FirstRand

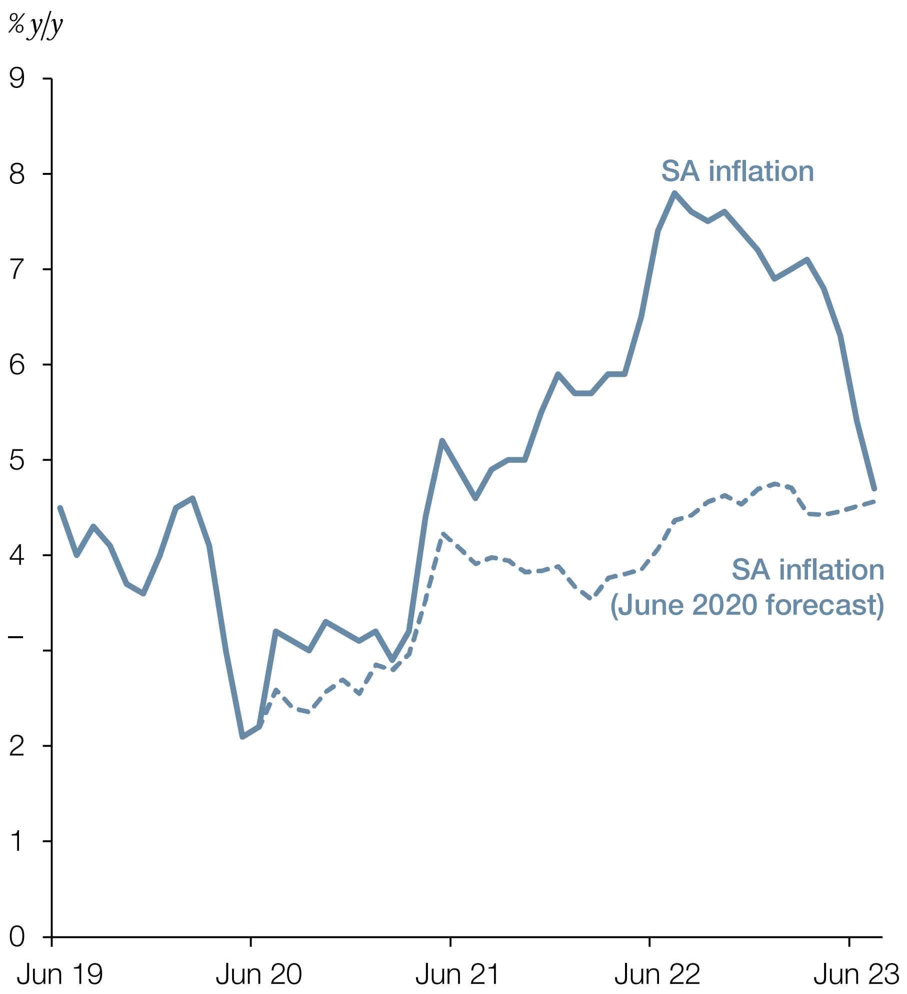
resilience

through diversification

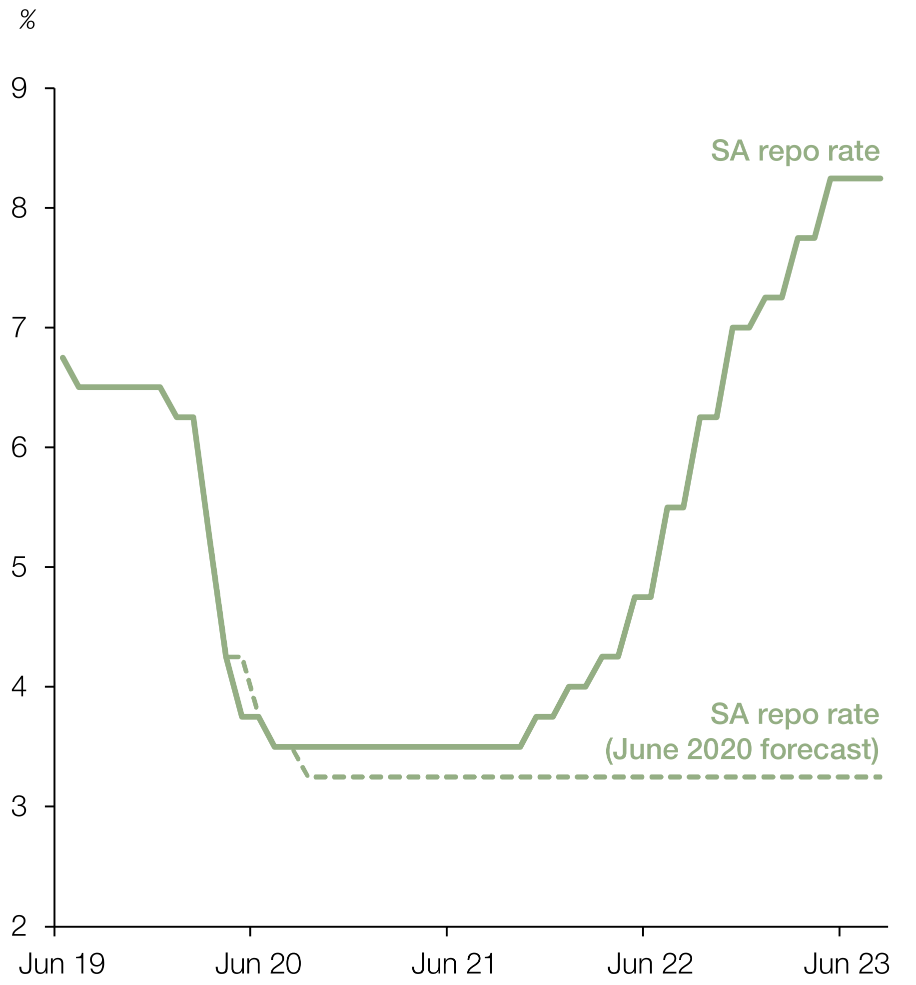
UBS 26th SA Financial Services Conference

Through-the-cycle approach anchored to strategy and FRM

Headline inflation rate (CPI)



Repo rate



Sources: Stats SA, SARB, FirstRand.

Superior and sustainable economic returns within acceptable levels of volatility whilst maintaining balance sheet strength

- Holistic management of the balance sheet and its income streams within the macro context
  - Dynamically tilting the balance sheet to optimise shareholder outcomes through economic cycles

Banks need to understand and react to the cycle

  - Maintaining an appropriate balance between:
    - Earnings growth
    - Returns
    - Whilst also minimising volatility

First and foremost, protect ROE and do not "chase" growth at the expense of returns

Diversification operationalised across the portfolio

Balance sheet diversification

- Discerning origination – credit outcomes through the cycle
- Advances mix
- Funding optimisation

NIR diversification

- Capital-light/non-bank revenues
- Customer franchise strength
- Mix diversification

