FirstRand

results presentation

FOR THE YEAR ENDED 30 JUNE 2022

FirstRand

overview of results

FOR THE YEAR ENDED 30 JUNE 2022

2

Performance demonstrates full recovery

Normalised earnings	R32.7bn	(2021: R26.6bn)	↑23%
Pre-provision operating profit	R53.8bn	(2021: R50.6bn)	↑6%
Total distributions (annual + special dividend)	R26.2bn	(2021: R14.8bn)	↑78%
Return on assets	1.69%	(2021: 1.41%)	↑28 bps
Return on equity	20.6%	(2021: 18.4%)	↑220 bps
Net asset value	R164.9bn	(2021: R151.6bn)	↑9%
Credit loss ratio*	0.56%	(2021: 1.10%)	↓54 bps
Cost-to-income ratio	52.5%	(2021: 52.4%)	↑10 bps
CET1 ratio	13.9%	(2021: 13.5%)	↑40 bps

* As a percentage of core lending advances.

3

Disciplined execution of specific strategies shaped growth and ROE outcomes

KEY OBJECTIVES

- Carefully price for financial resources
- Appropriately provide against lending portfolios
- Strengthen and appropriately tilt the balance sheet to the macro environment
- Accrete net asset value (NAV) and capital

Tightly managed and implemented through group's FRM processes

Earnings fully recovered

- R32.7 billion normalised earnings
- 17% above peak 2019 level

Strong **economic profit (NIACC*) generation:** Up >100% to R10.1 billion

Attractive returns – ROE at **20.6%** in the middle of target range

Continued **NAV and capital accretion**

- NAV up 9% to R164.9 billion
- CET1 ratio at 13.9%

Balance sheet strength maintained

- Total credit provisions of R47.7bn
- Performing book coverage at 1.78%

* *Net income after cost of capital.*

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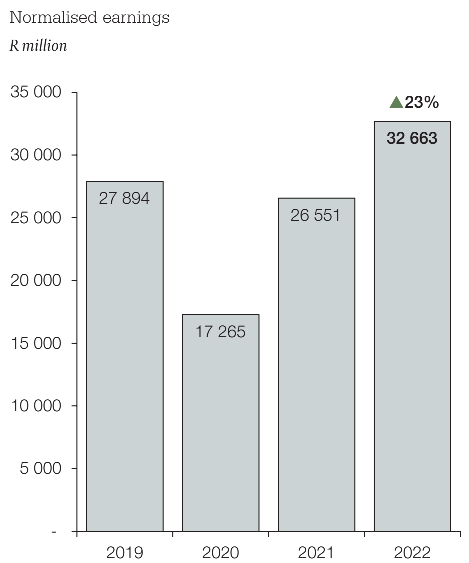
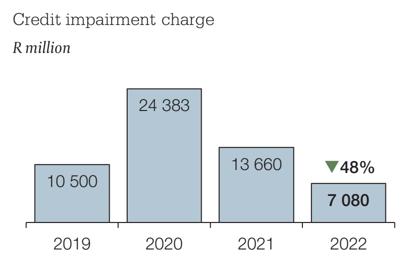
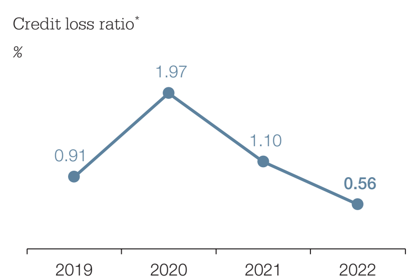
Significant reduction in cost of credit continued to drive absolute earnings growth







* *As a percentage of average core lending advances.*

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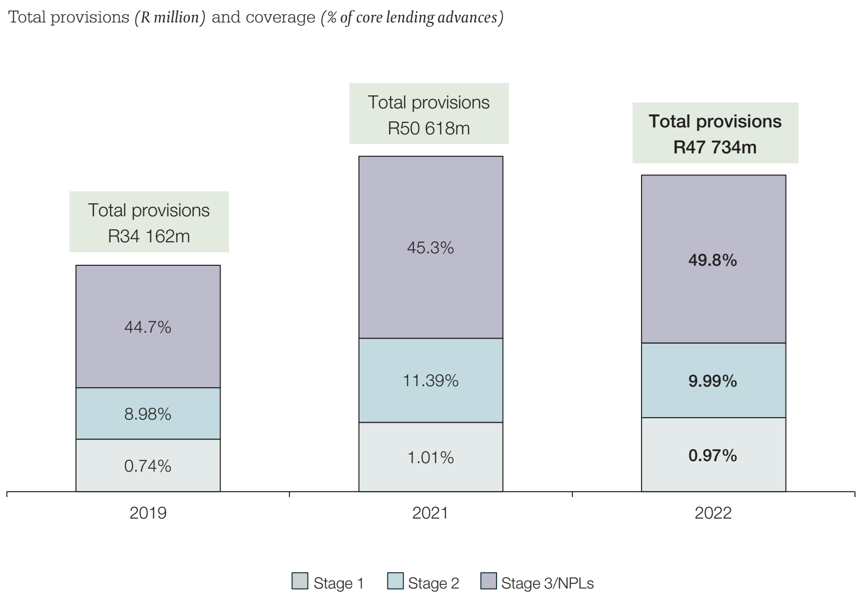
Sensible balance sheet provisions and coverage maintained



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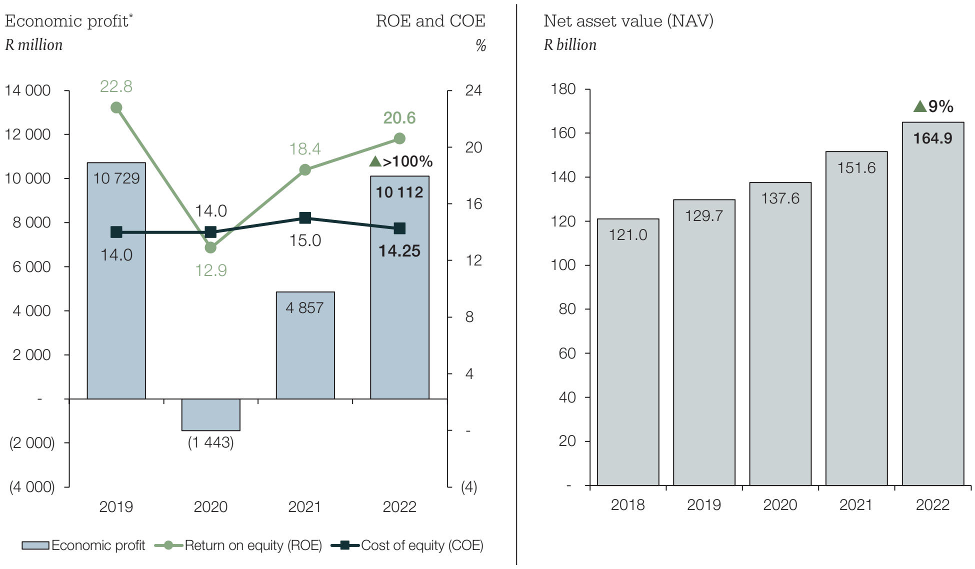
Economic profit more than doubled with ongoing NAV accretion



* Defined as NIACC.

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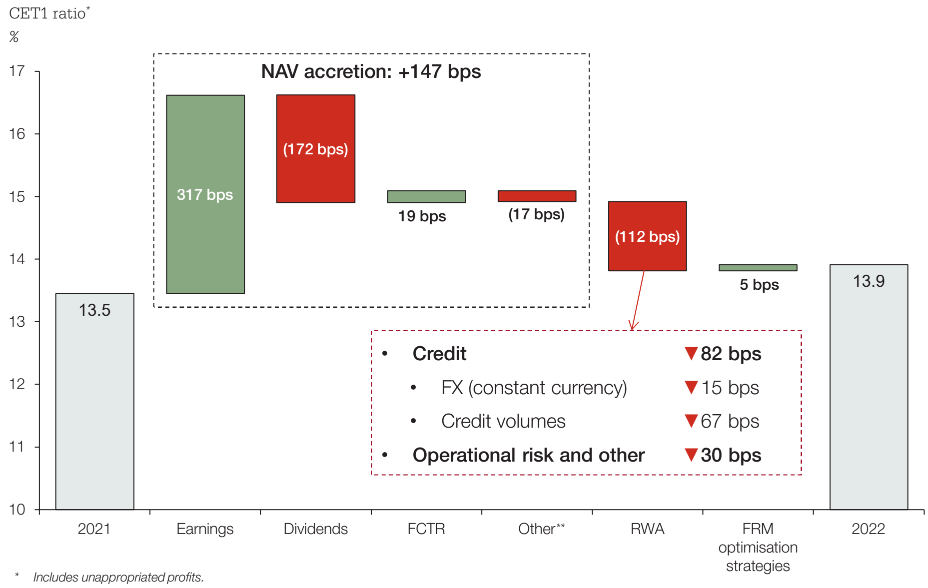
Consistently high capital generation resulted in 40 bps increase in group CET1 ratio



* *Includes unappropriated profits.*

** *Includes the final IFRS 9 transition (-10 bps), and other reserves and regulatory deductions.*

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Levels of capital generation and returns drive superior yield

ENABLES GROUP TO:

- Pay its **highest final dividend** to date of **185 cents per share** – annual dividend of **342 cents per share** (R19.2 billion) **up 30%** year-on-year (1.7 times dividend cover)
- Pay a **special dividend** of **125 cents per share** (R7 billion)
- **Adjust dividend cover range** to: **1.6 to 2.0** times (previously 1.8 to 2.2 times)
- **Rebalance** capital stack (i.e. mix of CET1, AT1 and Tier 2)
- **Increase momentum** in **RWA growth** given the group's **financial capacity**

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operating environment

FOR THE YEAR ENDED 30 JUNE 2022

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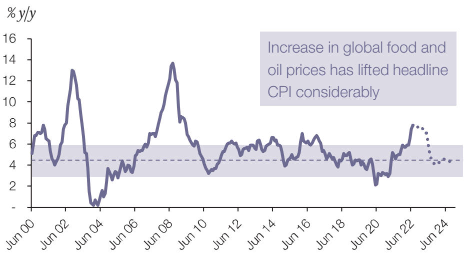
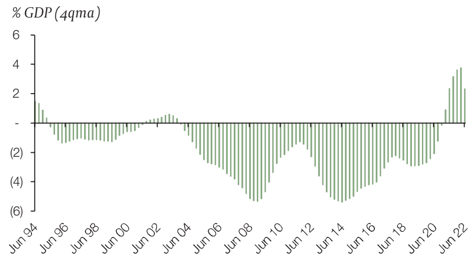
SA macros

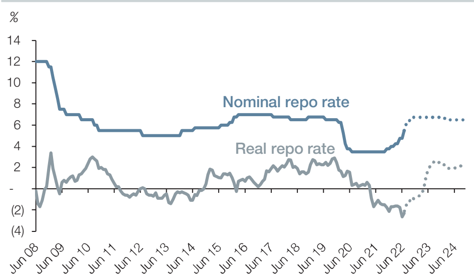
Headline inflation rate (CPI)



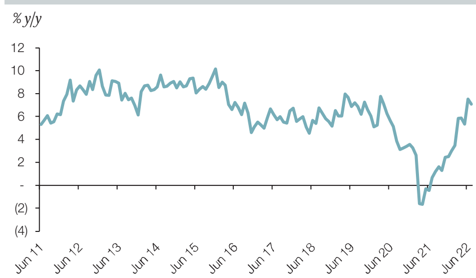
Current account balance



SA repo rate



Credit extended to the private sector



Sources: StatsSA, Bloomberg, SARB, FirstRand.

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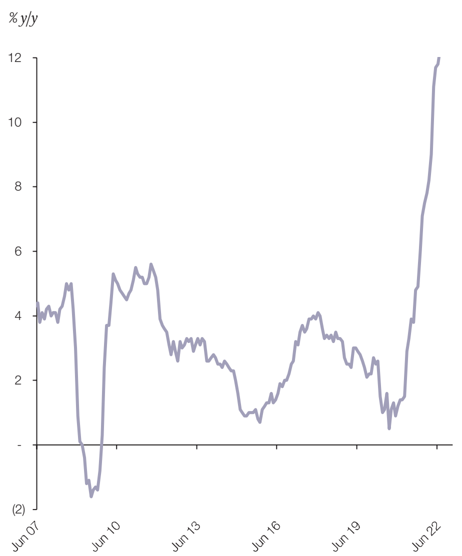
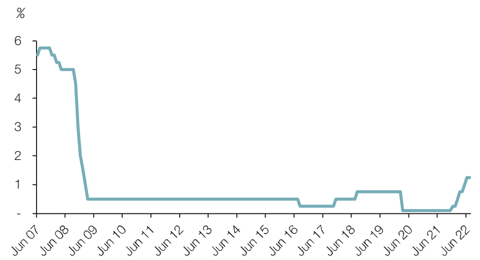
UK macros

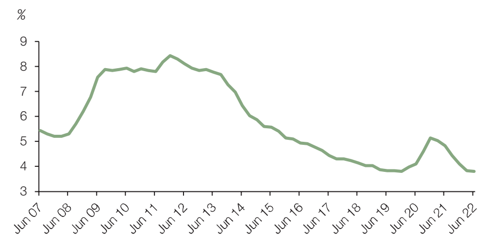
Retail price inflation rate



Bank of England (BoE) policy rate



Unemployment rate



Sources: Bloomberg, FirstRand.

