 6 months)
1 734
6m to Dec 18
6m to Jun 19
6m to Dec 19
6m to Jun 20
MARKETS, CLIENT AND OTHER FV*
1 719
2 947
2 247
6%
(20% 6 months)
2 699
6m to Dec 18
6m to Jun 19
6m to Dec 19
6m to Jun 20
INVESTMENT INCOME
788
1 238
(150)
611
60%
(79% 6 months)
1 125
(994)
Excluding principal investments
14%
(84% 6 months)
6m to Dec 18
6m to Jun 19
6m to Dec 19
6m to Jun 20
* Excluding Aldermore fair value hedge.
Principal investments impairment


66
Fee and commission impacted by lower volumes and client concessions
FEE AND COMMISSION
R million
COVID-19 concessions
30 731
1%
328
1%
(58)
-%
2
7%
(384)
-%
30 619
(151)
(410)
2%
30 058
Jun 19
Bank charges and deposit fees
Card commissions
Knowledge-based fees and other
Fee and commission expenditure
Jun 20 pre-concessions
Concessions (BAU and COVID-19)
Jun 20

67

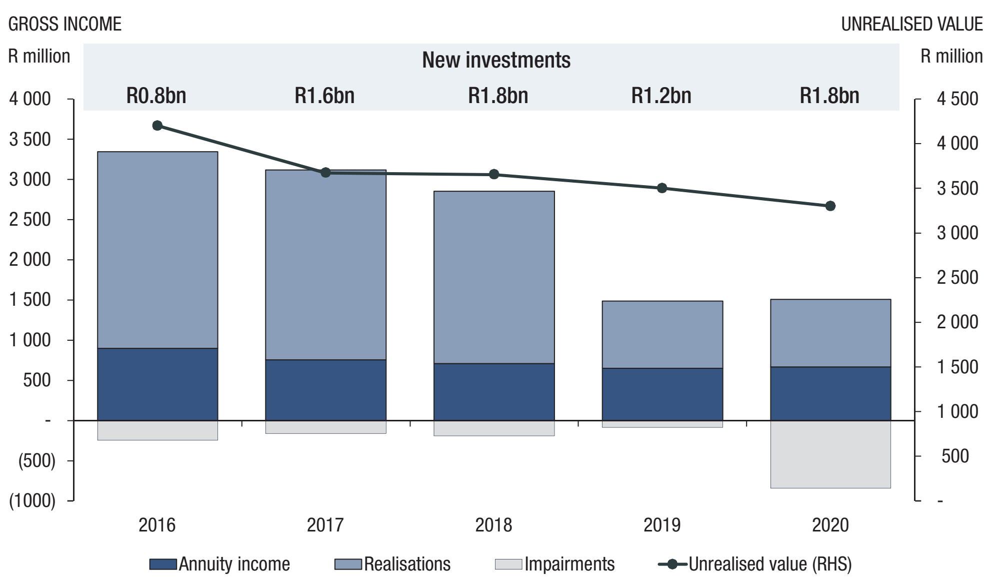
Insurance income experienced increased insurance claims from COVID-19



	% change
Insurance risk-related income	
Increased claims and higher provision for death and retrenchments	53 ▲
Strong growth in premiums driven by FNB Life	18 ▲
Commission, brokerage and cell captives	
Profit share down from cell captives due to increased claims and higher provision for death and retrenchments	20 ▼