Geographical diversification

- Competitive advantage and scale
- Risk-adjusted returns

Financial resource management

- Enables sustainable diversification through capital allocation

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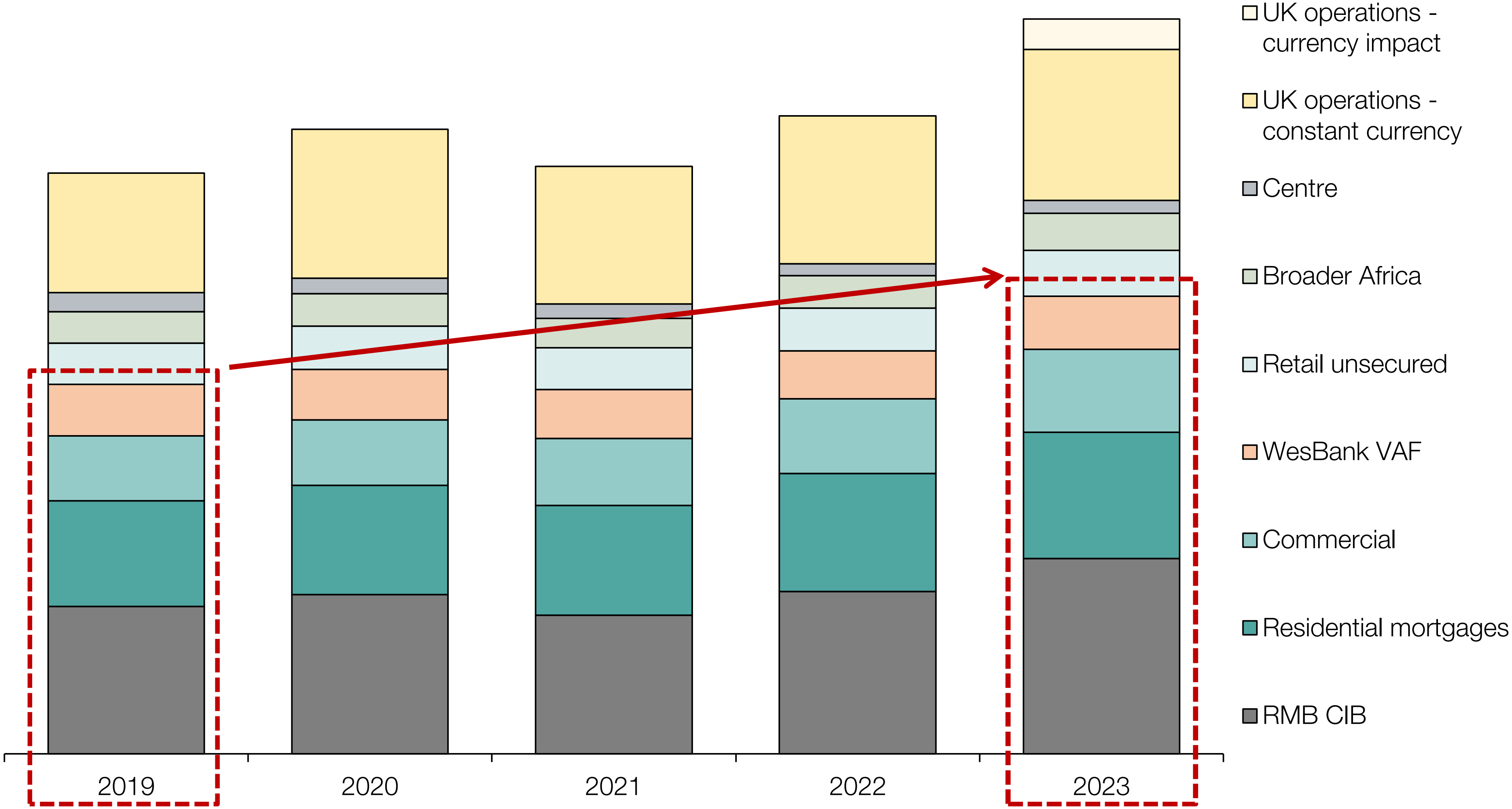
Balance sheet through-the-cycle demonstrates origination decisions

