FirstRand

Pre-close investor update

20 November 2023

Guidance provided for **full year to June 2024 still intact**

Extract from year-end results presentation:

- ROE will remain at upper end of range
- Growth in earnings expected to land within the group's long-term target band of **real GDP plus CPI plus >0% to 3%**

Performances of **client franchises tracking in line** with expectations

- Group credit loss ratio (CLR) lower than guided – not expected to reach mid-point of through-the-cycle CLR target range

- FNB
  - Continued growth in retail volumes and customers, however:
    - Retail advances growth in secured and unsecured softened, mainly due to continued focus on quality risk, and a reduction in demand
    - Ongoing consumer pressure and fee givebacks will result in softer NIR growth
  - Continued good growth in customers, volumes, advances and deposits in commercial

- RMB
  - Advances growth continued – slowed year-on-year given the high base
    - Cross-border book still performing strongly

- Aldermore – business performing in line with expectations
  - Advances growth impacted by appetite pull back, resulting in better credit outcome

Tale of **two halves** – base impacts in first half

- Private equity realisation, partly offset by Ghana sovereign debt default impact – net benefit of c. R300 million in 1H23 which won't be repeated in 1H24

- Cost growth for H1 will be higher than guided for the full year
    - Absolute value of opex will be similar on a rolling six-month basis despite August salary increases
    - Expect cost growth to normalise to high single digit growth guided for the full year

- Aldermore fair value hedge impact

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