68

Unrealised value of private equity intact despite uptick in impairments

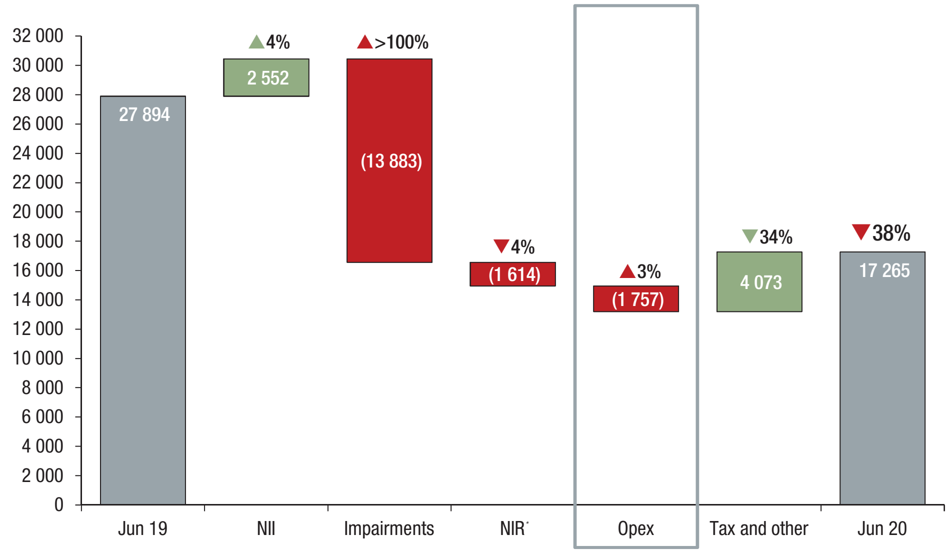


69

Unpacking 3% increase in costs

NORMALISED EARNINGS

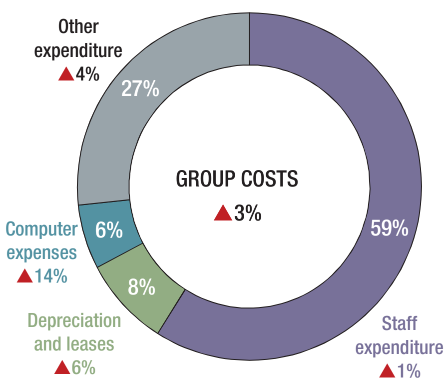
R million



* Including income from associates and joint ventures.

70

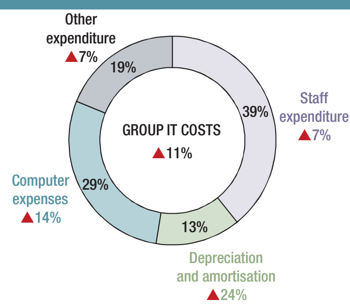
Operating expenditure still reflects continued investments



STAFF COSTS ▲1%

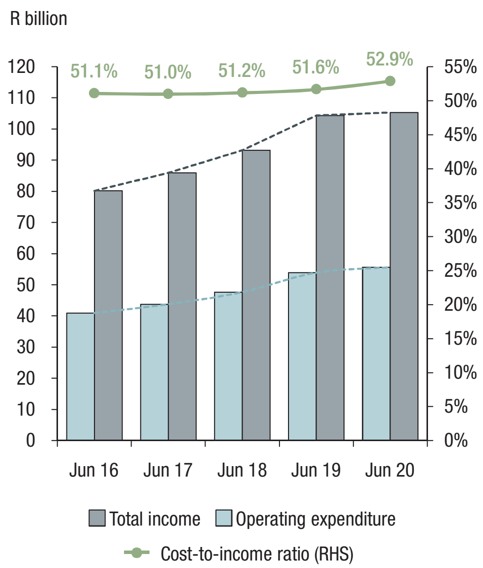
	% change	Comment
Direct staff costs	10	• Unionised increases in SA average of 7.2% • 1% increase in headcount
Other staff-related	(20)	• Bonus pool reduction and CIP17 not vesting

IT COSTS ▲11%



71

The group continues to work on cost base, investments in growth strategies impact bottom line



Cost increase of 3%:

- Despite pre-COVID-19 cost efficiencies
- Continued to invest in new initiatives, technology and platforms through the income statement
- Short-term cost lever was lower variable remuneration

FirstRand

2020

RESULTS PRESENTATION

for the year ended 30 June

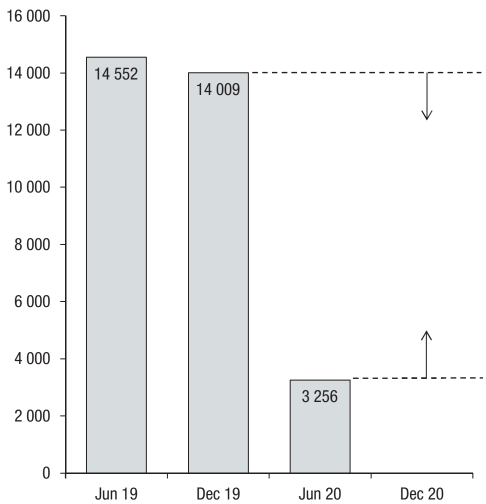
looking ahead

73

COVID-19 is a 2020 calendar year event for FirstRand – base effect in Dec 2020

NORMALISED EARNINGS FOR THE SIX MONTHS TO

R million



- Pressure on earnings remains for next six months
- On a rolling six-month basis:
  - Earnings bottomed in June 2020
  - December 2020 half-year faces a pre-COVID December 2019 base effect
- Full-year 2021 earnings unlikely to recover to June 2020 levels