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unpacking performance against strategy

FOR THE YEAR ENDED 30 JUNE 2022

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Dynamic financial resource management protected returns

BALANCE SHEET TILT

Origination strategies

- Sensible advances growth into sustained recovery
- Appropriate risk-adjusted margins
- Muted average advances growth
- Stronger momentum in second half

Funding and liquidity strategies

- Continued focus on growing deposit franchise
- Reduce reliance on treasury funding

ASSET-LIABILITY MANAGEMENT (ALM) STRATEGIES

- Protect and enhance earnings without adding to overall risk profile

MAINTAIN BALANCE SHEET STRENGTH

- Provisions
- Capital adequacy
- Liquidity buffers
- Risk capacity

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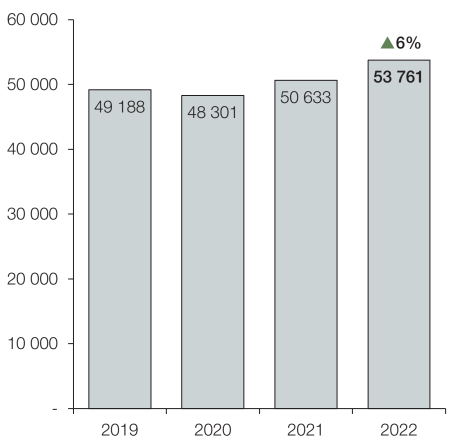
Growth in PPOP reflects deliberate origination tilt and rebound in NIR

Pre-provision operating profit

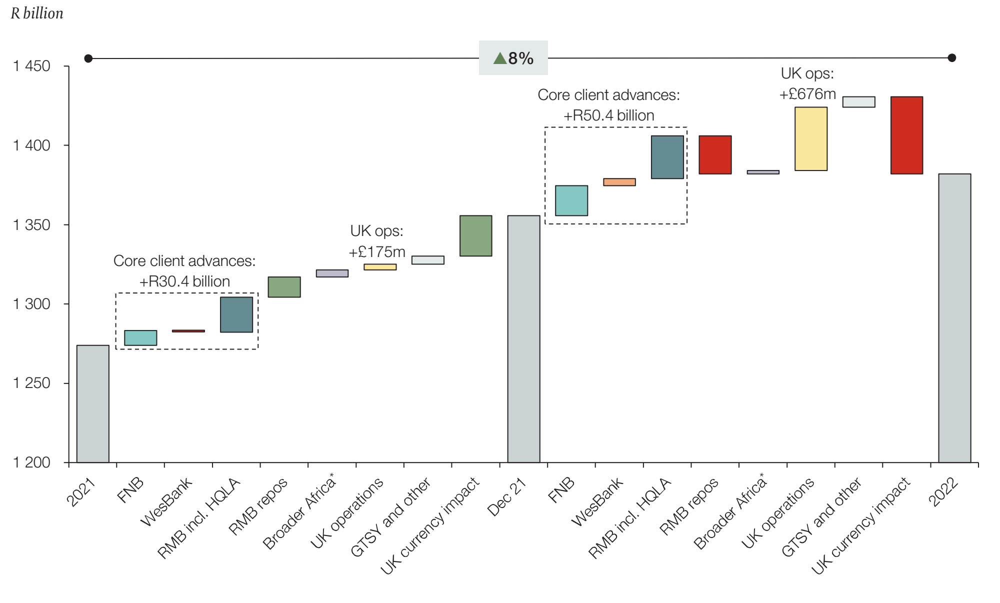
R million



- NII reflects:
  - Muted average advances growth given origination strategies
  - Decline in advances margins driven by mix change
  - Strong deposit growth
  - Continued benefit of ALM strategies
- Good rebound in NIR
- Well managed costs
- NOSIA* operational event in MotoNovo

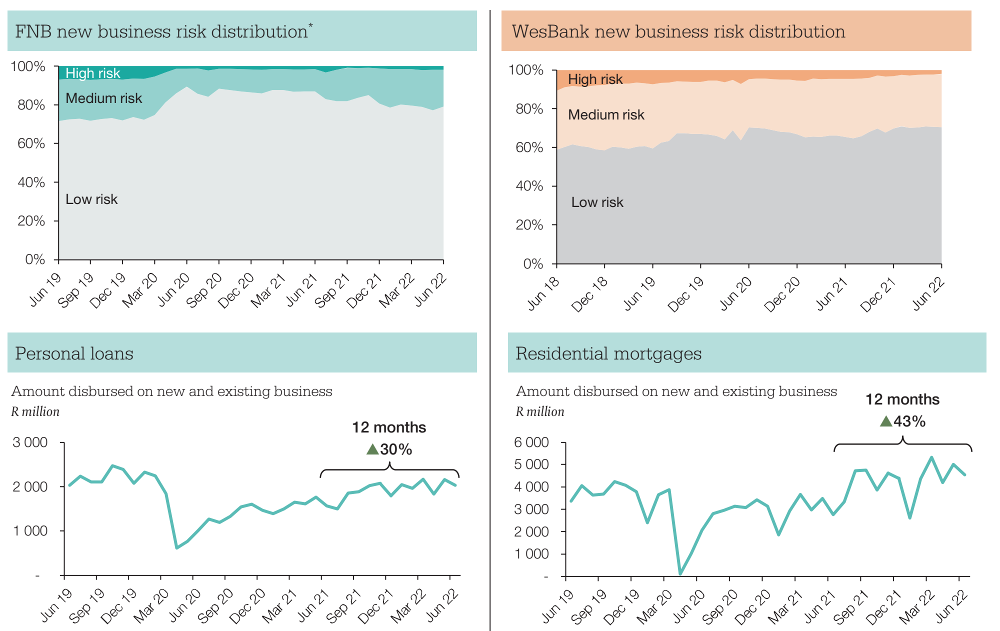
* Notice of sums in arrears.

Grew advances cautiously but tactically into an uneven recovery



* Broader Africa excludes cross-border book.

Retail lending focused on good-quality, lower-risk customers



* Reflects origination of retail products (excluding DirectAxis).

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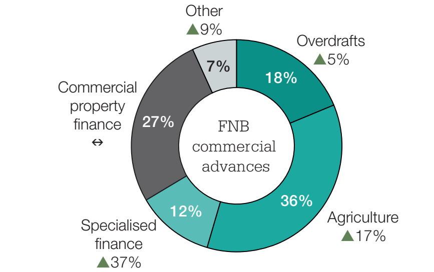
Sector-specific origination in both commercial and corporate

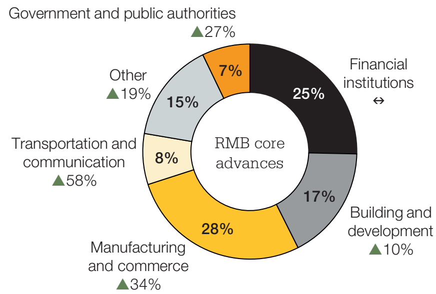
FNB commercial advances +11%

- Consistent origination strategy post pandemic
- Deployed balance sheet into sectors showing above-cycle growth and expected to perform well even in inflationary environment



RMB core advances +18%

- Stronger growth in second half
- Tilted to low- and medium-volatility sectors
- In higher-volatility industries, origination focused on better-rated counterparties

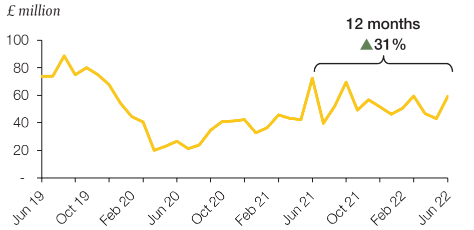


18

Most UK lending portfolios building momentum

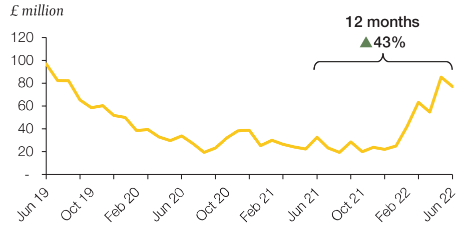
Residential mortgages

Amount disbursed on new and existing business
£ million



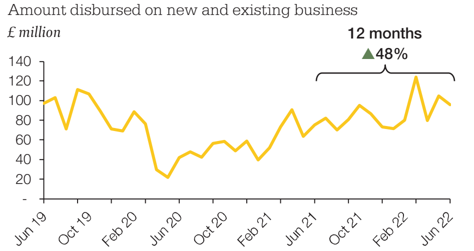
Buy-to-let mortgages

Amount disbursed on new and existing business
£ million



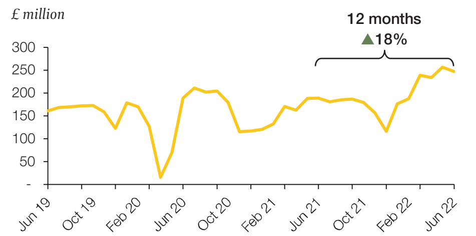
Asset finance

Amount disbursed on new and existing business
£ million



Vehicle finance

Amount disbursed on new and existing business
£ million



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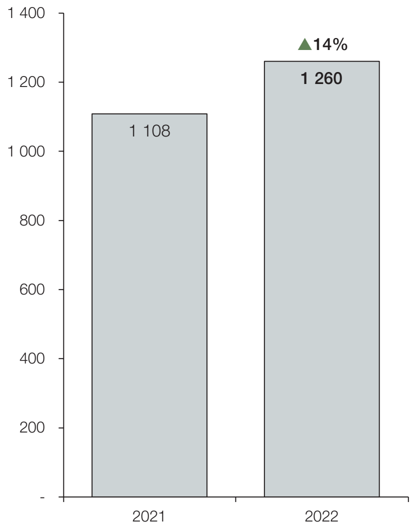
Strength of deposit franchise underpins improved cost of funds

Deposit franchise

R billion



- Deposit franchise growth driven by
  - Customer acquisition
  - Good growth in cash investment and transactional products
  - FNB remained the top household deposit franchise in SA by market share (June 2022 BA900)
- Bank's institutional funding reduced to 24.8% of total funding (2021: 27.3%)
- Liquidity buffers maintained (primarily invested in short-dated government treasury bills)

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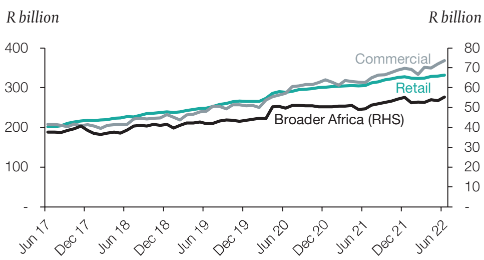
Growth delivered from all deposit franchises

FNB deposit franchise



DEPOSIT GROWTH TRENDS

%	Year-on-year growth	5-year CAGR
Retail	9	10
Commercial	18	14
Broader Africa	12	8

RMB deposit franchise

- Average deposit growth of 12%
- Pleasing primary-banked relationship wins in a highly competitive environment

Aldermore deposit franchise

- Good growth in Aldermore's savings business
- Customer savings deposits ↑14% to £14.1 billion (2021: £12.4 billion)
- Now represent 83% of total liabilities
- Growth across personal and business savings, as well as corporate treasury deposits

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Group Treasury ALM strategies – protect and enhance earnings

- Natural risk position maintained
- ALM objectives
  - Be **countercyclical** to operating businesses
  - **Add resilience** to group's balance sheet and risk profile – **ALM matching** philosophy
  - Provide the **best group outcome** through the cycle on a **risk-adjusted basis**

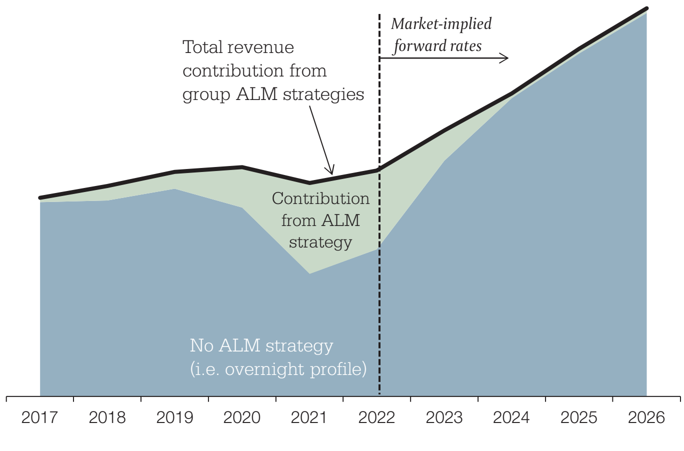
Executed within a robust framework

FRM mandate, risk appetite and positioning

22

ALM strategies significantly added to shareholder value over multiple reporting periods

Stylised view of the outcomes of group's ALM strategy



- ALM strategy **OUTCOMES**
  - Enhanced earnings with **lower volatility**
  - Growth **stability**
  - Group earns the **structural term premium**
  - **Consistent application** of investment philosophy

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Rebound in NIR driven by strategies to protect customer franchise, customer acquisition and growth in volumes

FNB NIR +8%

- Origination strategies **protected transactional customer franchise** – benefiting NIR
- **Active customers +5%** to 10.96 million, **SA VSI at 2.95** (2021: 2.89)
- Transactional **volumes +14%**
- Despite **fee reductions** of R868 million

Insurance income +29%

25% reduction in claims and **claims reserves** boosted insurance profits

	FNB Life	FNB Short Term
Premiums	+10%	+38%
New business APE	+17%	+>100%
In-force APE	+14%	+60%

RMB NIR +6%

- **Investment banking** – robust structuring and commitment fee income growth **on the back of origination activities**
- **Markets**
  - **Strong client flows** due to volatility in FX markets and increased commodity prices
  - **Robust** performance from **equities**
- **Private equity: >30%** growth in **equity-accounted earnings** due to improved performances from portfolio companies

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operating business highlights

FOR THE YEAR ENDED 30 JUNE 2022

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Earnings growth across portfolio

NORMALISED EARNINGS

R million	2022	2021	% change
FNB	**19 636**	16 090	22 ▲
RMB	**8 196**	7 006	17 ▲
WesBank	**1 604**	1 306	23 ▲
UK operations	**2 983**	2 743	9 ▲
UK operations (£ million)	**149**	132	13 ▲
Centre*	**244**	(594)	>100 ▲
Total group	**32 663**	26 551	23 ▲

* *Includes Group Treasury.*

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Increased lending momentum, strong deposit franchise and NIR rebound drive FNB's PPOP to above pre-pandemic level

Normalised earnings	Normalised profit before tax	Pre-provision operating profit
R19.6bn	**R28.4bn**	**R33.4bn**
(2021: R16.1bn) **↑22%**	(2021: R23.2bn) **↑23%**	(2021: R32.1bn) **↑4%**

Return on assets	Return on equity	Deposits
4.03%	**40.6%**	**R755.5bn**
(2021: 3.41%) **↑62 bps**	(2021: 33.7%) **↑690 bps**	(2021: R666.8bn) **↑13%**

Credit loss ratio	Cost-to-income ratio	Advances
1.04%	**53.1%**	**R490.8bn**
(2021: 1.94%) **↓90 bps**	(2021: 52.3%) **↑80 bps**	(2021: R459.9bn) **↑7%**

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RMB's solid performance characterised by growth in advances and transactional balances on the back of client acquisition

Normalised earnings	R8.2bn	(2021: R7.0bn)	↑17%
Normalised profit before tax	R11.6bn	(2021: R9.9bn)	↑17%
Pre-provision operating profit	R11.2bn	(2021: R11.4bn)	↓2%
Return on assets	1.35%	(2021: 1.12%)	↑23 bps
Return on equity	22.1%	(2021: 18.7%)	↑340 bps
Deposits	R287.4bn	(2021: R256.6bn)	↑12%
Credit loss ratio*	(0.13%)	(2021: 0.46%)	↓59 bps
Cost-to-income ratio	49.9%	(2021: 47.3%)	↑260 bps
Core lending advances	R347.9bn	(2021: R294.5bn)	↑18%

* As a percentage of core lending advances.

