FirstRand

analysis of financial results

FOR THE YEAR ENDED 30 JUNE 2022

contents

ABOUT THIS REPORT

This report covers the audited summary consolidated financial results of FirstRand Limited (FirstRand or the group) based on International Financial Reporting Standards (IFRS) for the year ended 30 June 2022.

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 financial results.

Normalised results include a summary consolidated income statement, statement of comprehensive income, statement of financial position and a statement of changes in equity. A detailed description of the difference between normalised and IFRS results is provided on pages 159 and 160. Detailed reconciliations of normalised to IFRS results are provided on pages 174 to 180. Commentary is based on normalised results, unless indicated otherwise.

Simonet Terblanche, CA(SA), supervised the preparation of the summary consolidated financial results.

FirstRand

1966/010753/06
Certain entities within the FirstRand group are authorised financial services and credit providers. This analysis is available on the group's website: **www.firstrand.co.za**

Email questions to
investor.relations@firstrand.co.za

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overview of results

Simplified group structure

FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

100%	*100%*	*100%*	*100%*	*100%*	*100%*
FirstRand Bank Limited (FRB)	FirstRand EMA Holdings (Pty) Ltd (FREMA)	FirstRand International Limited (Guernsey) (FRI)	FirstRand Insurance Holdings (Pty) Ltd	FirstRand Investment Management Holdings Limited	FirstRand Investment Holdings (Pty) Ltd (FRIHL)
SA banking	*Broader Africa*	*UK banking and hard currency platform*	*Insurance*	*Investment management*	*Other activities*

SA banking

- First National Bank*
- Rand Merchant Bank*
- WesBank*
- FirstRand Bank India**
- FirstRand Bank London**
- FirstRand Bank Guernsey**,†
- FirstRand Bank Kenya#
- FirstRand Bank Angola#
- FirstRand Bank Shanghai#

Broader Africa

58%	FirstRand Namibia
70%	FNB Botswana
100%	FNB Eswatini
100%	FNB Mozambique
100%	FNB Zambia
100%	FNB Lesotho
100%	First National Bank Ghana
100%	RMB Nigeria

UK banking and hard currency platform

100%	Aldermore Group
100%	Aldermore Bank‡
100%	MotoNovo Finance‡
100%	RMB International Mauritius
100%	FirstRand Securities
100%	RMB Securities (USA)^

Insurance

100%	FirstRand Life Assurance
100%	FirstRand Short Term Insurance (STI)
100%	FirstRand Insurance Services Company (FRISCOL)

Investment management

100%	Ashburton Fund Managers
100%	Ashburton Management Company (RF)
100%	Ashburton Jersey
100%	FNB International Trustees
100%	FNB Investor Services
100%	FNB CIS Management Company (RF)
100%	Various general partners◊

Other activities

100%	RMB Private Equity Holdings
100%	RMB Private Equity
100%	RMB Securities
50%	RMB Morgan Stanley
100%	RMB Investments and Advisory
100%	FNB Stockbroking and Portfolio Management
81%	MotoVantage
100%	Hyphen Technology
100%	FNB Fiduciary

* *Division*
** *Branch*
# *Representative office*
DirectAxis is a business unit of FirstRand Bank Limited.

† *Trading as FNB Channel Islands.*
‡ *Wholly owned subsidiary of Aldermore Group.*
^ *Wholly owned subsidiary of FirstRand Securities.*
◊ *Ashburton Investments has a number of general partners for fund seeding purposes. All of these entities fall under FirstRand Investment Management Holdings Limited.*

Note:
The operations of FNB Tanzania were taken over by Exim Bank on 7 July 2022.

Structure shows effective consolidated shareholding

For segmental analysis purposes entities included in FRIHL, FREMA, FRI, FirstRand Investment Management Holdings Limited and FirstRand Insurance Holdings (Pty) Ltd are reported as part of the results of the managing business (i.e. FNB, RMB, WesBank or the Centre). The group's securitisations and other special purpose vehicles (SPVs) are in FRIHL, FRI and FRB.

FirstRand

FirstRand's portfolio of integrated financial services businesses comprises FNB, RMB, WesBank and Aldermore. The group operates in South Africa, certain markets in sub-Saharan Africa and the UK, and offers a universal set of transactional, lending, investment and insurance products and services.