74

SA post year-end trends show improvement

High-level, early indications:

- Volumes have improved since lockdown, but still lower compared to prior year and show that strain continues
  - Early indications that average financial transactions recovered to ±90% of pre-lockdown levels (value per transaction has increased year-on-year, although volumes lower)
  - Merchant services volumes recovering from April lows to close to pre-lockdown levels
- Annual house price growth rebounded 1.4% in July and appears to be holding up
- Retail collections trending better in July and August than in Q4 of FY20
- Early debt relief repayment experience in line with expectations
- Payrolls, having declined c. 20% March to April, have seen steady recovery but remain c. 5% below pre-lockdown levels

75

UK post year-end trends also encouraging

Aldermore

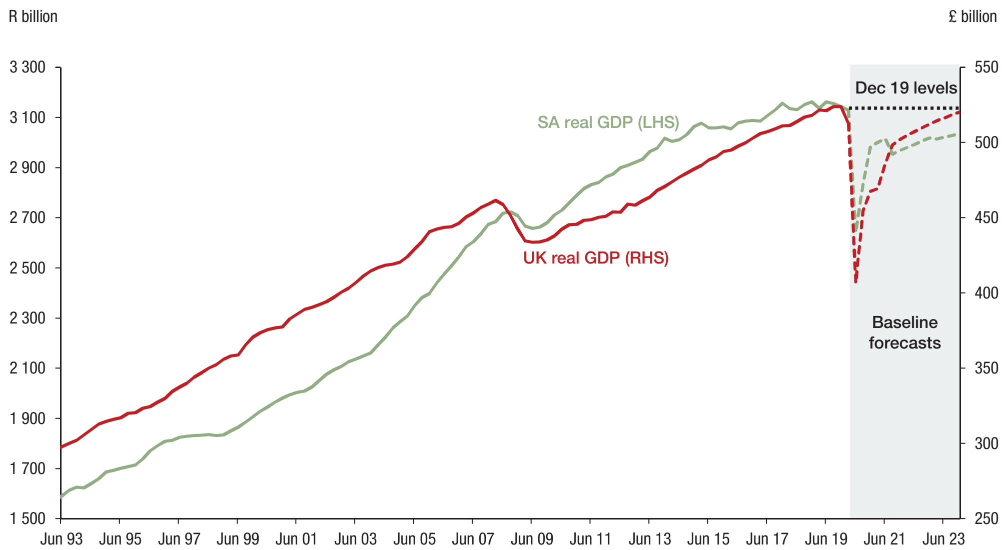
- >80% of customers exiting payment deferral are returning to make full contractual payments either via capitalisation or a repayment arrangement
- UK government introduced temporary stamp duty cut to support the housing market, with house prices rising 1.6% in both July and August
- Mortgage pipeline strengthening and expected to flow through to originations in the coming months, although still below prior year (c. 3-month lag between application and origination)
- Asset finance originations post June supported in part by CBILS lending, however, recovery is expected to be behind that of mortgage and motor finance markets

MotoNovo

- Buoyant used-car market – shift away from public transport, move away from built-up urban areas, used car values up c. 15%
- Growing influence of digital in buying decision – where MotoNovo has strong capabilities
- Launched individual risk-based pricing (MotoRate) in July – represent a quarter of all sales in July and August, makes dealer finance more competitive for low-risk customers than unsecured bank finance, adopted by 1 350 dealers to date
- MotoNovo growing strongly post lockdown – written over £400m post year end (c. 20% higher than pre-crisis volume levels)

76

Bounce-back will be technical but real recovery in SA will take years, UK comes back sooner



77

What's required for the real recovery?