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WesBank's focused origination on lower-risk customers in competitive market impacted PPOP but protected ROE

Normalised earnings	R1 604m	(2021: R1 306m)	↑23%
Normalised profit before tax	R2 270m	(2021: R1 848m)	↑23%
Pre-provision operating profit	R3 672m	(2021: R4 052m)	↓9%
Return on assets	1.11%	(2021: 0.91%)	↑20 bps
Return on equity	18.6%	(2021: 14.4%)	↑420 bps
NPLs as a % of advances	4.92%	(2021: 8.01%)	↓ 309 bps
Credit loss ratio	0.98%	(2021: 1.55%)	↓57 bps
Cost-to-income ratio	57.5%	(2021: 54.0%)	↑350 bps
Advances	R144.5bn	(2021: R141.1bn)	↑ 2%

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Broader Africa portfolio delivered strong PPOP driven by customer growth and scaling deposit franchise

Normalised earnings	Normalised profit before tax	Pre-provision operating profit
R2 892m	**R5 650m**	**R5 902m**
(2021: R2 614m) ↑11%	(2021: R4 828m) ↑17%	(2021: R5 185m) ↑14%

Return on equity	Cost-to-income ratio	Credit loss ratio*
16.5%	**58.2%**	**0.23%**
(2021: 14.5%) ↑200 bps	(2021: 60.7%) ↓250 bps	(2021: 0.31%) ↓8 bps

Retail and commercial customers	App penetration**	CashPlus agents
1.90m	**39.3%**	**2 707**
(2021: 1.83m) ↑4%	(2021: 29.3%)	(2021: 1 768) ↑53%

* *As a percentage of core lending advances.*

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

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Solid PPOP performance from UK operations driven by growth in loans and savings

Normalised earnings	Normalised profit before tax	Pre-provision operating profit
£149m	**£203m**	**£260m**
(2021: £132m) ↑13%	(2021: £181m) ↑12%	(2021: £231m) ↑13%

Return on assets	Return on equity	NPLs as a % of advances
0.82%	**11.8%**	**2.61%**
(2021: 0.76%) ↑6 bps	(2021: 11.1%) ↑70 bps	(2021: 3.16%) ↓55 bps

Credit loss ratio	Cost-to-income ratio	Advances
0.39%	**50.6%**	**£15 232m**
(2021: 0.35%) ↑4 bps	(2021: 51.1%) ↓50 bps	(2021: £14 381m) ↑6%

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financial review

FOR THE YEAR ENDED 30 JUNE 2022

Key performance metrics – normalised

		2022	2021	% change	
Diluted/basic EPS (cents)		**582.3**	473.3	23	▲
Dividend per share (cents)		**342.0**	263.0	30	▲
Earnings (R million)	2019: 27 894 ▲17%	**32 663**	26 551	23	▲
NIACC (R million)	2019: 10 729 ▼6%	**10 112**	4 857	>100	▲
Net asset value per share (cents)		**2 938.9**	2 703.4	9	▲
Net interest margin (%)		**4.40**	4.35		▲
Credit loss ratio (%) – core lending advances		**0.56**	1.10		▼
Cost-to-income ratio (%)		**52.5**	52.4		▲
Return on equity (%)		**20.6**	18.4		▲
Return on assets (%)		**1.69**	1.41		▲
CET1 ratio* (%)		**13.9**	13.5		▲
Stage 3/NPL as a % of core lending advances		**3.88**	5.02		▼
Gross advances – core lending advances (R billion)		**1 311**	1 208	9	▲
Deposits (R billion)		**1 656**	1 542	7	▲

* *Includes unappropriated profits.*

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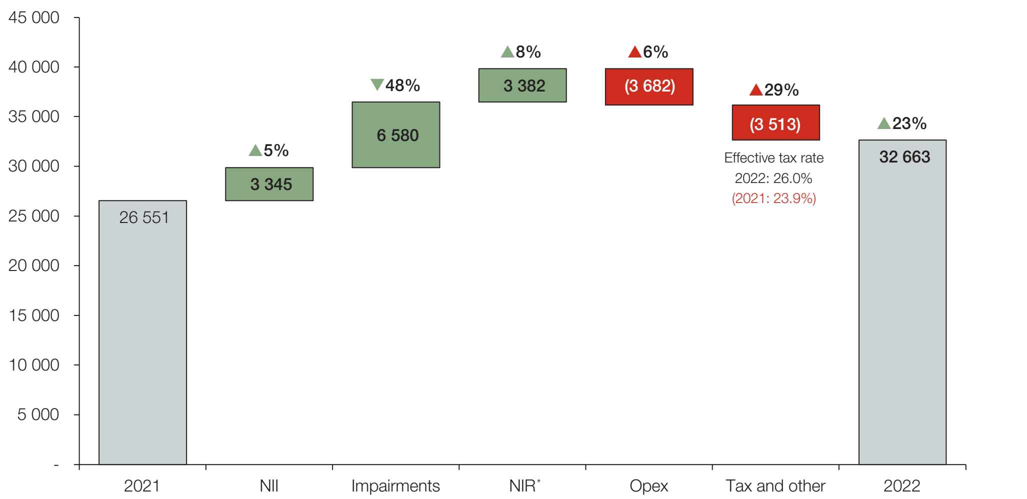
Topline growth delivered same contribution as credit unwind

Normalised earnings
R million



* Including income from associates and joint ventures.

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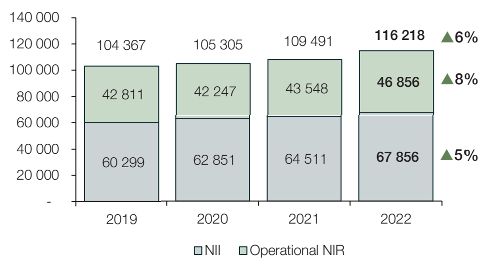
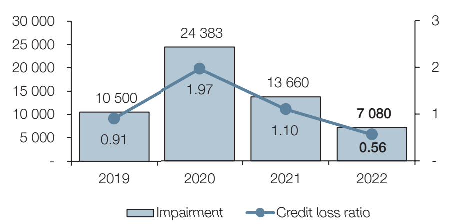
PPOP an outcome of lending, deposit and customer franchise strategies

R million	2022	2021	% change
Net interest income	67 856	64 511	5 ▲
Operational non-interest revenue	46 856	43 548	8 ▲
Share of associate income	1 506	1 432	5 ▲
Total revenue	116 218	109 491	6 ▲
Operating expenses	(61 024)	(57 342)	6 ▲
Indirect tax	(1 433)	(1 516)	(5) ▼
Pre-provision operating profit	53 761	50 633	6 ▲
2019: 49 188 ▲9%			
Impairment charge	(7 080)	(13 660)	(48) ▼
2019: (10 500) ▼33%			
Income tax expense	(12 127)	(8 849)	37 ▲
Profit after tax	34 554	28 124	23 ▲
Other equity and non-controlling interests	(1 891)	(1 573)	20 ▲
Normalised earnings	32 663	26 551	23 ▲

Topline*
R million



Impairment charge
R million
Credit loss ratio
%



* Total topline includes share of associate income.

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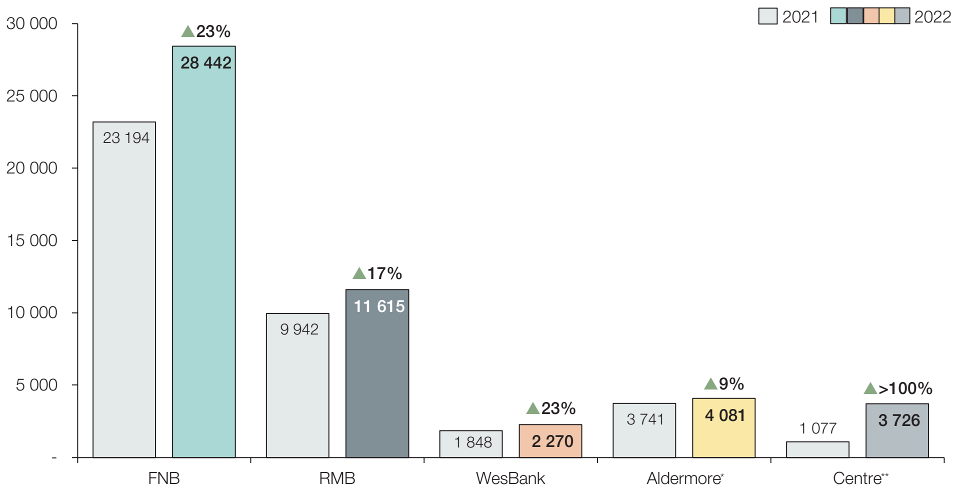
PBT demonstrates operational performance of portfolio

Normalised PBT

R million



* Includes Aldermore and total MotoNovo (front and back books).

** Excludes FirstRand company and consolidation adjustments.

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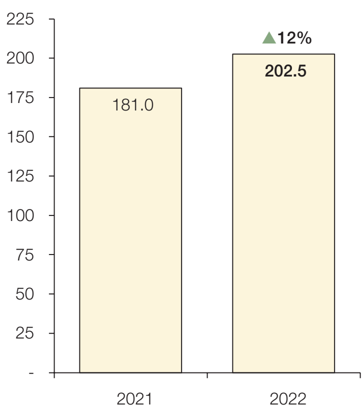
UK operations' overall PBT trend an accurate reflection of operational performance

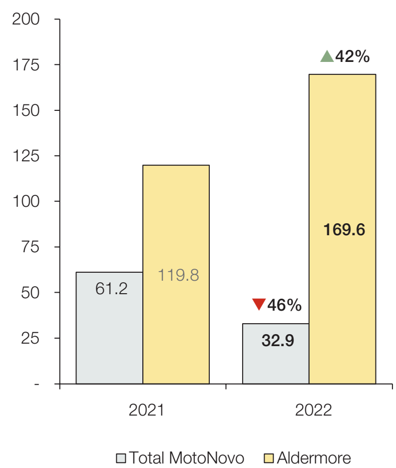
UK operations* normalised PBT

£ million



Normalised PBT

£ million



One-offs:

Effective interest rate model refinement **+£24 million**

MotoNovo operational event **(£23 million)**

* Include Aldermore and total MotoNovo (front and back books).

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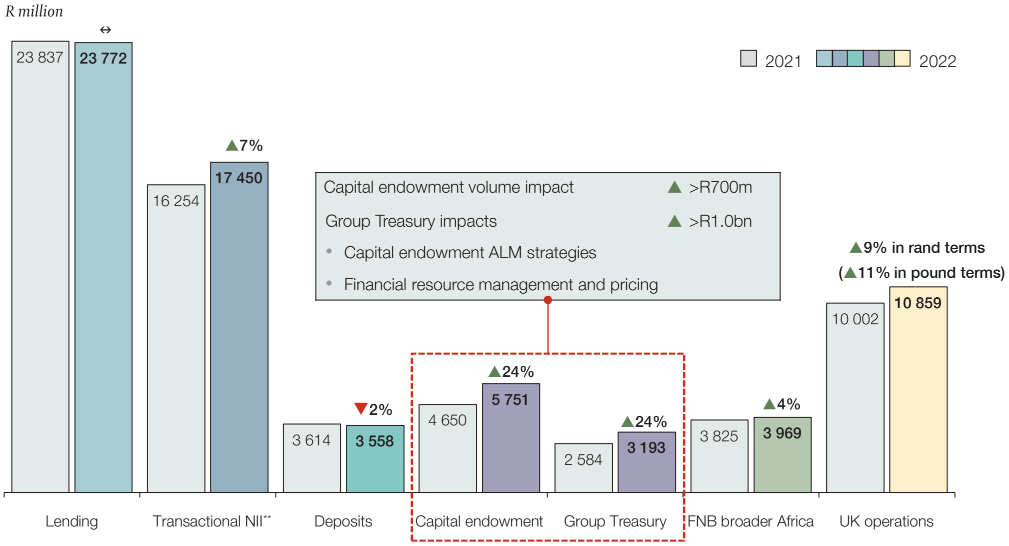
NII growth driven by Group Treasury's ALM strategies, the deposit franchise and UK loan growth

Net interest income*

R million



* Excludes Centre and other NII of –R0.7bn (2021: -R0.3bn).