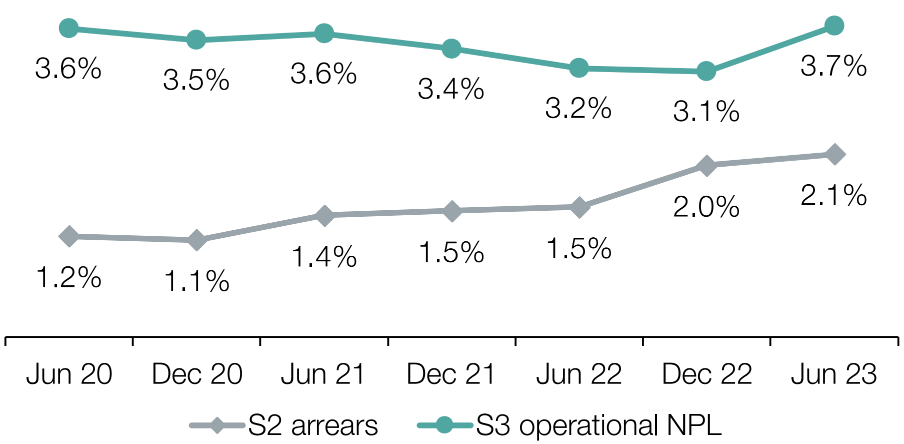
Advances

R billion

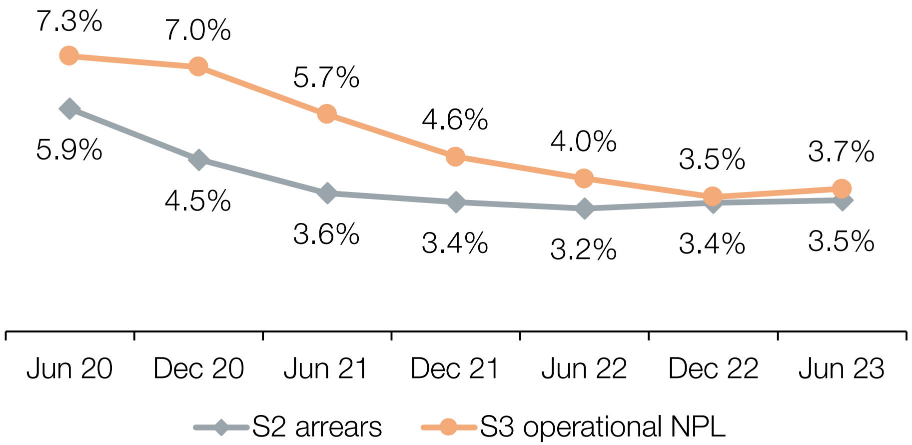


Performance from the origination strategy is as expected

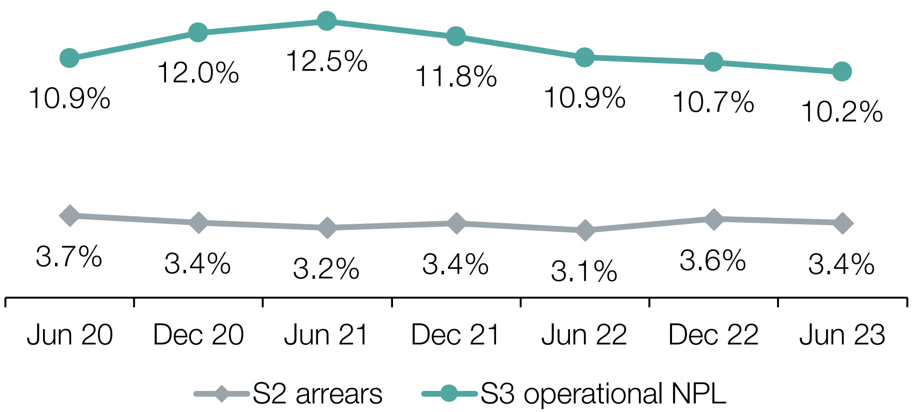
Retail mortgages



