FIRSTRAND LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1966/010753/06
JSE ordinary share code: FSR; ISIN code: ZAE000066304
NSX ordinary share code: FST
LEI: 529900XYOP8CUZU7R671
(FirstRand or the group)

AUDITED RESULTS AND ORDINARY CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 30 JUNE 2024

"Despite a tough macro environment, a standout feature of these results is the operational outperformance delivered by FirstRand's portfolio in the second half of the year. This allowed the group to absorb an accounting provision raised for the UK motor commission review, and still produce robust growth in normalised earnings of 4% and a return on equity (ROE) of 20.1%, which is well within its target range. Excluding this provision, normalised earnings grew 10% and the ROE of 21.3% moved to the top of the stated range. This is testament to the quality of the group's operating franchises, FNB, RMB, WesBank and Aldermore, and its disciplined approach to allocating financial resources to deliver superior shareholder value. Pleasingly the group's high ROE and ongoing capital generation provided the capacity to grow its dividend 8%, which is significantly higher than earnings growth."

Mary Vilakazi – CEO

FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	2024	2023*	% change
Basic and diluted normalised earnings per share (cents)**	677.2	653.1	4
Normalised earnings**	37 988	36 634	4
Headline earnings**	38 054	36 700	4
Normalised net asset value#	195 664	181 451	8
Normalised net asset value per share (cents)#	3 488.1	3 234.7	8
Ordinary dividend per share (cents)	415	384	8
ROE (%)#	20.1	21.1	
Basic and diluted headline earnings per share (cents)**	679.0	654.7	4
Basic and diluted earnings per share (cents) - IFRS**	681.4	648.1	5
Net asset value per share (cents) - IFRS	3 484.7	3 233.7	8
Advances (net of credit impairment)	1 611 541	1 539 375	5
Deposits	2 003 151	1 923 103	4
Credit loss ratio (%)	0.81	0.78	

* Restated due to the adoption and retrospective application of IFRS 17.

** The adoption of IFRS 17 resulted in a R35 million decrease in earnings for the year ended 30 June 2023 (0.6 cents per share). It also resulted in a 40 bps reduction in the June 2023 cost-to-income ratio.

\# The adoption of IFRS 17 resulted in a R753 million increase in the 30 June 2023 net asset value (13.4 cents per share) and a subsequent 10 bps decrease in ROE.

FINANCIAL PERFORMANCE

Despite the challenging macroeconomic backdrops in the jurisdictions where the group operates, given the quality of the group's customer-facing franchises, the consistent approach to new business origination and ongoing discipline in the allocation of financial resources, FirstRand delivered a strong operational performance. This was particularly evident in the second six months of the financial year.

Relative to FirstRand's expectations at the first half of the year, the group's portfolio has outperformed. This reflects execution of strategies designed to maximise shareholder value, tightly managed through the group's financial resource management (FRM) process. The material completion of the UK notice of sums in arrears (NOSIA) remediation process also made a meaningful contribution. This performance enabled the group to absorb the impact of a R3.0 billion (£127.4 million) pre-tax accounting provision relating to the previously disclosed ongoing investigation by the UK's Financial Conduct Authority (FCA) with regards to dealer commissions in the motor finance sector. In addition c. R300 million (£12.7 million) of legal and professional fees were incurred in relation to the investigation. The total pre-tax impact of these two items relating to the UK motor commission matter is R3.3 billion (£140.1 million).

Despite this impact, normalised earnings increased 4%, the group delivered a normalised ROE of 20.1% (which remains well within the group's stated range of 18% to 22%), R10 billion of net income after cost of capital (NIACC) and net asset value growth of 8%. The group is pleased to deliver 8% growth in dividend per share, despite absorbing the impact of the UK motor commission matter. The capacity to grow the dividend significantly above normalised earnings is mainly an outcome of the group's strong operational performance, high ROE and ongoing capital generation.

The overall credit performance continued to trend slightly better than FirstRand's initial through-the-cycle (TTC) expectations and is a direct outcome of the group's origination approach in SA and broader Africa. Additional benefit emanated from the improving credit experience in the UK operations, including the completion of the NOSIA remediation, which resulted in a R1.08 billion (£46 million) release of credit provisions. This provided a 7 bps benefit to the group credit loss ratio, which remains at the bottom of the group's TTC range.