- Urgently need **implementation** of structural reform initiatives **identified by National Treasury:**
  - Ensuring **stable and sufficient electricity supply** (modernising network industries)
  - **Allocating 5G spectrum** (modernising network industries)
  - Attracting highly **skilled professionals** to South Africa through **relaxation of visa requirements** (alleviating skills constraints)
- Previously appealed to government to crowd-in the private sector
  - Financial capacity and skills to enable delivery
  - COVID-19 initiatives (e.g. Solidarity Fund, FirstRand's SPIRE) demonstrate how effectively South African business partnered with government to tackle social and economic challenges at scale
- Implementation could be **rapid**, should be **inexpensive** and will boost **business confidence and private sector investment**

The group will play its part to facilitate recovery

78

FirstRand's recovery and eventual outperformance underpinned by distinctive proposition

THE GROUP IS:

- A portfolio of multi-branded businesses providing a broad range of financial services
- A market leader in SA with ambitions to achieve leadership in all chosen markets
- Differentiated by a long-standing culture of entrepreneurial thinking

THE GROUP HAS:

- A rapidly maturing, integrated strategy – building ecosystems around the needs of customers
- Demonstrated an ability to create long-term, sustainable franchise value through innovation
- A disciplined approach to the allocation of scarce financial resources
- A long-term track record of delivering superior economic profits, returns and dividends to shareholders

79

FirstRand's unique portfolio will support earnings and ROE recovery

- Relative size of **transactional franchise**
  - Capital **light**
  - **Digital platform strategy** enables regular interactions, ecosystems and network effects – outcome is growth and efficiencies
  - **Deposit franchise** provides cost of funds advantage
  - **Data insights** – outcome is **contextual customer offerings** and **portfolio insights**
  - **Highly geared to economic recovery** – topline kicker
- **Balance sheet mix** provides **higher risk-adjusted margins**
- Deeply embedded FRM principles **drive allocation and pricing of financial resources**
  - **Credit underwriting** anchored to **preserve return profile**
  - **ROA,** not gearing, **drives return profile**
- **Unique diversification** strategy
  - As UK recovers, will provide **risk-adjusted ROA uplift;** optionality to grow in large market remains compelling
  - Integrated insurance and investment management businesses diversify and support NIR trajectory

81

Strategic framework

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.

DELIVERED THROUGH CURRENT STRATEGIES

Protect and grow banking businesses

Increase diversification – activity and geography

Broaden financial services offering

Portfolio approach to the rest of Africa

Grow a more valuable UK business

SOUTH AFRICA

Build a platform-based integrated financial services business

REST OF AFRICA

Better leverage existing portfolio

UK

Scale, disrupt and digitise

Enabled by disruptive digital platforms

Underpinned by disciplined management of financial resources and empowered people

82

Drivers of centre performance

	Year-on-year movement (R million)
Funds transfer pricing strategies (incl. immunisation, deliberate decision to increase dollar and rand liquidity buffers and increased liquid asset holdings)	**(825)**
Negative endowment impact on capital held at the centre	**(250)**
Post-retirement medical aid adverse market movements	**(250)**
Tanzania exit	**(200)**
Restructure of Ashburton operations in Jersey and closure/disposal of Westport funds	**(160)**
Higher operating expenses, investment in platforms and write-downs	**(220)**

83

FNB's response to the COVID-19 pandemic

0%	Headline fee increases in 2021
R119m	SASwitch fees, unpaid fees, rental on point-of-sale devices and cash boxes and early withdrawal fees all waived in lockdown
R10m	Interest rates on repo-linked products for customers 55+ not reduced
498TB	1GB of free data provided to customers through FNB Connect
FREE	Credit life cover for cashflow relief facilities
>10k	Credit insurance claims-logged process and auto-approved using platform
>400k	Inability to earn benefit added to customer policies with no changes to pricing
>1m	Client interactions on educational money management seminars
R12.5m	Donations to SPIRE, staff contributed R5.1m
R12m	SASSA beneficiary payments facilitated
R10 bn	Early payments to 5 288 suppliers since 25 March 2020

84

COVID-19 pandemic…

… required revision of

Origination criteria	Management of limits	Collections processes	Credit frameworks

… and establishment of customer-centric payment relief initiatives, delivered through digital capabilities