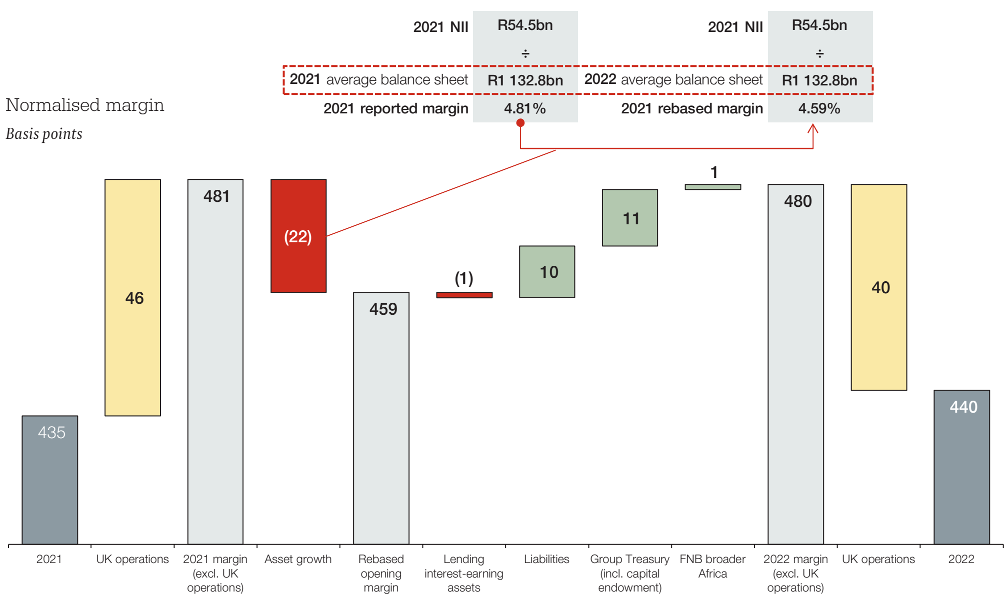
** Includes the benefit of ALM strategies on deposit endowment.

38

ALM strategies, deposit franchise and margin expansion in the UK supported NIM

Normalised margin

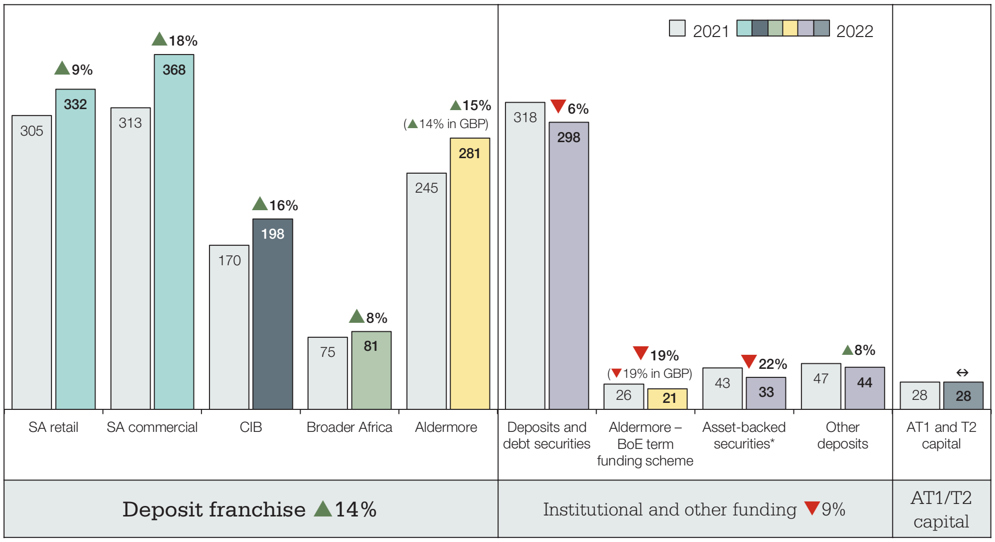
Basis points



39

Strength of deposit franchise supported lower cost of funds

R billion



* *Include Aldermore's securitisation transactions.*

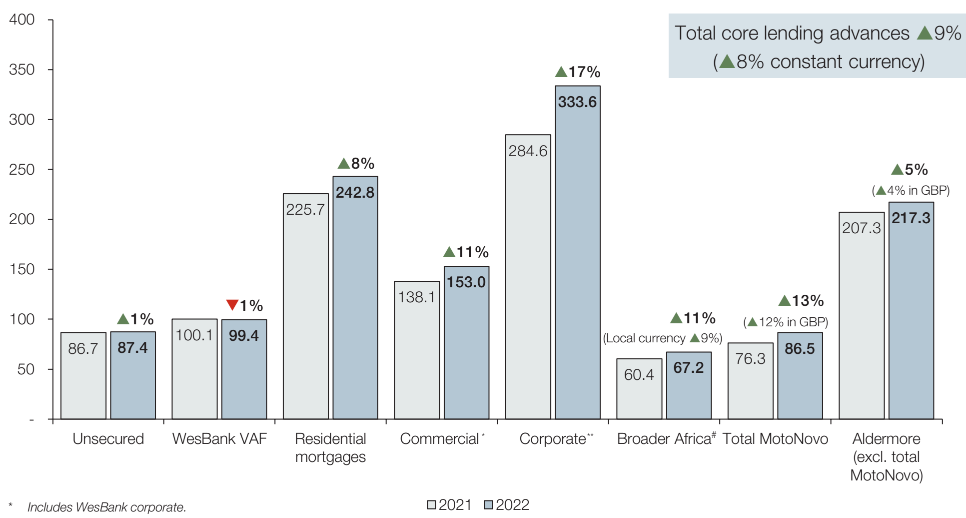
Note: *Percentage growth is based on actual rather than the rounded numbers shown in the bar graphs.*

40

Year-on-year trajectory of advances growth reflects approach to origination

Core lending advances

R billion



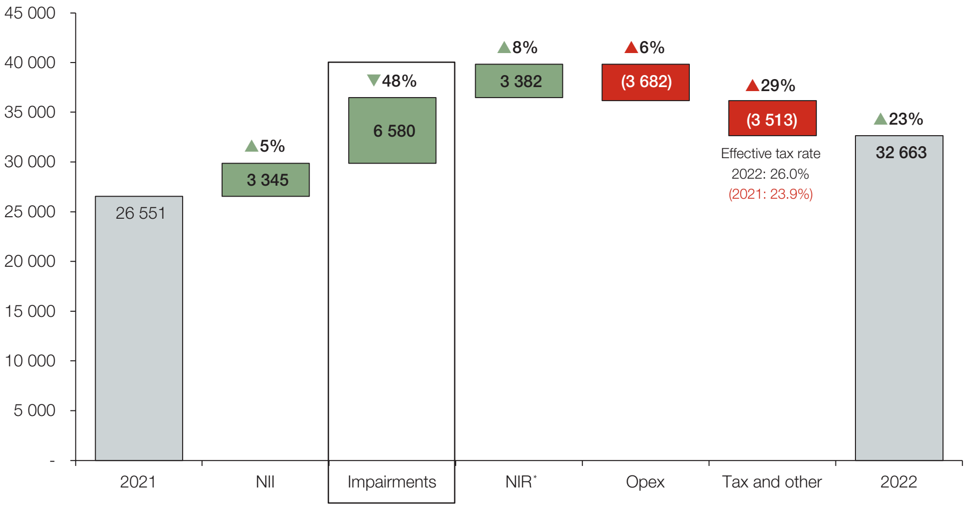
* *Includes WesBank corporate.*

** *Excludes RMB broader Africa.*

\# *Broader Africa excludes Group Treasury and cross-border activities.*

41

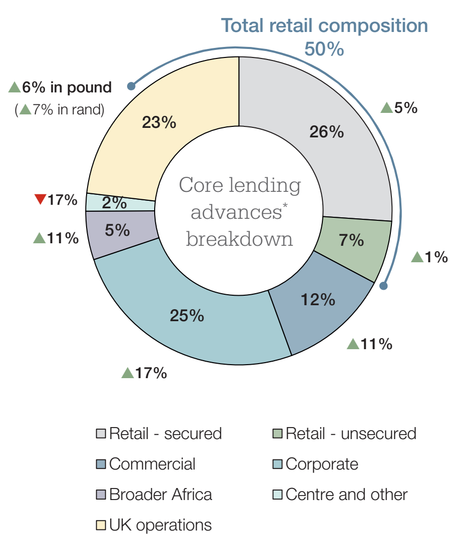
Impairment charge shows positive trend

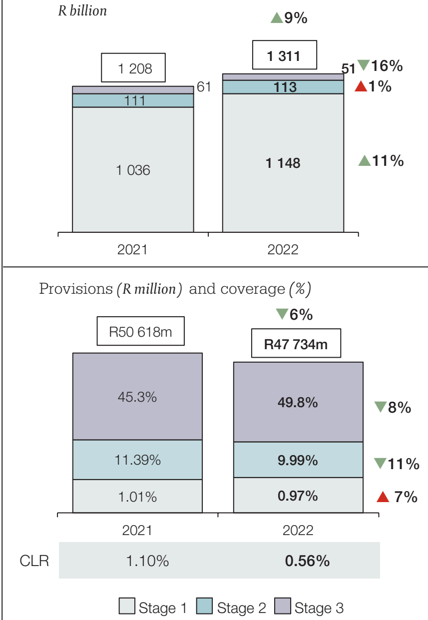


* Including income from associates and joint ventures.

42

Resilient credit performance, coverage remains prudent

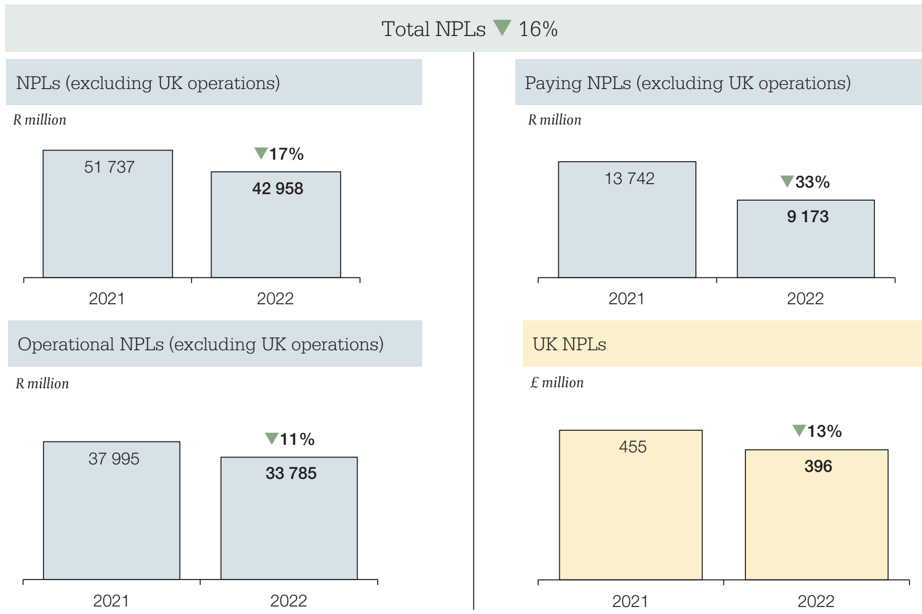




* Core lending advances exclude assets under agreements to resell.
Note: Advances in bar graphs are based on rounded numbers.

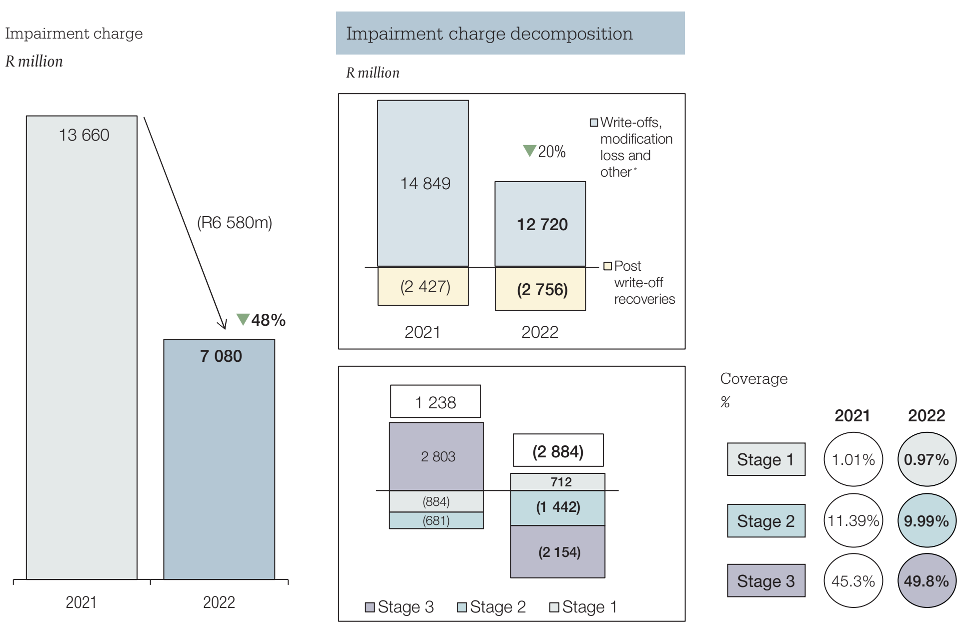
43

Post-pandemic conservatism in origination, playing out in NPLs…



44

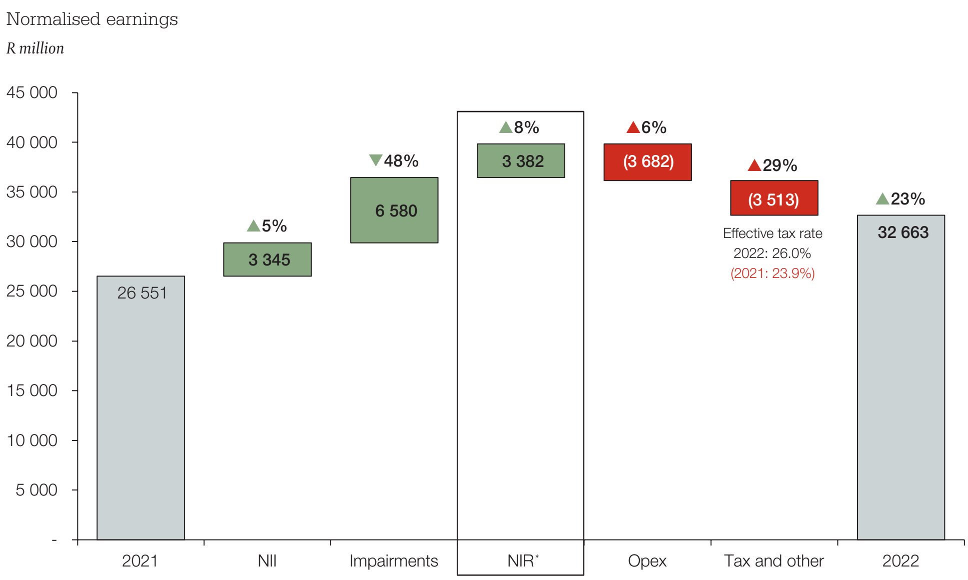
…and impairment charge



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

45

Growth in NIR contributes to overall performance



* Including income from associates and joint ventures.