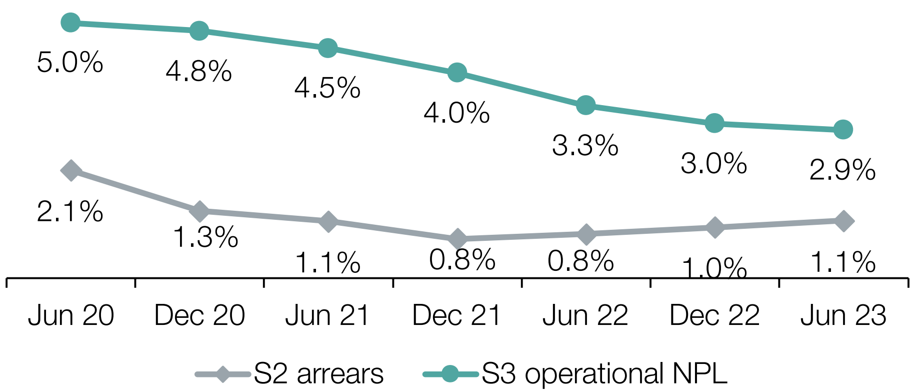
WesBank VAF



Retail unsecured

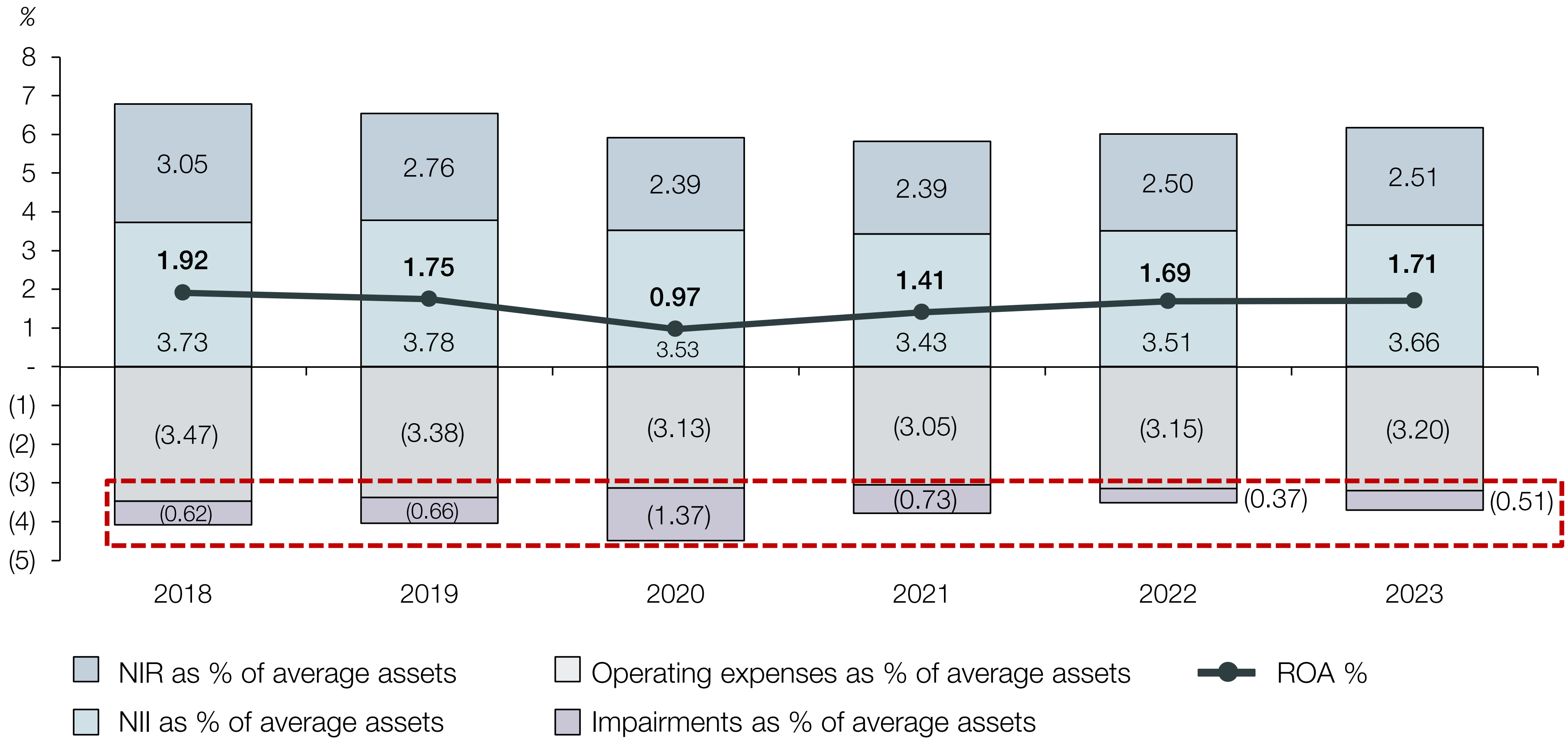


FNB commercial and WesBank corporate



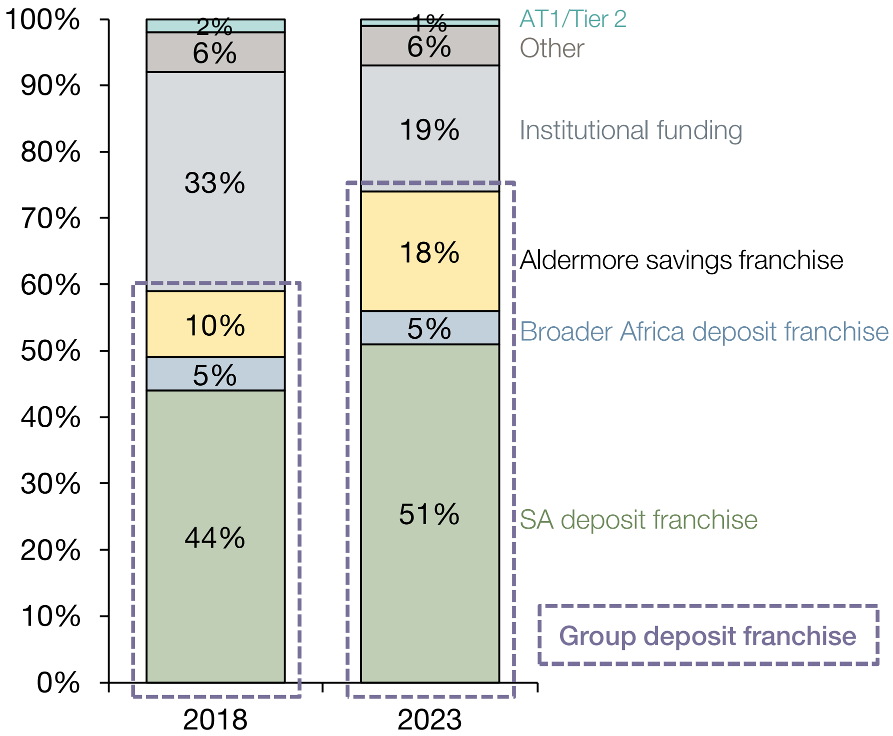
Credit outcomes meaningful to ROE through-the-cycle