606.6k	580.8k retail agreements and 25.8k commercial agreements utilising relief
85k*	Retail agreements extended relief
R1bn*	Approved for SME government-guaranteed loan scheme

* *As at 31 July 2020.*

85

Support for customers – **retail**

Cash flow relief solutions

Followed a **risk-based approach** to debt relief	Eligibility determined at customer level, **based on credit profile**	BASA/industry alignment – **customers bucketed into four categories**

- Relief provided **across all** FNB and WesBank instalments and/or repayment **obligations**
- **Emergency loan** @ prime (to bridge the liquidity gap)
  - **Zero fees**
  - **Flexible repayment** period, ability to settle early without penalties
  - Repayment starts once the 3-month **relief period is over**
- Application process and fulfilment via **banking app**
- **Relief process involved higher execution risk but ensures better outcome for customer**

Standalone product payment holiday options to provide alternative debt relief solution

86

Support for customers – **commercial**

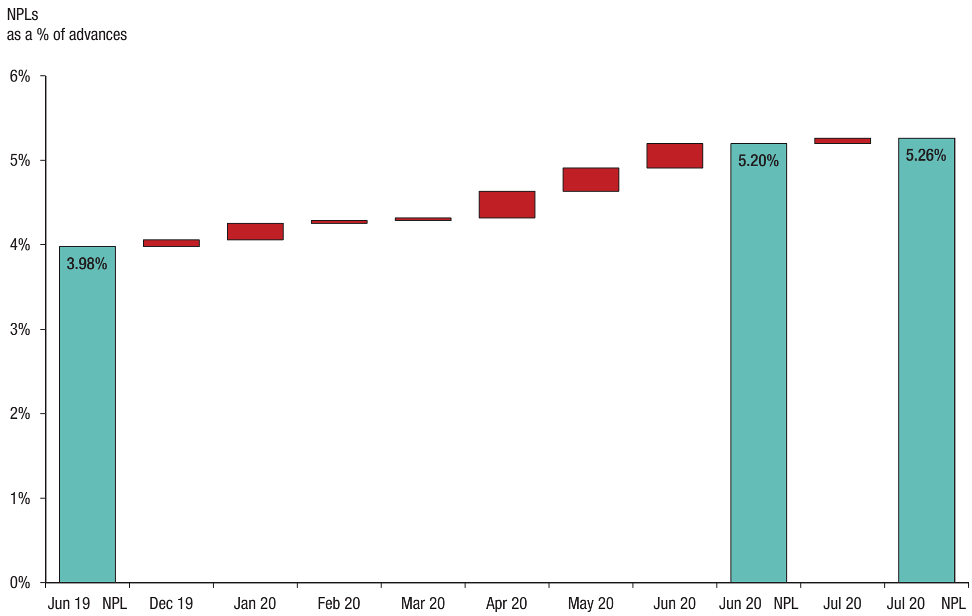
BASA alignment with internal industry risk classification overlay

Low (neutral/positive impact)	Medium (protracted impact)	High (immediate impact)
• Pharmaceuticals and healthcare • Agricultural • Online entertainment • E-commerce • Business enablers/IT services	• Commercial property • Retail property, shopping and fast food • Labour broking, professional services • Fuels • Manufacturing	• Construction, transport and logistics • Travel, tourism, hospitality and live entertainment • Luxury goods • Labourers, self-employed • Mining chain supply

- Payment holidays through term extensions – interest rates unadjusted
- Temporary overdrafts of 3 months, with possible extension to 6 months
- Extended relief for industries that remained under pressure

87

Increase in residential mortgage NPLs normalises in July



88

RMB debt relief summary

- Dedicated COVID-19 restructuring committee established to evaluate requests for support by clients
- Focus was specifically on providing short-term liquidity relief to clients in good standing with expectation of recovery post COVID-19
- Support provided to clients in the form of short-term debt repayment moratoriums, new bridge facilities and/or temporary covenant waivers
- Total debt relief provided to client with underlying exposures of ±R58bn
  - New money advanced ±R11bn
  - Relaxed payments of ±R3.5bn
  - Covenant waivers of ±R25.6bn