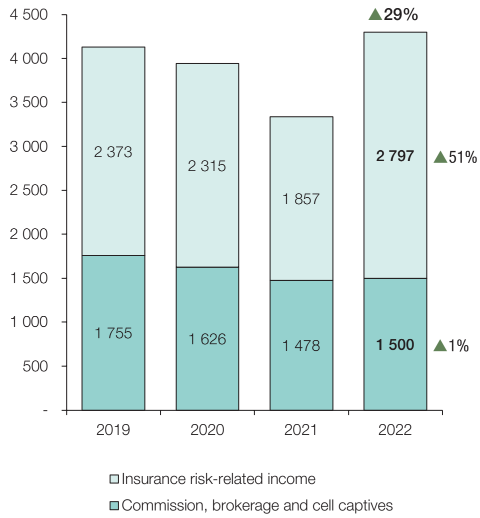
46

Quality and diversity of NIR key to ROE

* Includes share of profit from associates and joint ventures.
** Restated to reflect the portion relating to investment income.

47

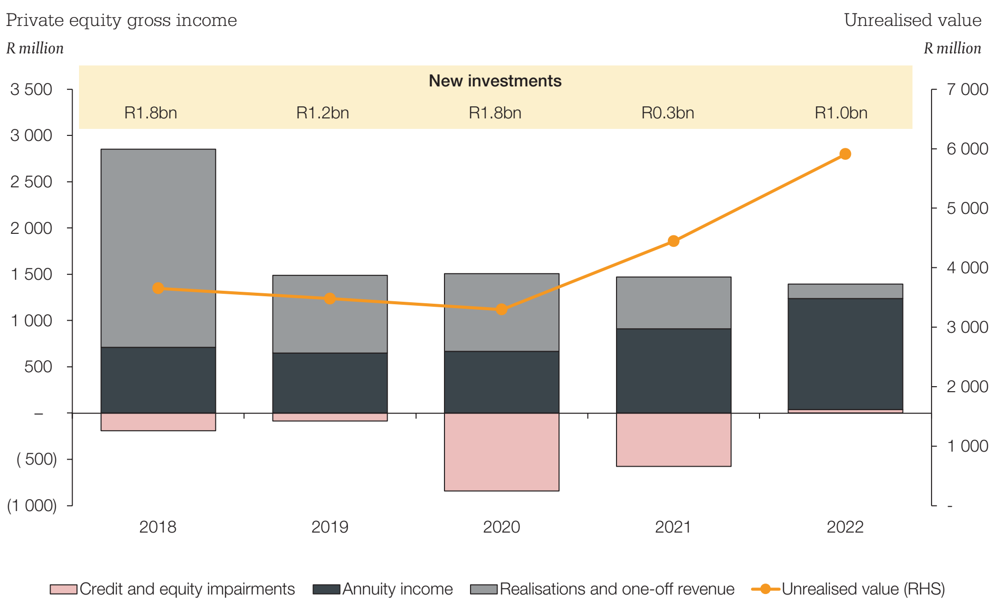
Insurance income reflecting lower claims and claims reserves



	% change
Insurance risk-related income	
Positively impacted by a reduction in reserves, and decrease in claims in the life business	25 ▼
Premium income reflected strong growth in the core and credit life products	12 ▲
Commission, brokerage and cell captives	
Cell captive income marginally increased, reflecting reduced claims and reserves raised by insurance partners	1 ▲

48

Private equity performance underpinned by strong annuity income and moderation in impairments

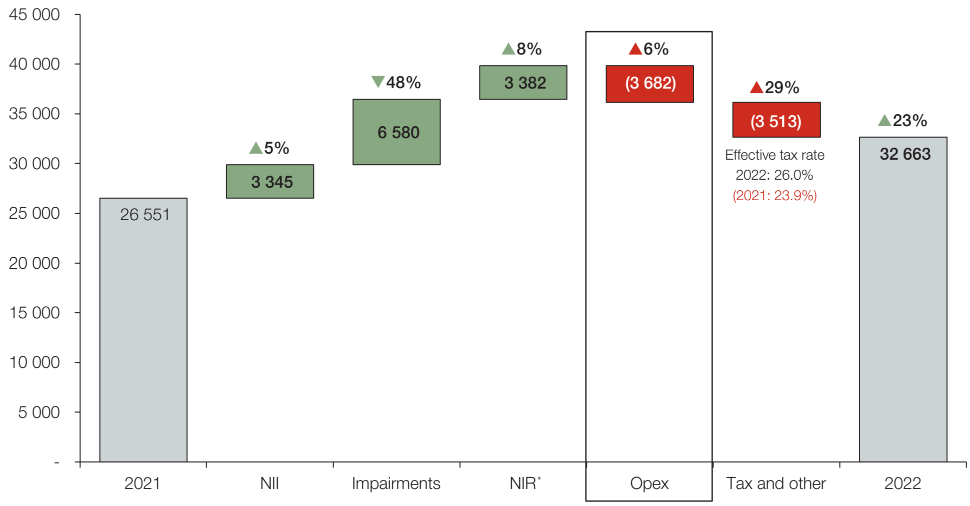


49

Inflationary growth in operating expenses demonstrates focus on cost management

Normalised earnings

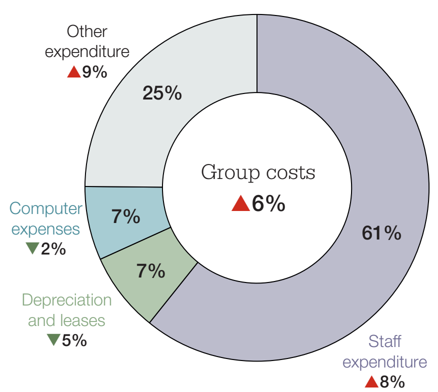
R million



* *Including income from associates and joint ventures.*

50

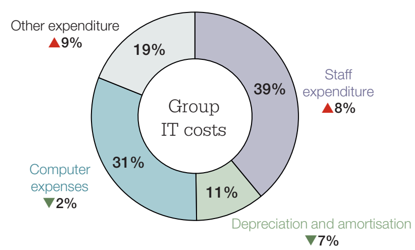
Staff costs remain biggest driver



Staff costs ▲8%

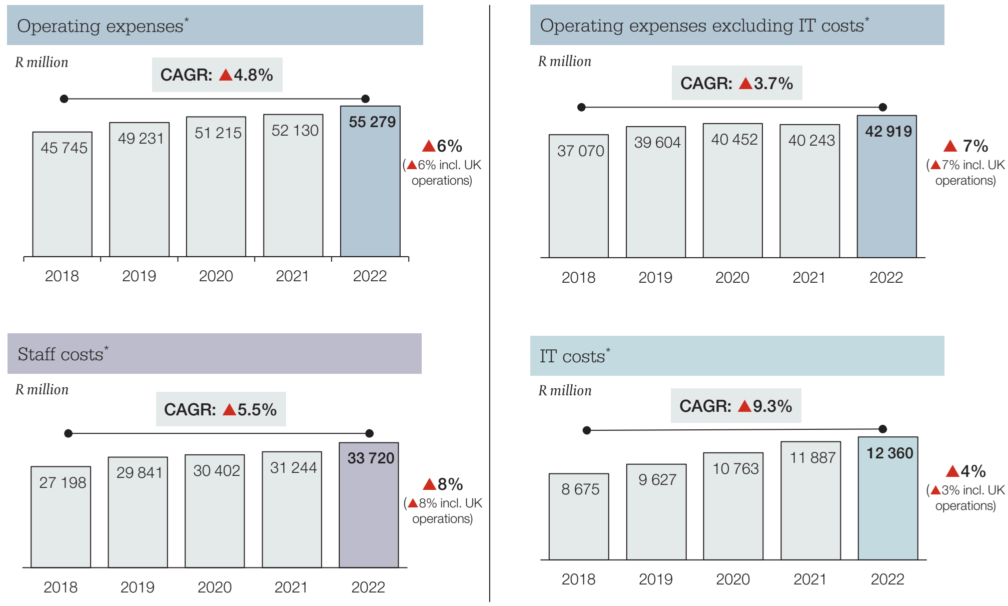
	% change	Comment
Direct staff costs	▲ 5	Annual salary increases averaged 4% (unionised staff 4.5%), headcount +1% (excl. FirstJobs)
Short-term incentives	▲18	Overall STI pool increased given NIACC and earnings growth
Share price-linked incentives	▲34	2019 LTI awards did not vest, the release was offset by the Covid-19 LTI award retention scheme and other revaluations

IT costs (continued investment) ▲3%



51

Platform journey results in faster relative growth in IT costs



* *Excluding UK operations.*

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Summing up – key P&L outcomes anchored back to strategic actions

Net interest income ▲5%

- Deposit franchise ▲14%
- Advances ▲8%
- NII further supported by increased capital balances and lower funding costs

Non-interest revenue ▲8%

- Resilient growth in fee and commission
- Strong growth in trading income
- Rebound in insurance income

Impairment charge ▼48%

- NPLs ▼16%
- Reduction largely from NPL unwind
  - Origination strategies
  - Strong collections
- Overall provisioning stock maintained and above 2019 levels

Operating expenses ▲6%

- Continued focus on cost management
- Ongoing investment in growth strategies

FirstRand

looking ahead

FOR THE YEAR ENDED 30 JUNE 2022

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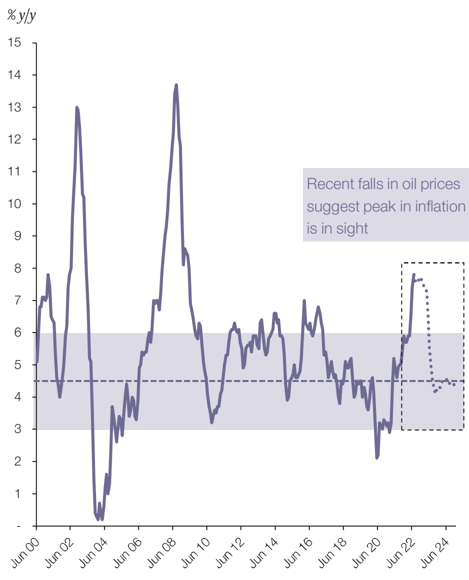
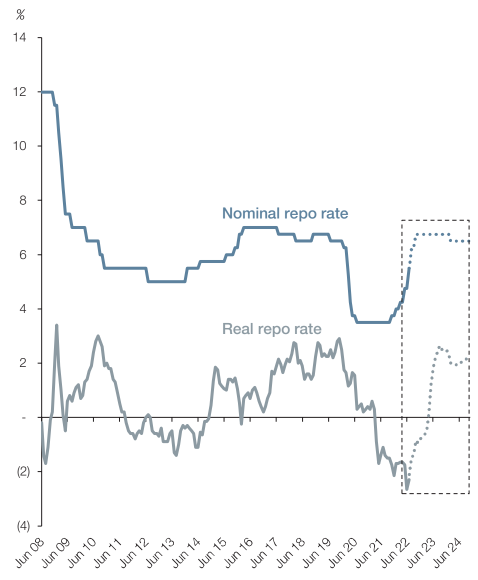
SA inflation should turn and rates likely to peak by 2H FY23

Headline inflation rate (CPI)



Repo rate

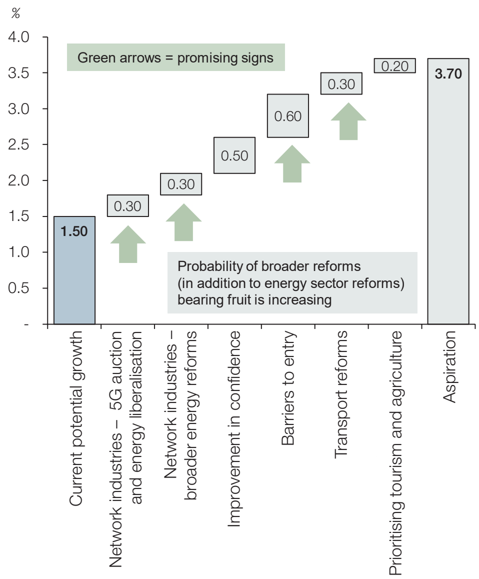


Sources: StatsSA, FirstRand.

55

Execution on reforms could lift potential growth further

Contribution of structural reforms to potential growth



Evidence of reform momentum

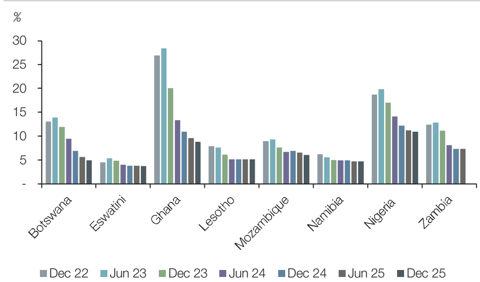
- Spectrum auction concluded
- Renewable energy programme opened for wind and solar power
- Electricity Regulation Amendment Bill published to enable a competitive electricity market
- White paper on National Rail Policy approved by the Cabinet, providing policy direction on third-party access to passenger rail
- Request for proposal issued to initiate third-party access to the freight rail network
- Green Drop report published to ensure better monitoring of water and wastewater treatment quality
- Revised critical skills list published
- NERSA registered over 500MW of private renewable power generation projects

Sources: National Treasury, Operation Vulindlela, FirstRand.