ROE (%)	23.0	22.8	12.9	18.4	20.6	**21.2**
Gearing (times)	12.0	13.0	13.3	13.0	12.2	**12.4**



Balance sheet resilience also underpinned by deposit-led funding strategy

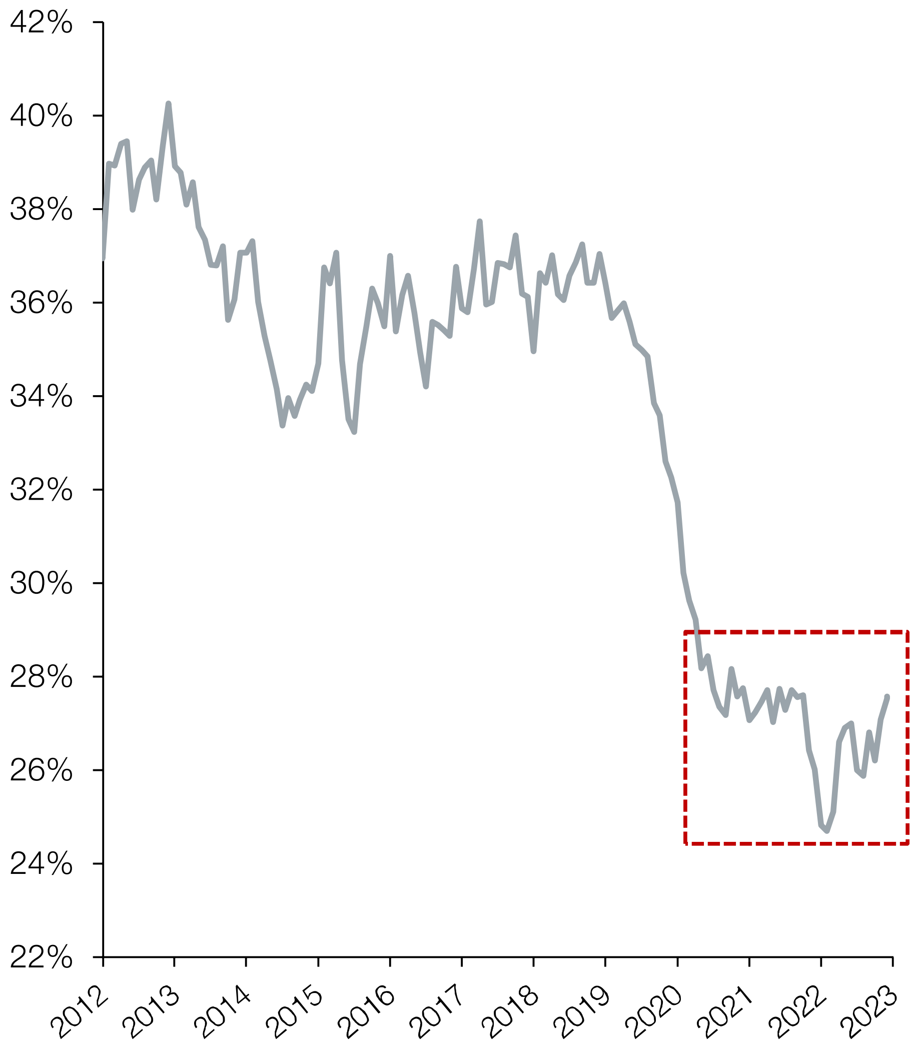
Funding composition – 2018 *vs* 2023



Deposit franchise contribution from **59%** to **74%** over the period reflects objectives to:

- Maintain and enhance deposit market share
- Optimise institutional funding profile