Given its high return profile, the group remained capital generative, with the Common Equity Tier 1 (CET1) ratio at 13.5% (2023: 13.2%). Taking this strong capital position into account, the board is comfortable to increase the total dividend 8% to 415 cents, which translated into a dividend cover of 1.63 times.

The following table provides an overview of the group's performance including the impact of the UK motor commission matter.

FIRSTRAND GROUP FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	2024	2023	% change
NII	86 105	78 615	10
NIR*	55 295	52 393	6
Operating expenses**	(74 405)	(67 320)	11
Impairment charge	(12 555)	(10 949)	15
Normalised earnings	37 988	36 634	4
NIACC	10 364	11 904	(13)
ROE (%)	20.1	21.1	
Cost-to-income ratio (%)	52.6	51.4	
Gross written insurance premium on group licences	7 548	6 507	16
Deposit franchise	1 551 376	1 442 610	8
Core lending advances	1 597 898	1 511 037	6
Credit loss ratio (%) – core lending advances	0.81	0.78	
Stage 3/NPLs as a % of core lending advances	4.25	3.80	

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

** Include R3 299 million relating to the UK motor commission matter.

The group's segment and geographic diversification played its part in delivering the operational outperformance relative to expectations. The corporate and commercial franchises mitigated some of the strain emanating from the retail portfolios due to the prevailing high interest rate cycle and inflation pressures facing South African households. The broader Africa portfolio delivered a strong performance, with FNB's broader Africa franchise increasing profit before tax (PBT) 20% and RMB's broader Africa PBT growing 16%. The UK operations produced 18% growth in PBT (in pound terms).

The Centre, comprising Group Treasury and support functions, produced normalised earnings of R3.5 billion, excluding the impact of the motor commission matter. The main contribution to growth in normalised earnings came from Group Treasury PBT growth of 40%, reflecting strong net interest income (NII) growth, which was positively impacted by active funding and liquidity management outcomes in both rand and hard currency, driven by liability management and franchise asset growth. Capital endowment NII benefited from rate increases, partially offset by a decline in NII from asset-liability management (ALM) investment activities.

Sources of normalised earnings are unpacked in the table below:

SOURCES OF NORMALISED EARNINGS

	Year ended 30 June				
R million	2024	% composition	2023	% composition	% change
FNB	21 968	58	21 700	59	1
WesBank	1 981	5	1 850	5	7
RMB	9 744	26	9 116	25	7
UK operations*	4 170	11	3 345	9	25
– UK operations excluding UK motor commission matter	4 490		3 345		34
– UK motor commission matter	(320)		—		—
Centre*,**,#	1 439	4	1 559	4	(10)
– Centre operations excluding UK motor commission matter	3 537		1 559		>100
– UK motor commission matter	(2 098)		—		—
Other equity instrument holders	(1 314)	(4)	(936)	(2)	40
Normalised earnings	37 988	100	36 634	100	4

* The UK operations management view shown in the table above, and MotoNovo's front and back books were included in the June 2023 figures. As MotoNovo's back book has significantly run down and is immaterial to the group and the UK operations, the back book is reported in the Centre effective 1 July 2023, with the management reporting view of the UK operations now aligned to the segment report and the statutory view for Aldermore Group.

** Including Group Treasury – includes capital endowment, the impact of accounting mismatches, and interest rate, foreign currency and liquidity management.

Includes FirstRand Limited (company). Several variables shaped the Centre's performance, including the non-repeat of the R498 million provision relating to Ghana's sovereign debt restructure in the prior year, the net endowment benefit, and the impact of accounting mismatches.

Notwithstanding the impact of the UK motor commission matter the group produced a strong underlying operational performance. Excluding the impact, normalised earnings increased 10% for the year to 30 June 2024, with a normalised ROE of 21.3%. Furthermore, the benefit of the NOSIA provision release accounts for 2% of the normalised earnings growth.

On the same basis the group produced R12.6 billion of economic profit or NIACC, which is its key performance measure (2023: R11.9 billion).

Below is an unpack of performance highlights excluding the impact of the UK motor commission matter.

	Year ended 30 June		
R million	2024	2023	% change
Operating expenses	(71 106)	(67 320)	6
Normalised earnings	40 406	36 634	10
NIACC	12 605	11 904	6
Normalised net asset value	198 082	181 451	9
ROE (%)	21.3	21.1	
Cost-to-income ratio (%)	50.3	51.4	

The detailed reconciliation between earnings pre and post the impact of the UK motor commission matter is in the table below.