56

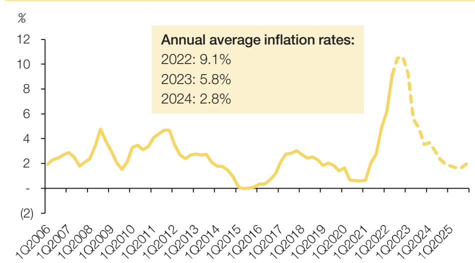
Broader Africa is expected to weather changing macros; UK business well positioned even if environment weakens

Broader Africa portfolio – inflation forecasts

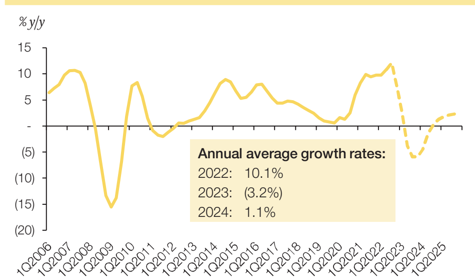


- Broader Africa **macro trends**
  - Inflation to peak within the next few months and tightening cycles to end
  - Economic activity should benefit from falling inflation
  - Softer commodity prices to serve as a headwind
- Fiscal prospects in Ghana pose severe headwind to the macro environment

UK inflation rate (CPI)



UK house price growth



Sources: Bloomberg, Aldermore, FirstRand.

57

FirstRand portfolio has attractive growth prospects

- SA advances growth will accelerate as macros improve
  - Momentum in second half expected to continue
  - Cautiously increasing credit appetite
- Stronger trajectory in SA NIR
  - Customer growth
  - Increased volumes on platform
  - Private equity realisations
- Continued impetus in deposit growth
- Steady improvement expected in broader Africa
- UK likely to experience a period of weakness, however, anticipate some growth in advances given Aldermore's specialist approach to origination
- ROE expected to remain in the target range of 18% to 22%
- Earnings growth expected to revert to group's long-term target of: real GDP plus CPI plus (0% to 3%)

FirstRand

appendix

FOR THE YEAR ENDED 30 JUNE 2022

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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	BROADER 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

60

Return profile is sustainable

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

Disciplined allocation and pricing of financial resources (capital, funding and liquidity, and risk capacity) and ALM strategies

Credit appetite, underwriting and pricing anchored to preserve return profile

Market-leading **private equity franchise** consistent generator of high returns, now 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 contributed 12% or R6 billion of total NIR in the year under review
- Also **growing other sources of NIR** (e.g. FNB Connect and »nav)

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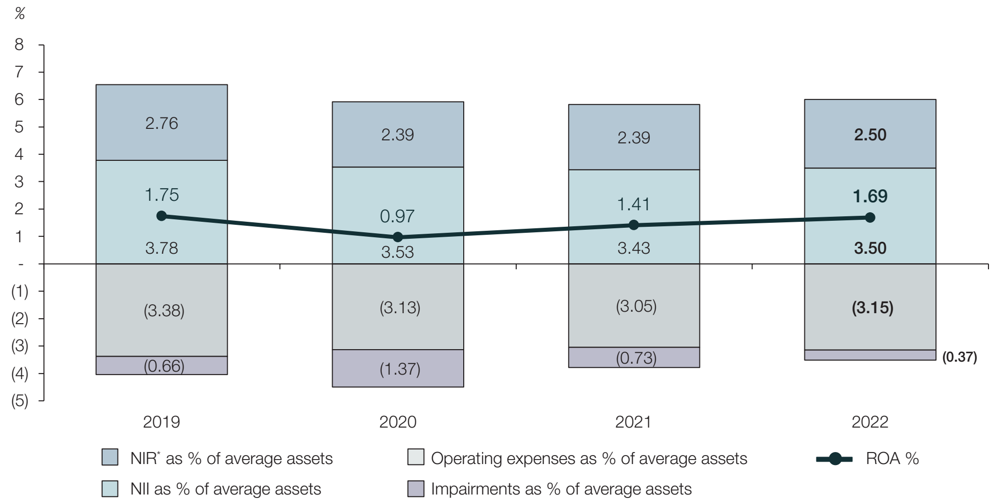
ROE decomposition demonstrates quality of operational performance

	2019	2020	2021	2022
ROE (%)	22.8	12.9	18.4	**20.6**
Gearing (times)	13.0	13.3	13.0	**12.2**



* *Including income from associates and joint ventures.*

62

Group has strengthened its balance sheet

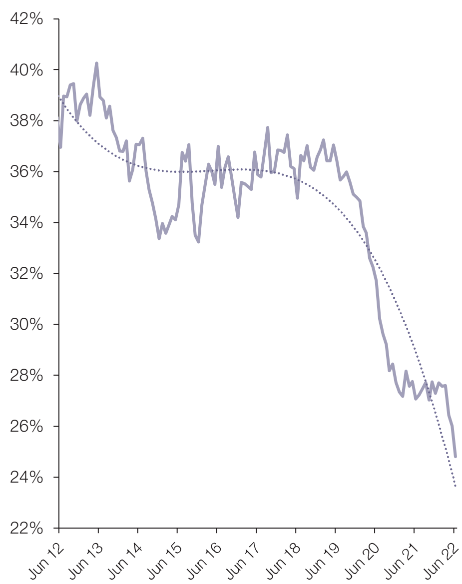
	ACTUAL	TREND
Assets in marketable format	**>R536 billion**	Marginally lower as structured liquid assets have amortised
Liquid assets as % of total assets	**26.8%***	Marginally lower
LCR and NSFR	**LCR: 121% (group), 124% (bank)** **NSFR: 123% (group), 120% (bank)**	The group's liquidity position remains healthy, with prudential ratios well above regulatory minimums.
Credit quality of assets	**BB-/B+**	Stable
Institutional funding term**	**39 months**	Marginally lower due to increased floating-rate note and NCD issuance (primarily 12-month maturities) relative to senior unsecured bonds
Deposit franchise**	**72% core deposit funding**	Funding strategy favours client deposits creating an improved liquidity risk profile coupled with deeper client engagement
RWA risk density	**56.7%**	Marginally higher
CET1 ratio	**13.9% (group), 14.2% (bank)**	Well above internal target range
Standalone bank credit rating	**Highest in SA**	Maintained

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

63

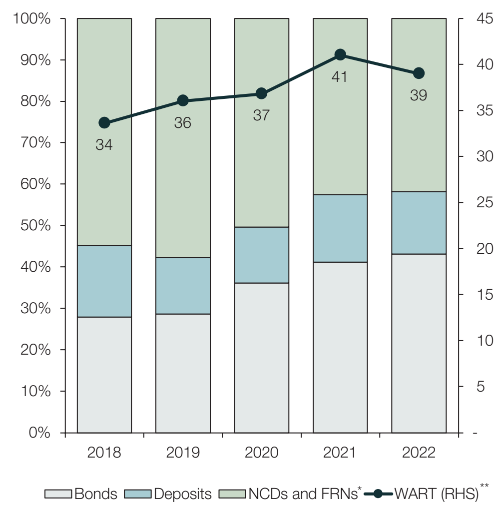
Less reliance on institutional funding, term maintained

Institutional funding as % of total funding



Diversified institutional funding mix and term profile

Institutional funding composition *Months*



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

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

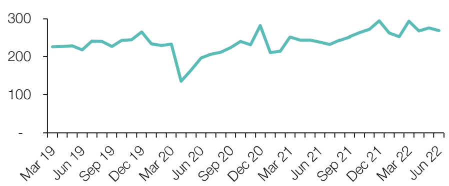
64

Good growth in transactional volumes

Transactional volumes* ▲14% y/y

Financial transaction volumes

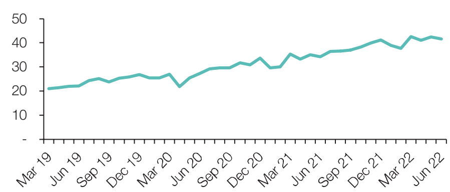
Millions



Banking app volumes ▲24% y/y

Financial transaction volumes

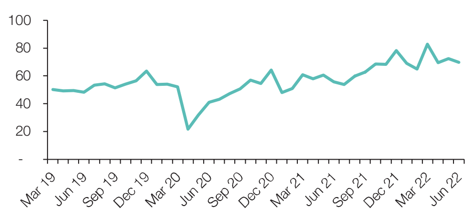
Millions



Card acquiring ▲26% y/y

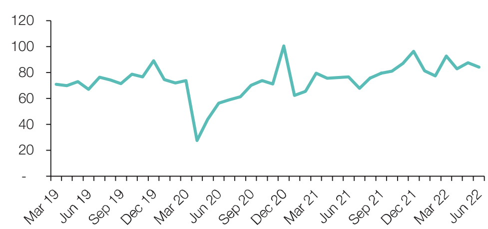
Card transactions on merchant point-of-sale devices

Millions



Card issuing** ▲14% y/y

Millions



* *Reflect financial volumes across all channels.*

** *Restated to exclude Discovery card.*

65

Quality of FNB transactional franchise supported by platform strategy and unique customer propositions

Customers		
Retail	7.86m	+5%
Commercial	1.20m	+6%
Broader Africa	1.90m	+4%
Total active customers	**10.96m**	**+5%**
eWallets*	5.95m	+6%
Total platform users	**16.91m**	**+5%**

70% of customers using **platform unassisted**

Representation points**		
Branches	735	(1%)
ATMs (incl. ADTs)	5 701	(2%)
CashPlus (agents)	2 707	+53%

Digital (app, online and USSD)	
Volumes	+14%
Annual logins (1.6 billion)	+8%
Transaction volumes	674m
Smart device payments (up >100%)	>R11bn
Virtual cards on app	3m
Collections (opt-in payment arrangements)	R2.3bn

Customer solutions engine (offers on platform)		
Loaded	703m	+53%
Taken up	10.4m	+24%

SME Bank of the Year
in South Africa and Africa
in the 2021 Global Finance Awards in Africa

eBucks

Rewards earned
- R2.1 billion in FY22
- R17.8 billion since inception

eB travel sales up >100% to R594 million

Acquisition of SLOW lounges concluded

FNB Connect		
Active MVNO SIMs	878k	+5%
Data used (MB)	7.88bn	+7%
Lotto, electricity, airtime sales	R17.9bn	+4%

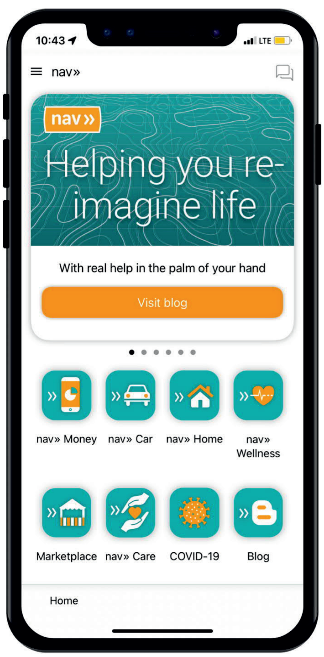
FNB Connect earned joint 1st place as
Digital MVNO of the Year
at the 2022 Global MVNO Awards

Most Valuable Financial Services Brand
2022 Kantar Brandz

* *Represent all SA eWallets without another FNB relationship/product that had at least one transaction in the past year. Total eWallets including other FNB relationships = 7.60 million.*
** *Include broader Africa (excludes Tanzania).*

66

nav» tools are successfully scaling and adding network effects



- **nav» Home**
  - R39.8 billion in payouts
  - 1 282 current listings and 139 agencies
  - Pay-out contribution of 24%
  - 35 297 families in homes
- **nav» Car**
  - Shop for cars, pay fines, renew licence discs
  - 781k vehicles loaded
  - 158 active listings on Car P2P
  - R191 million advances written since inception
- **nav» Marketplace**
  - 2 490 businesses on platform
- **nav» Money**
  - Track spend, view credit scores
  - 38% growth to 2.9 million users

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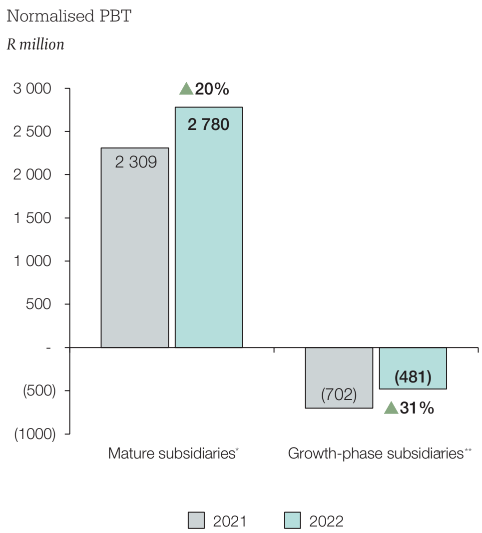
Improved performance in FNB broader Africa as mature subs remain resilient and growth subs scale



- **Broader Africa** PBT **+43%**
- **Tanzania exit** completed
- **Credit-driven** performance
  - Impairment decline on improved macros
  - Lower write-offs and higher recoveries
- Pre-provision operating profit **flat**
  - Moderate NII growth
  - Satisfactory customer growth (+4%)
  - Inflation-driven cost increases
- **Muted advances** growth

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

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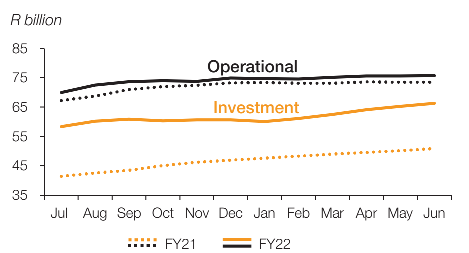
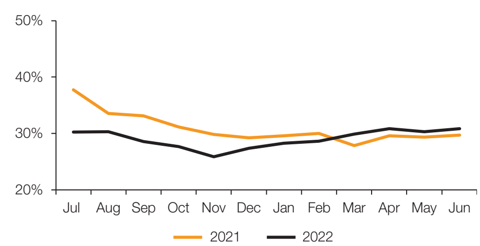
RMB corporate and transactional banking – operational trends