Institutional funding as % of total funding



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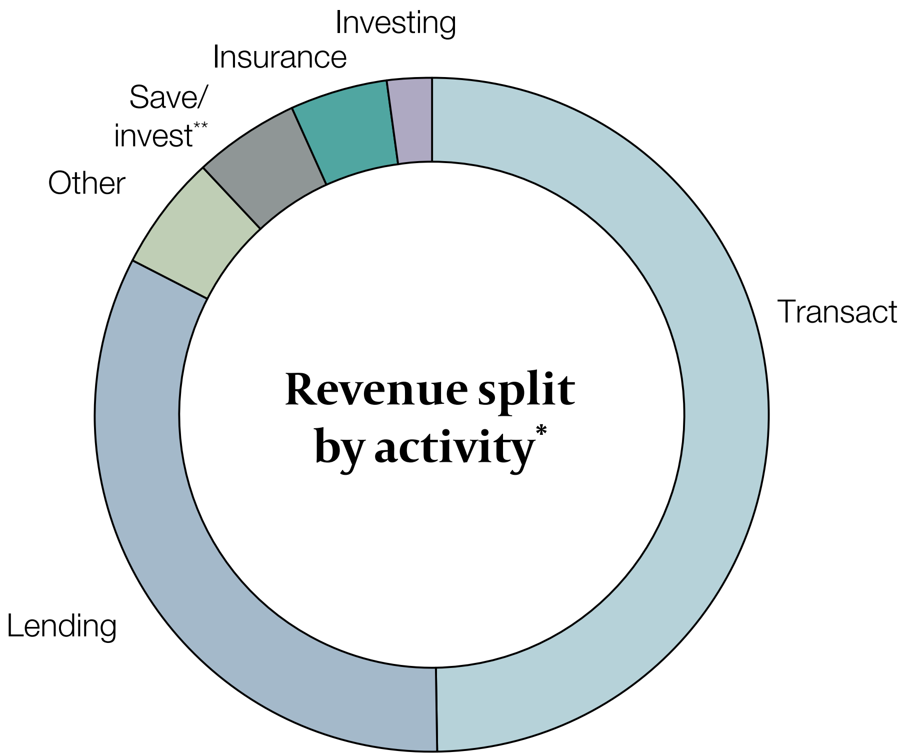
Growing transactional franchise provides revenue resilience

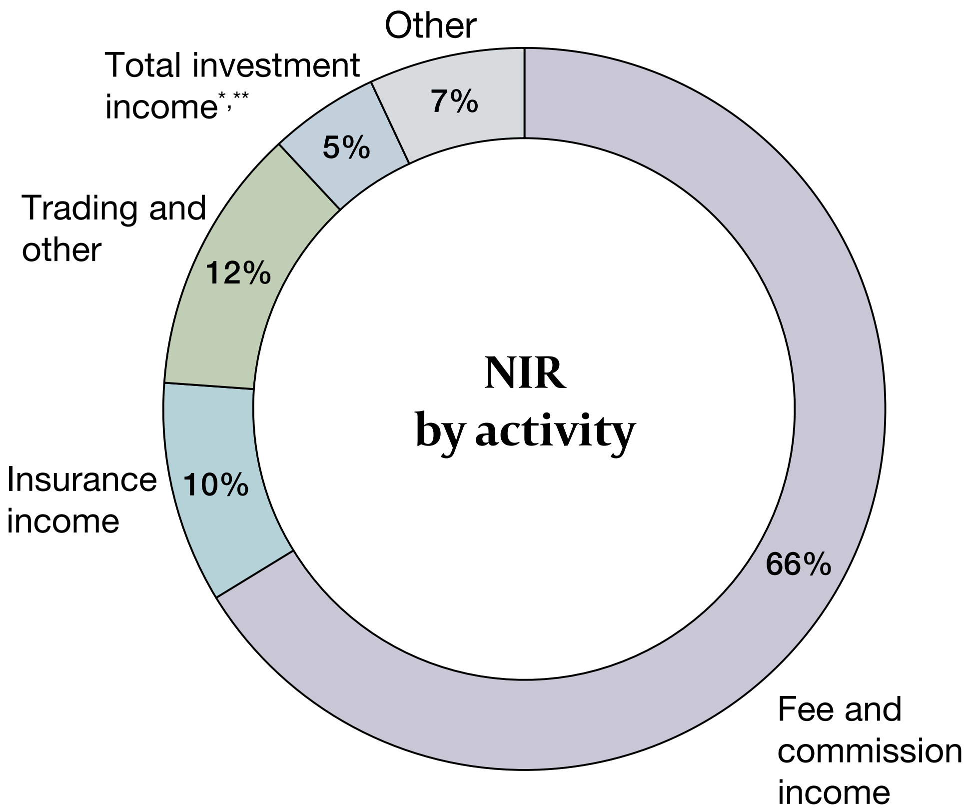


- The relative size and quality of the transactional franchise allows the group to achieve high levels of **capital-light earnings** growth
- Key growth imperatives:
  - Grow customer numbers
  - Do more business with customers
  - Do this more efficiently