89

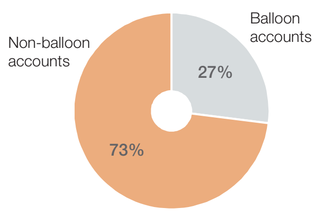
WesBank debt relief summary

August 2020	Customers provided with debt relief		Granted as a % of total book	Debt relief granted (R million)
	Number of accounts	Exposure (R million)		
Retail VAF	85 070	17 075	16%	1 349
Corporate and commercial*	6 077	9 016	33%	973
Total WesBank	**91 147**	**26 091**	**20%**	**2 322**

** Include relief granted to FML customers (not part of advances).*

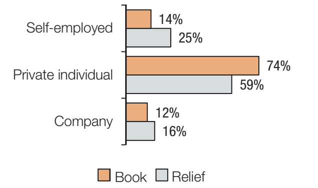
WesBank executed payment relief on a customer-centric basis, through the retail emergency loan facility for multi-product customers or single-product payment relief

RETAIL VAF: Balloon payments due in next 12 months – **option to convert and extend term**



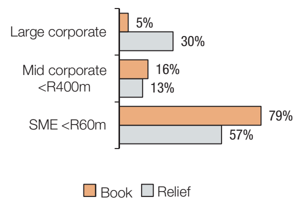
	Extensions
Number of accounts	390
Exposure @ 30 June	R39m

Retail VAF customer split



The SME/juristic segment had the largest requirement for payment relief across both segments

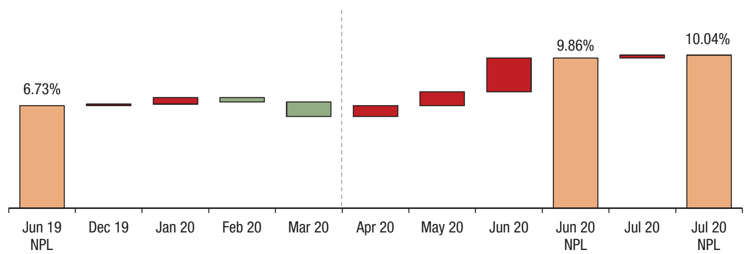
Corporate and commercial client split



90

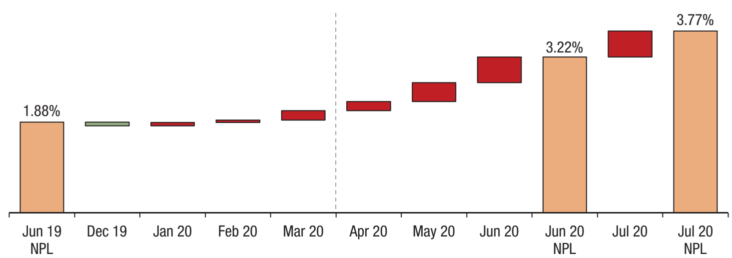
NPL formation in line with expectations pre-lockdown

Retail NPL% increase slowed in July



Improving NPL% performance pre-lockdown was evident

Corporate and commercial arrears worsened by COVID-19

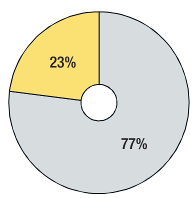


Stabilised NPL% despite SME strain that was evident pre-pandemic

91

Aldermore and MotoNovo debt relief stats

- Aldermore offered loan payment holidays to customers across all business units, and CBILS* loans are offered to asset finance and invoice finance customers
- Almost a quarter of advances received some form of relief, however, only 14% have extended past the original term



	Number of accounts approved for debt relief	Gross advances that received relief	Number of accounts extending relief
Aldermore Bank	28 882	£2.9bn	10 917
MotoNovo standalone	57 865	£0.4bn	1 367
Total UK operations	**86 747**	**£3.3bn**	**12 284**

* *Coronavirus Business Interruption Loan Scheme.*

A

92

Aldermore acquisition: value accretive in pound and rand terms

	£ million	R million (rand equivalent)
Investment at acquisition (March 2018)	**1 098**	**18 311**
Aldermore excluding MotoNovo: 3-month earnings	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 return on investment over 27 months	**14.8%**	**47.6%**
Compound annual growth rate (CAGR)	**6.3%**	**18.9%**

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

A

93

Aldermore structurally changed group margins

Basis points	FirstRand excl. Aldermore	UK operations*
Advances product margin	357	335
Deposit product margin	205	-
Total margin 2020	491 (2019: 511)	291 (2019: 337)
Overall weighting of average assets	77%	23%