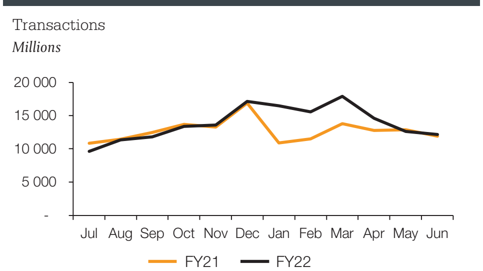
Average deposits



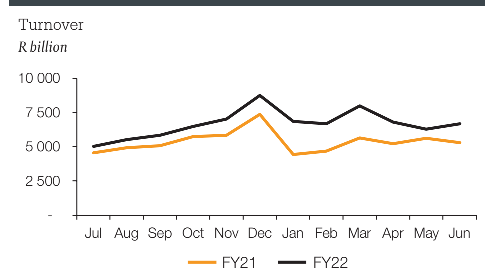
Rand general banking facility utilisation



Merchant services volumes (SA)



Merchant services turnover (SA)



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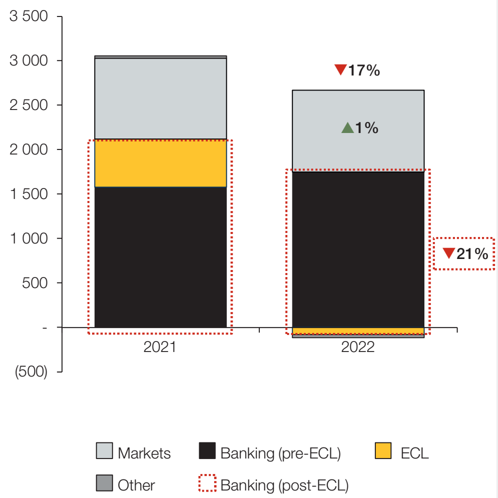
RMB broader Africa reflects resilient in-country performance, offset by credit normalisation on the cross-border book

Broader Africa* normalised PBT

R million



Banking

- Strong cross-border advances growth with increased momentum towards the end of H2
- Good in-country advances growth, particularly in Nigeria, which benefited net interest income growth
- Strong growth in primary-banked relationships +11%
- Rate hikes across the portfolio resulted in deposit margins expanding 26 bps
- Results negatively impacted by a swing of >R620 million in cross-border credit provisions
- NIR impacted by margin pressure in merchant services and regulatory restrictions in Nigeria

Markets

- Strong performance from the Ghana FX business and improved performance in the Botswana fixed-income business
- Cross-border performance impacted by reduced flow activities from Nigeria and roll-off of structured deals

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

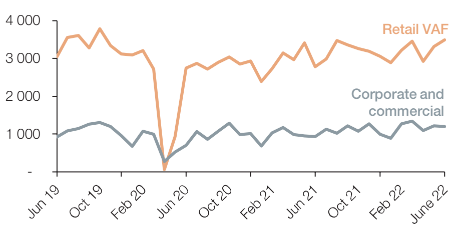
70

WesBank – operational trends

Good growth in production

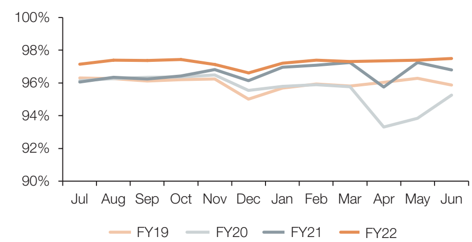
Amount disbursed on new and existing business

R million



Retail collection trends

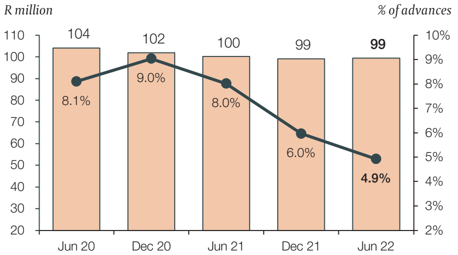
Overall debit order success rate



Positive NPL trends

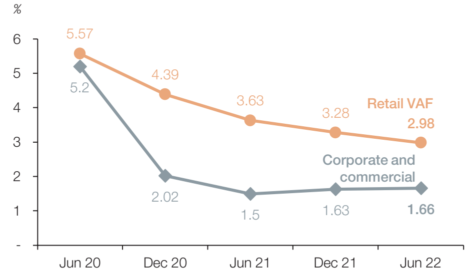
Advances | NPLs

R million | *% of advances*



Early arrears trending downwards

%



71

Aldermore acquisition – value accretive

	£ 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 year ended 30 June 2022	125	
June 2022 adjusted NAV @ spot rate (£1 = R19.95)	1 471	29 347
Aldermore excluding MotoNovo return on investment over 51 months	34.0%	60.3%
Compound annual growth rate (CAGR)	7.1%	11.7%

FirstRand excess capital could have been invested at 3-month JIBAR: 6.08% (FY18 – FY21 average) and 3.92% (FY22)

A

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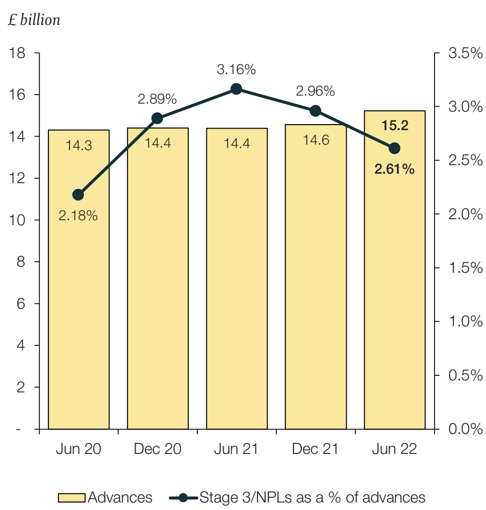
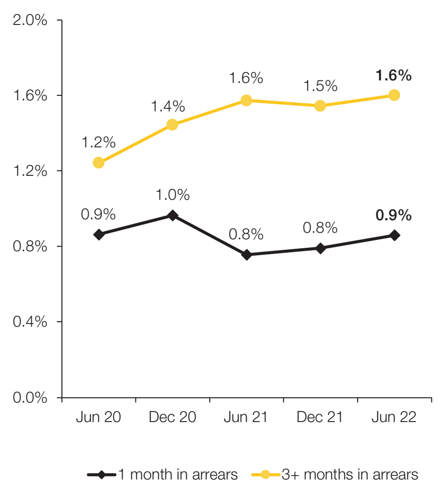
Positive trends in NPLs, stable arrears levels

Gross advances and NPLs



Arrears levels



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

A

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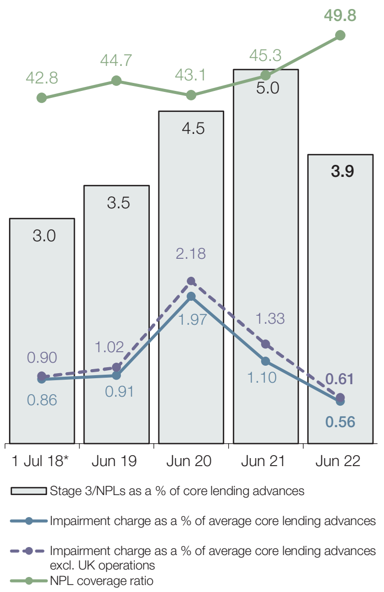
Almost all portfolios showing lower charge and below TTC



IMPAIRMENT CHARGE

R million	2022	2021	2022 CLR%	2021 CLR %
Retail – secured	1 461	2 474	0.44	0.76
Residential mortgages	46	577	0.02	0.26
WesBank VAF	1 415	1 897	1.42	1.86
Retail – unsecured	4 363	6 066	5.01	6.91
FNB card	1 070	1 428	3.34	4.65
Personal loans	2 354	3 600	5.89	8.83
- FNB and DirectAxis	2 193	2 999	5.86	7.88
- Covid-19 relief	161	601	6.32	22.00
Retail other	939	1 038	6.25	6.40
Stress scenario	(18)	335	-	-
Total retail	5 806	8 875	1.38	2.14
Commercial	366	1 413	0.25	1.03
Corporate	(420)	1 428	(0.14)	0.47
Broader Africa**	175	885	0.27	1.40
Centre (including GTSY)	(7)	29	(0.03)	0.09
Total excluding UK operations	5 920	12 630	0.61	1.33
UK operations	1 160	1 030	0.39	0.35
Total including UK operations	7 080	13 660	0.56	1.10

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

** Broader Africa excludes Group Treasury and cross-border activities.

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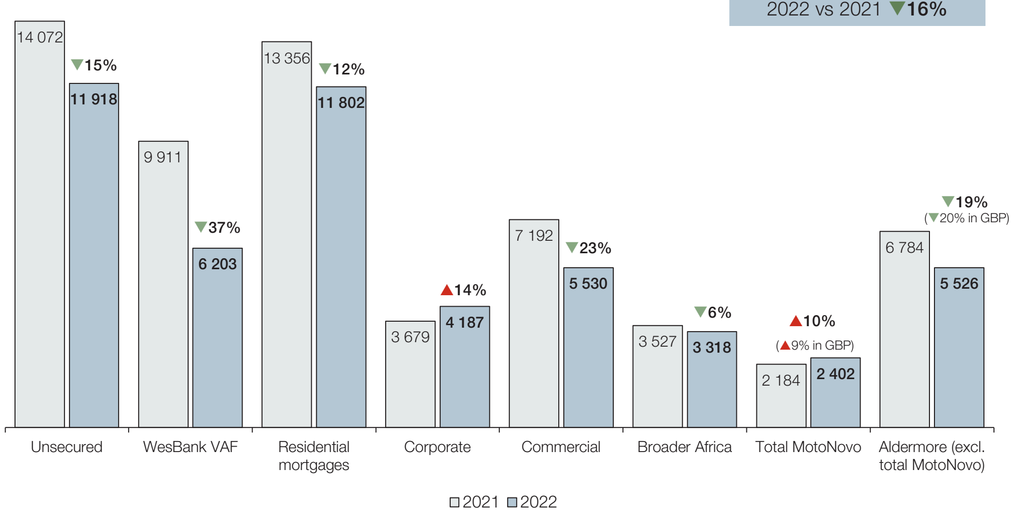
NPL formation benefiting from strong collections, curing and slower inflows, significant counter migrated in corporate

NPLs

R million

Total NPLs

2022 vs 2021 ▼**16%**



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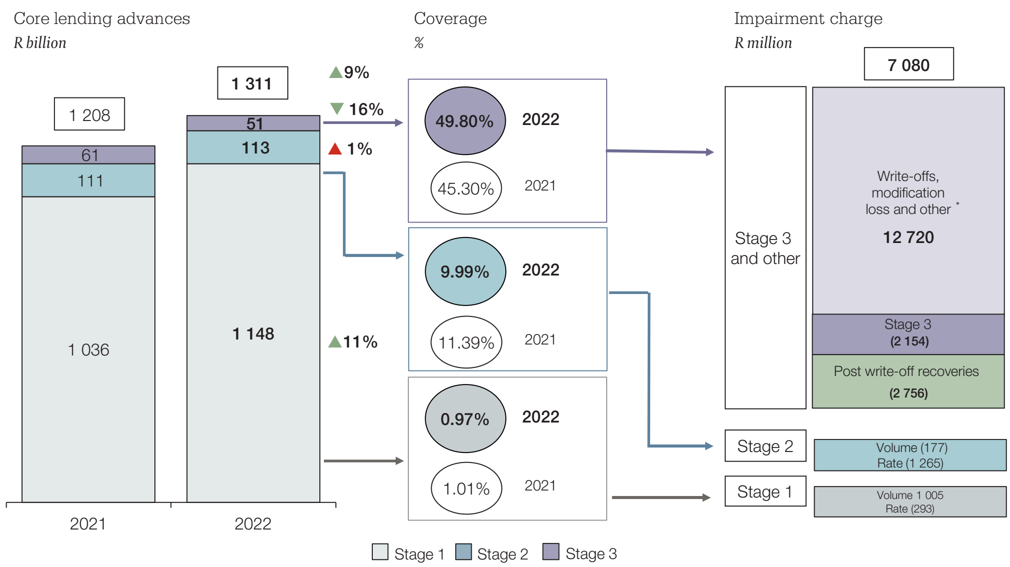
Improved stage composition driving lower impairments (rate)



* *Write-off of gross balances excluding prior year provisions held and also includes modification losses.*
Note: *Advances in bar graphs are based on rounded numbers.*

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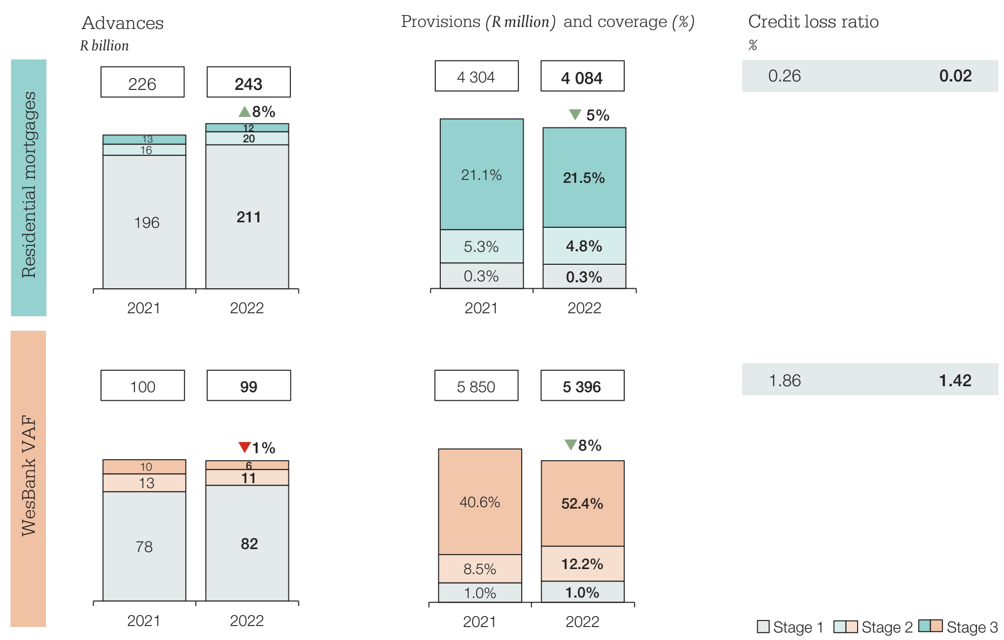
Breakdown of core lending advances and provisions



Note: Advances in bar graphs are based on rounded numbers. Graphs exclude impact of temporary stress scenario.