	Year ended 30 June			GBP million		
R million	2024	2023	% change	2024	2023	% change
Profit before tax	52 785	51 199	3			
UK motor commission matter	3 299	–	–	140.1*	–	–
– UK operations	426	–	–	18.1	–	–
– Centre	2 873	–	–	122.0	–	–
Profit before tax – excluding UK motor commission matter	56 084	51 199	10			
Income tax expense – excluding UK motor commission matter	(12 691)	(12 169)	4			
Other equity instrument holders	(1 518)	(1 119)	36			
Non-controlling interests	(1 469)	(1 277)	15			
Normalised earnings – excluding UK motor commission matter	40 406	36 634	10			

* Post-tax impact to headline earnings of the UK motor commission matter is £102.7 million.

It is important to note that the R3.0 billion provision has been raised mainly due to prevailing uncertainty as the regulatory and legal processes in the UK run their course. In addition, the FCA has published the following statement:

"We have observed firms taking different approaches to account for the potential impact of previous use of DCAs [discretionary commission arrangements] on their financial resources. So, we are writing to firms to remind them they must maintain adequate financial resources at all times."

The group continues to believe it did not operate outside legislation in the UK. However, given the uncertainty and the FCA statement, it took the decision to raise an accounting provision based on probability-weighted scenario principles constructed from own data analysis, and which includes potential legal and redress costs. The amount provided is a best estimate of what can be raised as a conservatively struck accounting provision. Furthermore, most of the vehicle loans originated within the scope of the FCA process reside in FirstRand Bank's London branch in the form of the MotoNovo back book.

REVENUE AND COST OVERVIEW

The revenue and cost overview is presented excluding the impact of the UK motor commission matter to demonstrate the true operational performance delivered by the portfolio.

Overall group NII increased 10%, driven by core lending advances growth (+6%), continued deposit gathering (+8%) and the capital endowment benefit (+13%), which includes the outcomes from the ALM strategy, unpacked in more detail later. NII also benefited from the weakening rand.

Absolute levels of year-on-year advances growth in the secured SA and UK retail portfolios softened relative to 2023 given customer affordability pressures and low demand. The previous momentum in SA residential mortgages has slowed, with healthy growth in unsecured lending origination anchored to low- and medium-risk customer cohorts. As expected, there was continued growth in commercial and corporate advances.

Advances increased 6% at both FNB retail and WesBank. The solid growth in advances from FNB commercial (+12%); RMB core, including broader Africa (+11%); and FNB broader Africa (+7%) remains an outcome of focused origination in sectors showing above-cycle growth and which are expected to perform well even in an inflationary and high interest rate environment.

The UK operations advances growth of 1% (in pound terms) reflects the prevailing muted lending markets given the challenging inflationary and interest rate environment during the year under review. Nevertheless, property lending remained resilient. In rand terms, UK operations' advances decreased 3% year on year due to the stronger rand at year end.

Targeted origination strategies, consistent strong growth in the deposit franchise and appropriate provisioning have resulted in a well-struck balance sheet. This is a direct outcome of the group's FRM strategy and demonstrates the group's commitment to balancing growth with returns.

FirstRand's focus on growing liability-related NII played out strongly through all deposit franchises and remains a key underpin to its superior return profile. Year-on-year movements in advances and deposits are unpacked by operating business and segment in the following table.

	Growth in advances %	Growth in deposits %
FNB	7	10
– Retail	6	9
– Commercial	12	10
– Broader Africa	7	10
WesBank	6	n/a
RMB*	11	5
UK operations**	1	8

* Advances growth for RMB is based on core advances, which exclude assets under agreements to resell, and core deposits, which exclude deposits under repurchase agreement and collateral deposits.

** In pound terms. Growth in deposits refers to customer savings deposits.

Total transactional NII increased 4%, driven by growth in transactional credit product volumes and retail and commercial customer deposits.

FirstRand's approach to managing the endowment profile (the ALM strategy) is designed to optimise through-the-cycle returns to shareholders and is a cornerstone of the group's FRM process.

Rather than take a passive position (i.e. overnight) with regard to the impact of the rate cycle on its endowment profile, the group actively manages the profile to protect and enhance earnings through the cycle, and earns the structural term premium for shareholders by investing along the yield curve over and above the repo rate.