* *Based on gross revenue excluding consolidation adjustments, excluding Aldermore Group.*

** *Includes deposit taking and investment management.*

Further diversification adds to resilience



Fee and commission income reflects relative size and **strength of transactional franchise**

At risk given digitisation, and regulatory and competitive pressures

Diversifying mix through scaling **insurance** and **investment management** creates resilience

* *Includes share of profit from associates and joint ventures after tax.*

** *Excluding restructure and Ghana impairment.*

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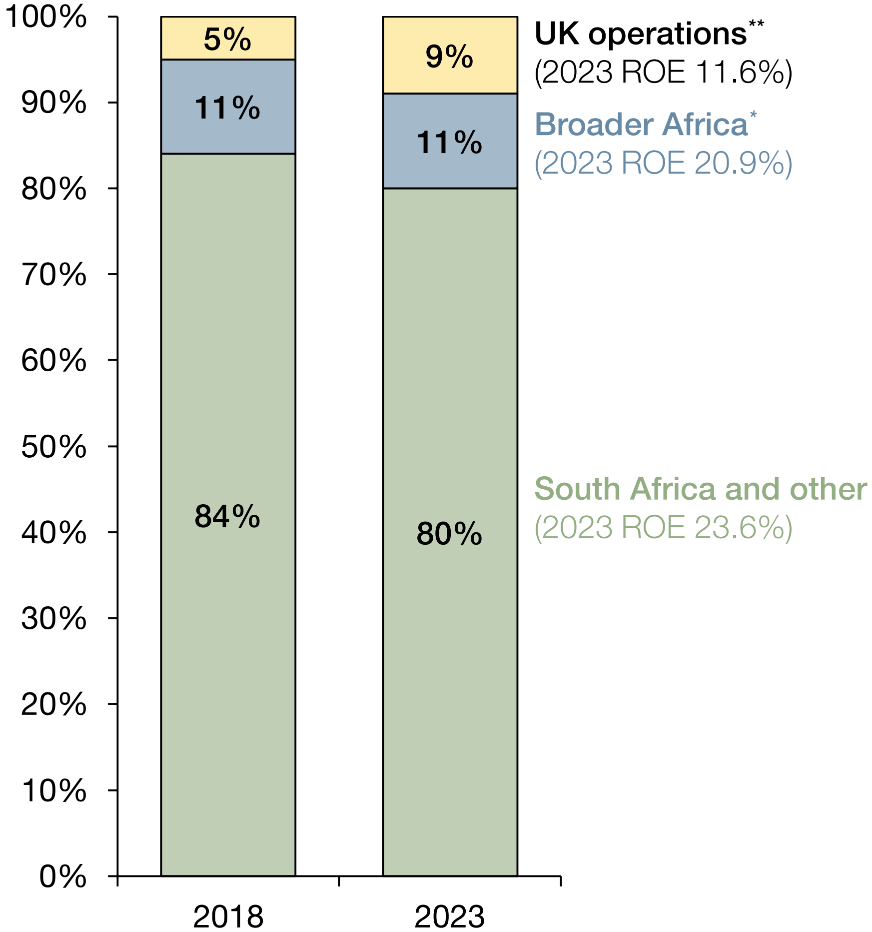
Geographic diversification presents long-term growth optionality

Geographic normalised earnings mix – 2018 *vs* 2023



Broader Africa

- **FNB:** mix of high-ROE systemic banks and scaling newer subsidiaries
- **RMB:** large deal footprint and in-country presence contribute 31% to RMB PBT

UK operations

- Transitioned MotoNovo from monoline to a more **diversified** business
- Attractive **risk-adjusted** returns through the cycle
- UK system growth is expected to be **stronger** than **current SA** projections for GDP

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