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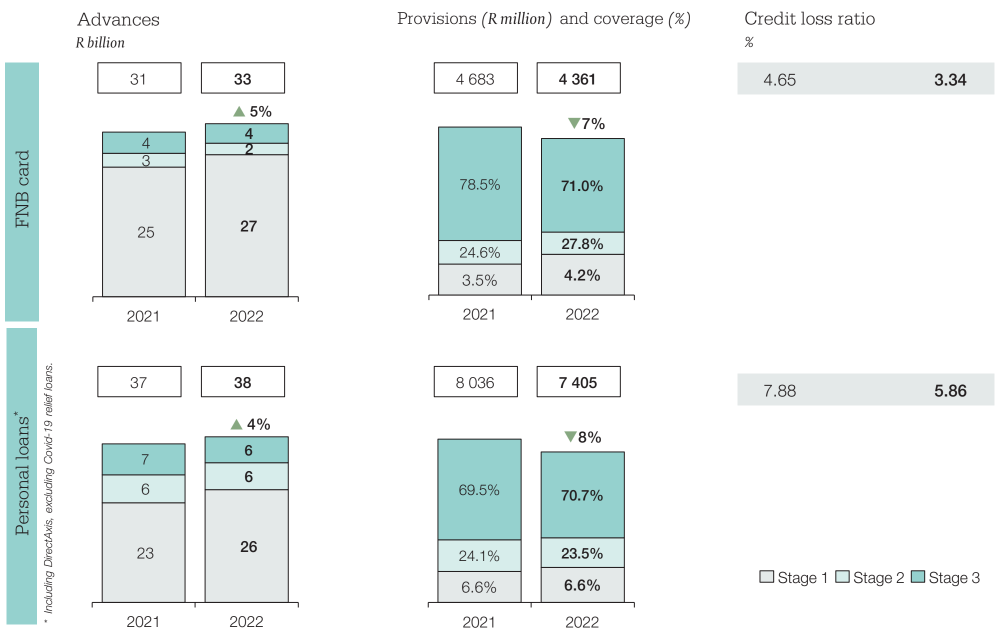
Breakdown of core lending advances and provisions



Note: Advances in bar graphs are based on rounded numbers. Graphs exclude impact of temporary stress scenario.

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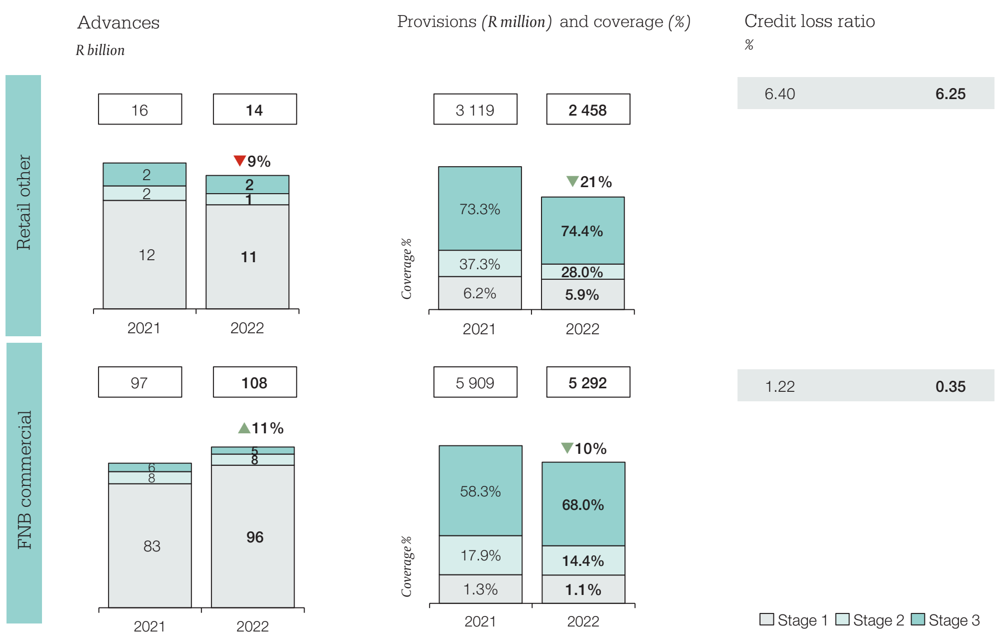
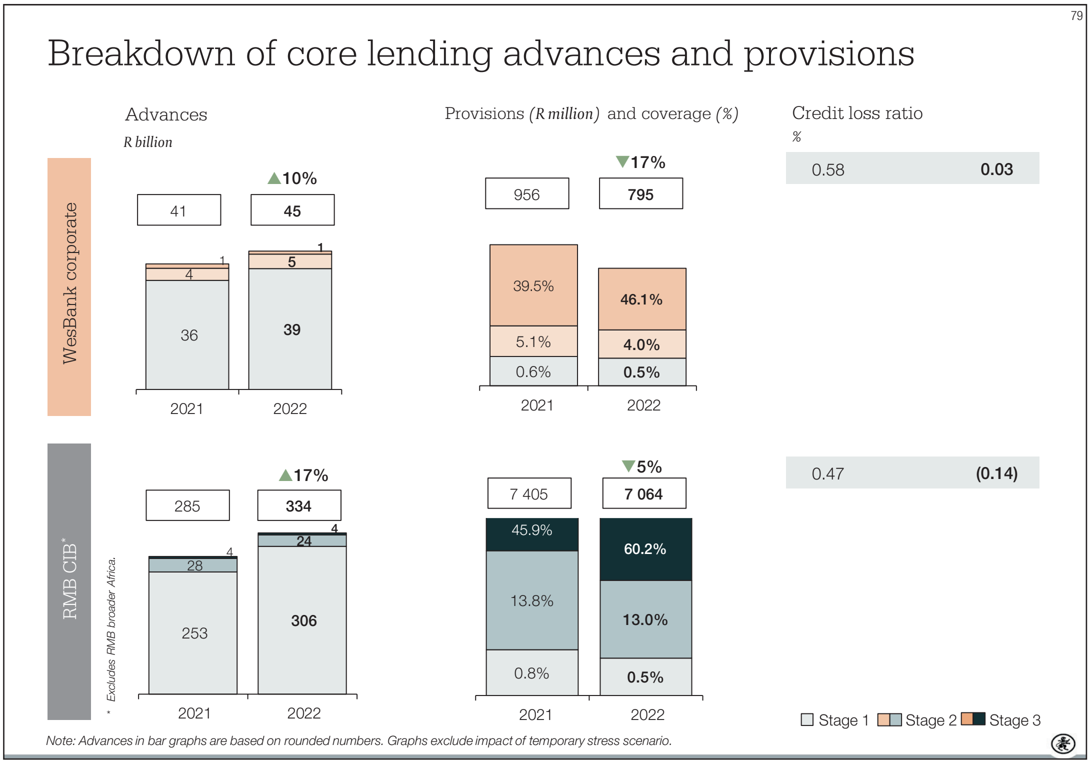
Breakdown of core lending advances and provisions



Note: Advances in bar graphs are based on rounded numbers.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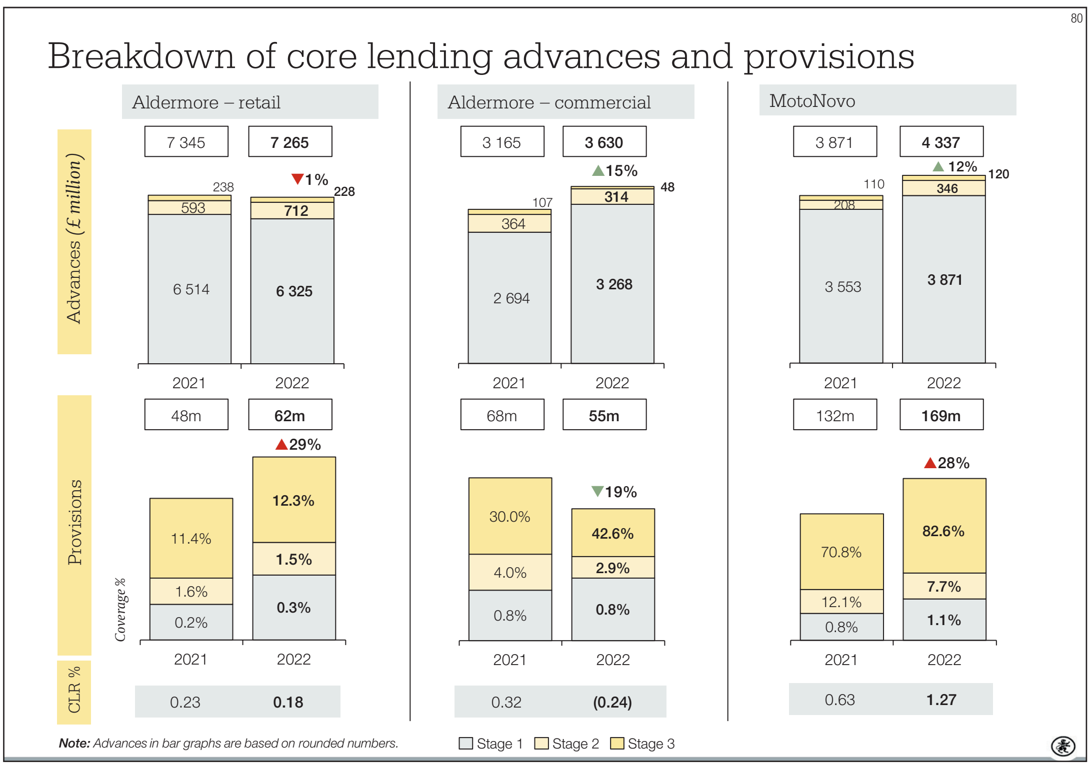
Breakdown of core lending advances and provisions
Advances
R billion
Provisions (R million) and coverage (%)
Credit loss ratio
%
WesBank corporate
▲10%
41
45
1
4
36
1
5
39
2021
2022
▼17%
956
795
39.5%
5.1%
0.6%
46.1%
4.0%
0.5%
2021
2022
0.58
0.03
RMB CIB*
* Excludes RMB broader Africa.
▲17%
285
334
4
28
253
4
24
306
2021
2022
▼5%
7 405
7 064
45.9%
13.8%
0.8%
60.2%
13.0%
0.5%
2021
2022
0.47
(0.14)
Stage 1
Stage 2
Stage 3
Note: Advances in bar graphs are based on rounded numbers. Graphs exclude impact of temporary stress scenario.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Breakdown of core lending advances and provisions
Aldermore – retail
Aldermore – commercial
MotoNovo
Advances (£ million)
7 345
7 265
▼1%
238
593
6 514
228
712
6 325
2021
2022
3 165
3 630
▲15%
107
364
2 694
48
314
3 268
2021
2022
3 871
4 337
▲12%
110
208
3 553
120
346
3 871
2021
2022
Provisions
Coverage %
48m
62m
▲29%
11.4%
1.6%
0.2%
12.3%
1.5%
0.3%
2021
2022
68m
55m
▼19%
30.0%
4.0%
0.8%
42.6%
2.9%
0.8%
2021
2022
132m
169m
▲28%
70.8%
12.1%
0.8%
82.6%
7.7%
1.1%
2021
2022
CLR %
0.23
0.18
0.32
(0.24)
0.63
1.27
Note: Advances in bar graphs are based on rounded numbers.
Stage 1
Stage 2
Stage 3

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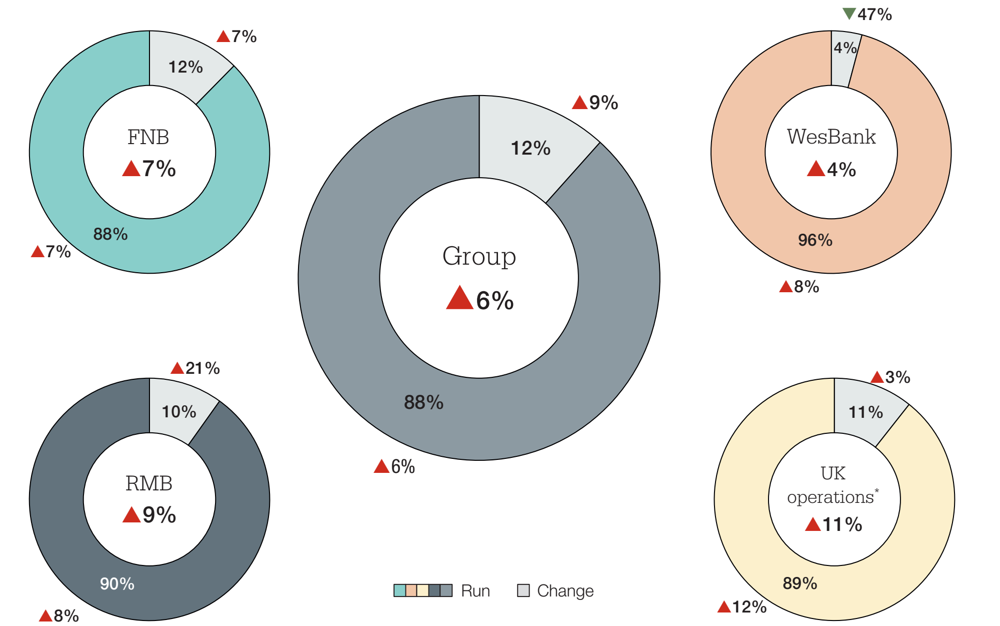
Operating business cost growth includes investment spend



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

* *Calculated in pound terms.*

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Cost containment journey continues notwithstanding marginal increase in CTI

Costs increased 6%

- 8% increase in staff cost
- Continued investment in new initiatives, technology and platforms through the income statement

STUDIO 5

FirstRand

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