This active ALM strategy is managed by Group Treasury in line with the following underlying principles:

- do not add to the natural risk profile in aggregate;
- consistently apply investment philosophy;
- be countercyclical to operating businesses;
- reduce the natural earnings volatility introduced by the interest rate cycle;
- optimise for capital allocation and risk-adjusted return; and
- take cognizance of accounting and regulatory requirements.

Whilst the absolute year-on-year rate of growth in the group's endowment NII for the current financial year declined, the converse was true in previous periods when rates were lower. The outcomes of this approach for shareholders should be assessed on a TTC basis. The table below shows the cumulative additional endowment NII of R16 billion (2023: R17.5 billion) earned in excess of an overnight (repo) investment profile since the 2018 financial year, when the ALM strategies were introduced.

ALM STRATEGY NII OUTCOMES

	Year ended 30 June			Cumulative additional endowment
R billion	2024	2023	% change	NII*
Capital endowment	0.4	0.9	(56)	10.2
Deposit endowment	(1.9)	0.2	(>100)	5.8
Total	(1.5)	1.1	(>100)	16.0

* Includes additional endowment NII from 1 July 2017 to 30 June 2024 (measured against repo).

Financial years 2021 and 2022 delivered R12.3 billion of additional NII when interest rates were low. The group expects, on a TTC basis, that this cumulative outperformance will offset the lower trend in endowment NII growth in the current year, which is characterised by higher rates. When the rate cycle turns, the strategy by design will again outperform.

In the year under review, there was an effective opportunity cost of R1.5 billion, compared to the R1.1 billion benefit in the prior year. This R2.6 billion swing had a negative impact of c. 3.3% on the group's absolute NII growth rate.

Group net interest margin (NIM) excluding UK operations increased 5 bps, whilst lending and deposit margins in SA continued to come under pressure due to competitive pricing that was mitigated by the endowment uplift and improved margins from broader Africa. Including UK operations, group NIM was flat year on year.

Total group non-interest revenue (NIR) growth (+6%) includes the base effect of the partial unwind of the UK operations' interest rate risk hedge, which resulted in a loss of £20.7 million in the current year, compared to a profit of £25.8 million in the comparative year.

FNB's total NIR increased 5%, driven by customer acquisition (+5%), and good growth in activity levels and transactional volumes across all channels.

Fee and commission income growth of 5% in the year under review was achieved despite sub-inflation fee increases across both retail and commercial accounts and R985 million in fee reductions. With the introduction of PayShap, FNB reviewed its pricing structures for low-value real-time payments, and took the decision to reduce all related fees. Despite the impact on fee and commission income in the current year, FNB believes this is the correct outcome for customers, and is already seeing an increase in volumes in both commercial and retail.

FNB's insurance activities continued to contribute to NIR and new business sales focused on quality and persistency resilience. This supported overall insurance income growth, with premiums from group licences up 16%.

WesBank NIR (+9%) continued to benefit from strong contributions from the Toyota Financial Services and Volkswagen Financial Services joint ventures and growth in rental and fleet related income.

RMB delivered excellent growth in NIR (+16%) despite the base effect of an outsized private equity realisation in the comparative year. Trading income was up 9% and structuring and advisory mandates delivered a 44% increase in knowledge-based fees. In addition, there was ongoing healthy growth in private equity annuity income which was further supported by realisations, totalling R760 million. The investment banking client-led principal investing business also produced net realisations and one-off income of R624 million.

Whilst Group Treasury NIR growth benefited from the non-repeat of the Ghana sovereign provision raised in the comparative year, together with forex translation gains. This was offset by increased funding and hedging costs associated with the group share scheme.

Total group operating expenses were tightly managed, resulting in 6% growth, including a 6% increase in direct staff costs, driven by targeted and general salary increases, and a 3% decrease in headcount.

At an operating business level, FNB grew costs below inflation (+1%), but this pleasing performance was offset by elevated costs from RMB (+10%) due to ongoing investment expenditure.

The cost-to-income ratio decreased to 50.3% (2023: 51.4%). The ratio has benefited from the adoption of IFRS 17, due to directly attributable insurance costs no longer being reported in operating expenses but offset directly against insurance revenue. The benefit of this adoption was 40 bps for the year ending 30 June 2023.

