FirstRand

MEDIA RELEASE

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FirstRand dividend payout highest in group's history despite absorbing material provision arising from UK motor redress scheme

Financial highlights

FirstRand Limited today announced results for the year end to 30 June 2026, with the group's underlying operational performance testament to ongoing delivery against strategy by its South African and broader Africa franchises, despite a complex macro and operating environment.

Commenting on the results, group CEO Mary Vilakazi said:

"FirstRand yet again delivered an excellent operational performance, mainly because of double-digit profit growth from both FNB and RMB.

"The group's earnings growth guidance provided at 30 June 2025 was mid-teens and was based on the strong operational performance expected from the South African and broader Africa businesses. On this basis earnings increased 16%, at an ROE of 21.5%, which is at the top end of the group's stated target range of 18% to 22%. These outcomes reflect the strong topline growth, improved profitability and returns generated by the group's two largest franchises, FNB and RMB.

"The guidance did not, however, include an additional provision for the UK motor commission matter in the current year. Disappointingly, the group was eventually required to raise a provision which has impacted overall earnings. Although, remarkably, the ROE remained within the group's stated range.

"Importantly, the group's consistently high ROE and resultant strong capital position mean that, despite the earnings contraction in the current year, the group has delivered its highest ever dividend payout"

Unpacking earnings and ROE

- The overall performance was impacted by a significant provision due to the UK motor commission matter, and including this provision normalised earnings contracted 5% to R39.7 billion at an ROE of 18.3%.

- If the UK motor commission provision is excluded for both the 2025 and 2026 financial years, normalised earnings increased 10%, with a 21.5% ROE.

- Following the group's decision to exit its UK operations, it has classified the Aldermore Group as a discontinued operation. It is now presented separately from the group's South African and broader Africa businesses, which represent the group's continuing operations. On this basis continuing operations delivered normalised earnings growth of 13% to R44.5 billion at an ROE of 24.9%. These metrics should be viewed as the true underlying operational performance of the group and the earnings and returns base going forward.

Strong underlying operating performance from FNB, RMB and WesBank (continuing operations)

FNB delivered strong results, with normalised PBT increasing 12% to R37.6 billion. FNB's ROE lifted to 40.5% (2025: 37.4%) supported by widening cost jaws, strong performances from the transactional and deposit franchises, an improved credit performance and capital optimisation.

FNB's performance reflects continued execution against its strategy to attract new customers and increase product penetration of banking, insurance, investment and value-added solutions. FNB's South African franchise increased PBT 13%, supported by solid growth in deposits and advances, higher transactional activity and improving credit. FNB broader Africa delivered muted PBT growth of 3%, with Botswana and Ghana weighing on an otherwise solid performance from the rest of the portfolio.

FNB's net interest income grew 6%, supported by increases of 9% and 5% in deposits and advances respectively. Deposit growth reflects the strength of FNB's customer franchise, while advances growth was driven by healthy levels of new business origination in both the retail and commercial lending portfolios. Non-interest revenue increased 9%, supported by customer growth, higher transactional activity and continued growth in value-added services and insurance. FNB Connect remained a key contributor, with revenue increasing 14% to more than R3 billion. Over 1 million customers now use FNB's MVNO offering with 3.5 million customers utilising the services provided by the Connect platform.

WesBank continued to perform well, particularly given the current cycle and structural changes to the vehicle market. PBT was broadly flat at R3.1 billion. Although advances increased 14%, supported by 18% growth in vehicle asset finance new business volumes, 13% growth in asset-backed finance and continued OEM and dealer partnership activity.

RMB delivered a strong performance for the year, with PBT increasing 15% to R17.6 billion at an improved ROE of 23.0%, benefiting from sustained client activity, healthy origination momentum and disciplined balance sheet deployment. The South African franchise performed well, with PBT increasing 17%. Broader Africa contributed PBT growth of 11%, which included in-country PBT up 53%. The operational performance across the client-facing businesses was positive, with particularly strong results from Global Markets and Investment Banking. The Private Equity franchise also delivered solid growth, with both dividends and realisations contributing.

FirstRand has provided new market guidance for both earnings and ROE. For the 12 months to 30 June 2027, the group is guiding normalised earnings growth from its continuing operations of high single digits to low double digits, with this growth trend likely to continue over the medium term. The stated ROE target range has also been revised upwards – now 21% to 26% compared to 18% to 22% previously. The group expects its ROE to be towards the top end of this range in the 2027 financial year.

Vilakazi commented that the strong operational performances delivered in the 2026 financial year is expected to continue.

"The group is confident in its revised commitments to shareholders. FirstRand's client-facing franchises are healthy and well positioned for ongoing growth, as they have clearly demonstrated this year.

"In addition, the group's financial resource management approach, a clear differentiator for FirstRand versus its peers, continues to add significant value in driving balance sheet efficiency, margin uplift, capital strength and, ultimately, a superior ROE."

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