Aldermore margin:

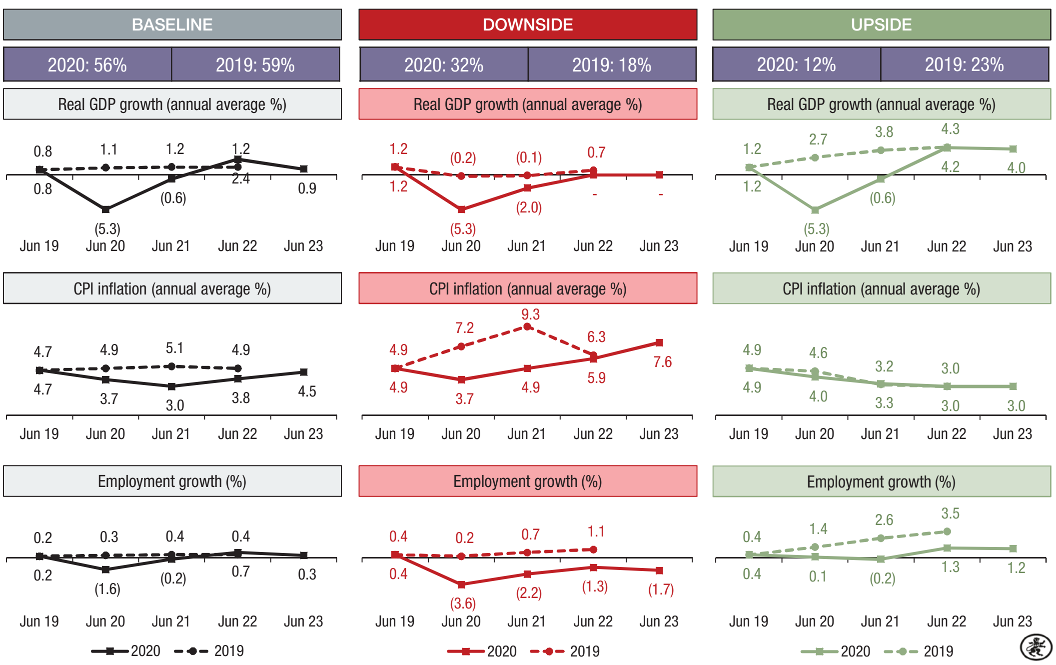
- Relatively weighted to secured advances
- Funding margin set off against advances
- No endowment and transactional NII
- Deposits are more rate sensitive

Group margin reset to 445 bps (2019: 475 bps), at a better risk-adjusted return

* *Margins in the above table are on a rand basis and include MotoNovo standalone.*