CREDIT PERFORMANCE

Summarised credit highlights at a glance

	Year ended 30 June		
R million	2024	2023	% change
Total gross advances	1 665 706	1 590 447	5
Total core lending advances	1 597 898	1 511 037	6
– Performing core lending advances	1 530 058	1 453 605	5
– Non-performing loans (NPLs)	67 840	57 432	18
Assets under agreements to resell	67 808	79 410	(15)
NPLs as a % of core lending advances	4.25	3.80	
Core lending advances (net of impairment)	1 543 733	1 459 965	6
Total impairments	54 165	51 072	6
Portfolio impairments	24 228	25 034	(3)
NPL specific impairments	29 937	26 038	15
Coverage ratios			
Performing book coverage ratio (%) – core lending advances*	1.58	1.72	
Specific coverage ratio (%)**	44.1	45.3	
Income statement analysis			
Impairment charge	12 555	10 949	15
Credit loss ratio (%) – core lending advances	0.81	0.78	
Impairment charge excluding UK operations	12 987	9 023	44
Credit loss ratio excluding UK operations (%) – core lending advances	1.09	0.84	

* Portfolio impairments as a % of the performing core lending advances book (stage 1 and stage 2).
** Specific impairments as a % of NPLs (stage 3).

The group's credit loss ratio (CLR) for the year under review concluded better than expectations at 81 bps, which is at the bottom of the group's TTC range of 80 bps to 110 bps, and includes a 7 bps benefit from the release of cumulative provisions relating to the UK NOSIA remediation process. Excluding this benefit, the group CLR at 88 bps remains below the mid point of its TTC range. This is a positive outcome and in line with expectations, particularly given the higher-for-longer rate cycle, and continues to reflect the benefit of the group's approach to origination, particularly post the pandemic when new business was weighted towards the low- and medium-risk categories.

The approach to retail origination by FNB and WesBank is informed by internal and external data analyses of affordability indicators which still suggest that low- and medium-risk customers have the most capacity for credit. This has been even more evident in a higher-rate environment.

Impairments in certain retail portfolios were elevated. This has been offset by a better-than-expected credit performance from the UK operations. This was mainly because of reducing cost-of-living pressures as macros improved, which allowed for partial provision releases. In addition, the resolution of the previously disclosed MotoNovo NOSIA remediation process allowed for a further provision release, as these books are now reclassified as secured and collection activities can resume.

Despite the challenging high interest rate and inflation environment during the year, impairment volatility remained within expectations for the cycle. What has been noticeable, however, is that debt review service providers have become more active, targeting higher-income customers not in debt distress. This has contributed to an increase in the retail debt counselling portfolio.

In the medium term this trend could change the quantum and timing of credit emergence, potentially resulting in structurally higher default rates and a lower loss given default experience (negatively impacting CLR). The group is monitoring this trend closely, with appropriate rebasing of appetite and underwriting criteria expected to adjust dynamically.

Consumer strain continues to be elevated and will only start to moderate as the rate environment eases. Lagged impacts are anticipated in the small business segment in commercial (early signs are already manifesting), with a resilient performance to date from medium and large corporates.

The table below shows the underlying credit performance from the operating businesses. What is demonstrable here is that the group has benefited from portfolio diversification both segmentally and geographically. The post-Covid-19 origination thesis has played out even better than expected with all portfolios within or at the bottom of their respective TTC ranges, except for retail. Importantly, retail has peaked within origination expectations despite a higher rate cycle than initially anticipated, and is benefiting from forward-looking information releases in the current period.

The origination approach in both SA and broader Africa to target better-risk customers is reflected in the NPL formation, which is also well within expectations notwithstanding the strain emanating from retail given the current cycle.

Pleasingly the UK credit performance has mitigated some of this strain as the UK macros improved.

Overall the group believes these outcomes are testament to its approach to lending over the past 36 months, balancing customer needs with risk-adjusted returns.

	Advances mix %	CLR %	NPLs %	Total coverage %	TTC range %
FNB and WesBank					
June 24	48	1.70	6.82	5.23	1.40 – 1.80
June 23	47	1.28	6.09	5.05	
Retail					
June 24	32	2.24	8.35	5.95	1.70 – 2.10
June 23	31	1.66	7.08	5.51	
Commercial					
June 24	12	0.61	3.07	3.15	0.80 – 1.20
June 23	12	0.42	3.42	3.36	
FNB broader Africa					
June 24	4	0.76	6.29	6.00	0.80 – 1.10
June 23	4	0.67	6.01	6.38	
RMB					
June 24	29	0.31	1.00	1.59	0.30 – 0.50
June 23	28	0.14	1.23	1.64	
UK operations					
June 24	23	(0.12)	3.35	1.99	0.30 – 0.50
June 23	25	0.59	2.72	2.32	
FirstRand Group					
June 24	100	0.81	4.25	3.39	0.80 – 1.10
June 23	100	0.78	3.80	3.38	

FNB's CLR increased mainly as a result of strain in the retail portfolios both in residential mortgages and personal loans, and is now trending above its TTC range, mainly due to inflows into NPL and a softer house price growth index. Commercial has started to show early signs of strain in the unsecured small and medium-sized enterprises portfolio. However, despite this, the overall commercial credit performance continues to be more resilient than expected, exceeding expectations, and the CLR remains below its TTC range.

Retail NPLs increased due to origination strain related to book growth, a noticeable increase in debt counselling restructures, and ongoing inflationary and interest rate pressures.

WesBank's credit performance remains well within expectations with retail vehicle asset finance showing limited strain compared to other secured retail portfolios. The CLR increased as a function of the significant growth in new production in corporate and commercial, which resulted in higher stage 1 provisions.

RMB's core advances credit impairments increased but off a low base and on the back of strong book growth and stress in certain sectors, however the CLR is at the bottom of the TTC range. As expected, certain counters migrated onto the watchlist and into NPL status in South Africa over the last 12 months. Watchlist counters increased 5% during the year. As a result, RMB raised new impairments to reflect the net migration of counters to stage 2 and the watchlist, offset by the curing of two large NPLs in the current year.

The UK operations credit performance reflects a more stable macroeconomic outlook, allowing for the partial release of cost-of-living post-model provisions raised in the previous year, as well as the release of impairment provisions raised in relation to the previously disclosed UK operations NOSIA remediation process, as covered earlier. All of the above resulted in the UK operations CLR improving 71 bps. NPLs increased due to higher arrears balances, broadly in line with expectations given the cost-of-living pressures.

PROSPECTS

From a macroeconomic perspective, the global cyclical outlook will be characterised by interest rates easing in the US, resulting in a weaker US dollar, stronger local currencies and declining inflation and rates in the jurisdictions where the group operates. In August, the Bank of England implemented a 25 bps reduction in interest rates and the South African Reserve Bank is expected to follow in the third quarter of the 2024 calendar year.

In South Africa, the economy should benefit from an increase in business and household confidence and the new Government of National Unity is expected to push ahead with the structural reform programme. In the United Kingdom, the anticipated ongoing easing of rates will reduce cost-of-living pressures and should increase demand for credit. The economies of Nigeria, Ghana and Zambia continue to navigate significant economic adjustments, but implementation of structural reforms should allow inflation and interest rates to fall and economic activity to lift. Namibia's GDP is expected to be supported by increased foreign investments.

Whilst absolute advances growth from the South African franchises is expected to exceed the year under review, this growth will continue to be tilted to commercial and corporate, written at lower margins than retail unsecured. Retail advances growth will remain muted until households begin to feel the benefits of lower inflation and lower rates. The UK is expected to deliver advances growth slightly higher than the second half of the year under review.

All of the above, combined with the impact of rate cuts will result in weaker NII growth, which will be partially offset by a reduction in the "opportunity cost" emanating from the ALM strategy and ongoing growth in the deposit franchise.

NIR growth is likely to be significantly stronger than in the year under review. Fee and commission income will bounce back from the c. R1 billion base effect of the fee reductions in the year under review. There are a number of potential private equity realisation opportunities, and insurance income is expected to continue to contribute strongly.

The group's credit loss ratio will trend up but is expected to remain below the mid point of its TTC range. The increase will be mainly driven by the non-repeat of the NOSIA and cost-of-living provision releases in the UK in the year under review.

In SA the retail books will continue to experience strain until the lower rate cycle is felt by households. The commercial and corporate books are expected to trend at the bottom end of their TTC ranges.

With the motor commission matter in the cost base, combined with a strict focus on operational efficiencies and cost management, operating expenses growth is expected to be sub-inflation. This, combined with expected strong topline, will result in an improved cost-to-income ratio.

Across all jurisdictions the FirstRand portfolio of businesses remain well placed to capture growth opportunities from any uplift in system growth.

The group's growth strategies are on track and its strategic calls continue to result in superior return generation and better-than-expected growth trends, reflected in the strong operational performance delivered in the second six months of the year under review.