94

Macro assumptions significantly worsened, driving FLI



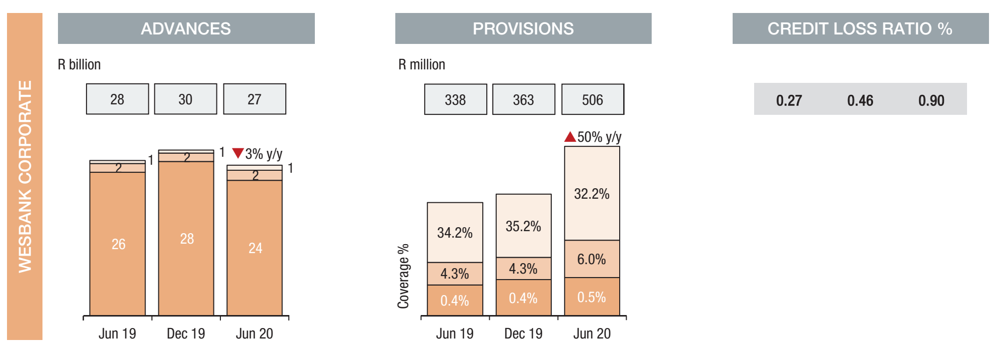
95

Breakdown of advances and provisions: retail unsecured

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

96

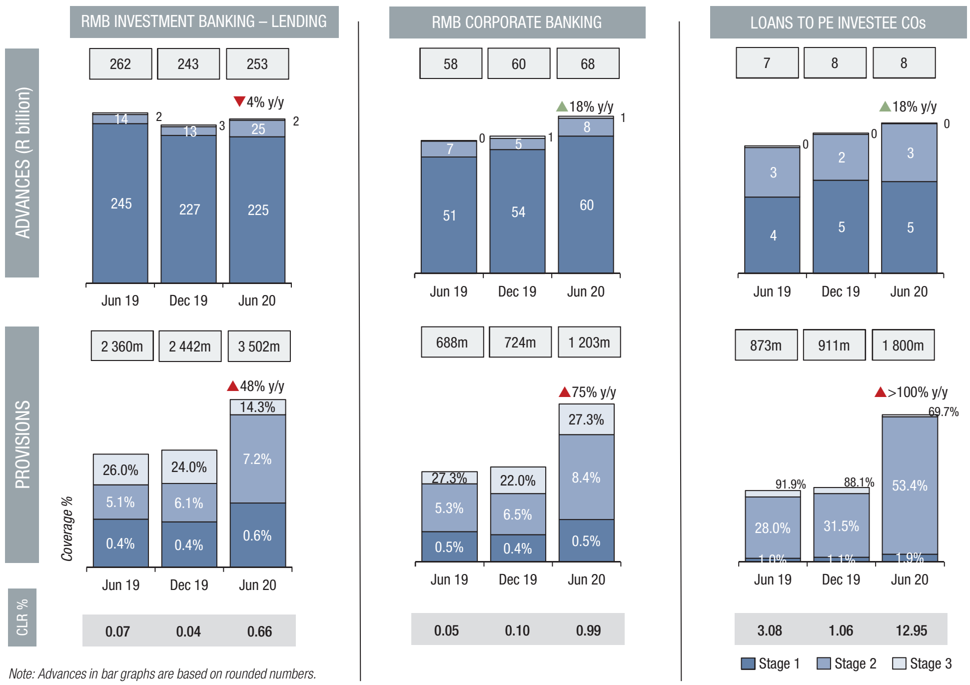
Breakdown of advances and provisions: WesBank corporate



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

97

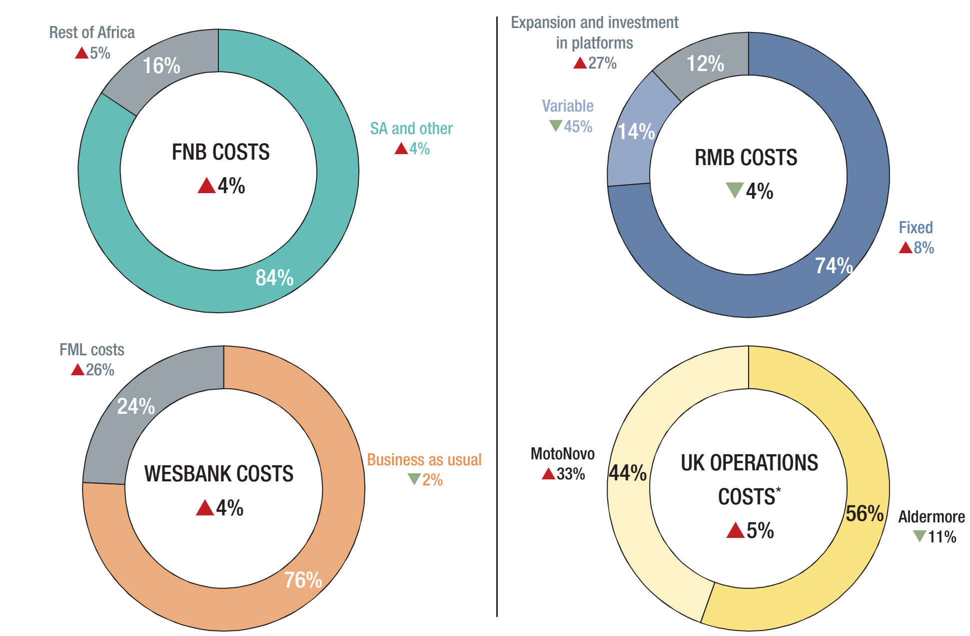
Breakdown of advances and provisions: RMB



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

98

Operating business costs



* *UK operations costs in pounds.*

FirstRand

WWW.FIRSTRAND.CO.ZA