In the current year, including the base effect created by the one-off benefit from the NOSIA and UK cost-of-living provision releases, and the negative impact of the motor commission matter, the group believes it will deliver earnings growth at the top end of its long-term stated target range of nominal GDP +0% to 3%. However, given a number of one-off benefits in the base for the six months to December 2023, the first half of the year will be more muted than the second half. The ROE will continue to trend into the upper end of its target range of 18% to 22%.

DIVIDEND STRATEGY

FirstRand's dividend strategy is to provide its shareholders with an appropriate, sustainable payout over the long term. Given FirstRand's high return profile and ongoing capital generation, the board is comfortable to pay a dividend at 1.63 times cover, representing a payout ratio of 61%.

BOARD CHANGES

Changes to the directorate are outlined below

Name	Position	Effective date
Appointment		
JP Burger	Chairman and independent non-executive director (previously non-executive director)	1 December 2023
M Vilakazi	Chief executive officer (previously chief operating officer)	1 April 2024
MG Davias	Chief financial officer	1 April 2024
Resignation		
WR Jardine	Chairman and independent non-executive director	30 November 2023
AP Pullinger	Chief executive officer	31 March 2024
HS Kellan	Chief financial officer	31 March 2024
Retirement		
RM Loubser	Independent non-executive director	30 November 2023

CHANGE IN AUDITORS

Ernst & Young Incorporated was appointed as one of the joint auditors of the group for the financial year ending 30 June 2024.

CASH DIVIDEND DECLARATIONS

The issued share capital on the dividend declaration dates outlined below was 5 609 488 001 ordinary shares.

The directors declared a final gross cash ordinary dividend totalling 215.0 cents per ordinary share out of income reserves for the year ended 30 June 2024.

Ordinary shares

	Year ended 30 June	
Cents per share	2024	2023
Interim (declared 28 February 2024)	200.0	189.0
Final (declared 11 September 2024)	215.0	195.0
Total dividends	415.0	384.0

The salient dates for the final ordinary dividend are outlined below.

Last day to trade cum-dividend	Tuesday, 8 October 2024
Shares commence trading ex-dividend	Wednesday, 9 October 2024
Record date	Friday, 11 October 2024
Payment date	Monday, 14 October 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 October 2024 and Friday, 11 October 2024, both days inclusive.

For shareholders who are subject to dividend withholding tax (DWT), tax will be calculated at 20% (or such lower rate as is applicable if a double taxation agreement applies for foreign shareholders). FirstRand's income tax reference number is 9150/201/71/4.

For South African shareholders who are subject to DWT, the final ordinary dividend net of 20% DWT at 43.0000 cents per share will be 172.0000 cents per share.

JP BURGER	C LOW	M VILAKAZI	M DAVIAS
Chairman	Company secretary	CEO	CFO

11 September 2024

OTHER INFORMATION

This announcement covers the audited financial results of FirstRand Limited based on IFRS® Accounting Standards for the year ended 30 June 2024. The primary results and accompanying commentary are presented on a normalised basis as the group believes this most accurately reflects its economic performance. The normalised results have been derived from the IFRS Accounting Standards financial results. A detailed description of the difference between normalised and IFRS Accounting Standards results is provided on pages 146 to 148 of the Analysis of financial results booklet. It constitutes the group's full announcement and is available at www.firstrand.co.za/investors/integrated-reporting-hub/financial-reporting/. Commentary is based on normalised results, unless otherwise indicated.

The full set of consolidated financial statements for the year ended 30 June 2024 has been audited by the group's auditors, PricewaterhouseCoopers Incorporated and Ernst & Young Incorporated, who expressed an unmodified opinion thereon. The group's audited consolidated financial statements and Analysis of financial results booklet for the year ended 30 June 2024, based on IFRS Accounting Standards, are available on its website at www.firstrand.co.za/investors/integrated-reporting-hub/financial-reporting/.

The content of this announcement is derived from audited information, but is not itself audited. The directors take responsibility for the preparation of this announcement.

Any forecast financial information contained herein has not been reviewed or reported on by the group's external auditors.

Shareholders are advised that this announcement represents a summary of the information contained in the audited annual financial statements and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the audited annual financial statements as a whole which is available on the group's website, together with the Analysis of financial results booklet, and on https://senspdf.jse.co.za/documents/2024/JSE/ISSE/FSR/FSR0624.pdf

COMPANY INFORMATION

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12 September 2024