performance highlights

Normalised earnings

R32.7bn

2021: R26.6bn ▲ **23%**

Return on equity

20.6%

2021: 18.4% ▲ **220 bps**

Net asset value

R164.9bn

2021: R151.6bn ▲ **9%**

CET1 ratio

13.9%

2021: 13.5% ▲ **40 bps**

Ordinary dividend per share

342 cents

2021: 263 cents ▲ **30%**

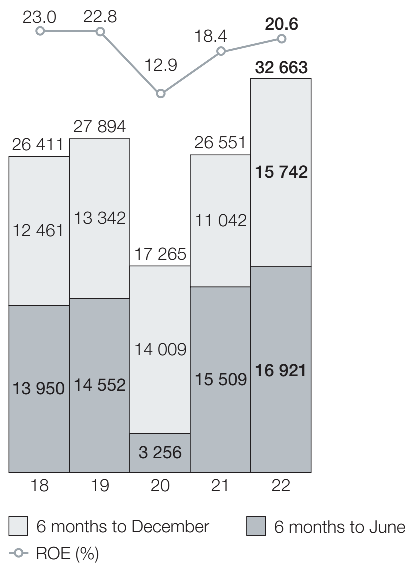
Special dividend per share

125 cents

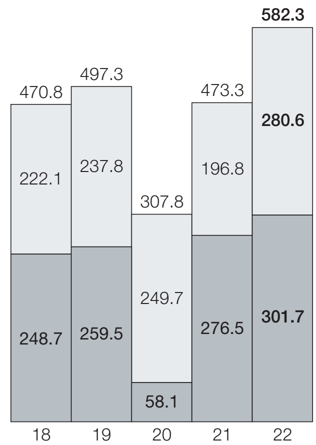
FNB RMB WesBank Aldermore

Track record

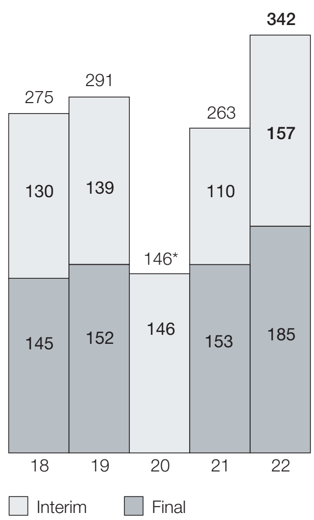
Normalised earnings *(R million)* and ROE *(%)*
CAGR 5%



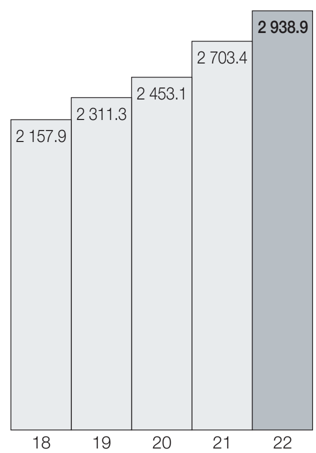
Diluted normalised earnings per share *(cents)*
CAGR 5%



Dividend per share *(cents)*
CAGR 6%



Normalised net asset value per share *(cents)*
CAGR 8%



Note: 2018 figures are based on IAS 39 and 2019 to 2022 figures on IFRS 9.

* *In accordance with the Prudential Authority guideline, no final dividend was declared for June 2020.*

Key financial and operational results, ratios and statistics – normalised

for the year ended 30 June

This section is based on normalised results. A detailed reconciliation between IFRS and normalised results is set out on pages 174 to 180.

R million	2022	2021	% change
Earnings performance			
Normalised earnings per share (cents)			
– Basic	**582.3**	473.3	23
– Diluted	**582.3**	473.3	23
Headline earnings per share (cents)			
– Basic	**585.3**	480.5	22
– Diluted	**585.3**	480.5	22
Earnings per share (cents) – IFRS (refer page 165)			
– Basic	**584.3**	476.9	23
– Diluted	**584.3**	476.9	23
Attributable earnings – IFRS	**32 761**	26 743	23
Headline earnings	**32 817**	26 950	22
Normalised earnings	**32 663**	26 551	23
Normalised net asset value	**164 857**	151 647	9
Normalised net asset value per share (cents)	**2 938.9**	2 703.4	9
Average normalised net asset value	**158 252**	144 627	9
Net income after cost of capital	**10 112**	4 857	>100
Market capitalisation	**349 864**	300 612	16
Ordinary dividend per share (cents)	**342**	263	30
– Interim	**157**	110	43
– Final	**185**	153	21
Dividend cover (times)	**1.70**	1.80	
– Interim	**1.79**	1.79	
– Final	**1.63**	1.80	
NCNR B preference dividend – paid (cents per share)*	**544.6**	559.6	(3)
Ratios and key statistics			
ROE (%)	**20.6**	18.4	
ROA (%)**	**1.69**	1.41	
Price earnings ratio (times)	**10.7**	11.3	
Price-to-book ratio (times)	**2.1**	2.0	
Diversity ratio (%)	**41.6**	41.1	
Credit impairment charge (R million)	**7 080**	13 660	(48)
Credit loss ratio (%)#,†	**0.56**	1.10	
Credit loss ratio (%) – excluding UK operations#,†	**0.61**	1.33	
Stage 3/NPLs as % of core lending advances#	**3.88**	5.02	
Stage 3/NPLs as % of core lending advances – excluding UK operations#	**4.26**	5.59	
Specific coverage ratio (%)†	**49.8**	45.3	
Specific coverage ratio (%) – excluding UK operations†	**52.1**	47.9	
Performing book coverage ratio (%)#,†	**1.78**	2.02	
Performing book coverage ratio (%) – excluding UK operations#,†	**2.04**	2.40	
Cost-to-income ratio (%)	**52.5**	52.4	
Effective tax rate (%)	**26.0**	23.9	
Share price (closing – rand)	**62.37**	53.59	16

* *75.56% of FNB prime lending rate.*

** *Restated, refer to pages 160 and 161 for details.*

Restated.

† *As a percentage of core lending advances. Core lending advances exclude assets under agreements to resell. Refer to page 81 for details of the change in presentation.*

R million	2022	2021	% change
Balance sheet			
Normalised total assets*	**2 004 478**	1 870 043	7
Advances (net of credit impairment)	**1 334 324**	1 223 434	9
Average gross loan-to-deposit ratio (%)	**83.1**	84.0	
Deposits	**1 655 972**	1 542 078	7
Capital adequacy – IFRS**			
Capital adequacy ratio (%)	**16.7**	16.3	
Tier 1 ratio (%)	**14.5**	14.1	
Common Equity Tier 1 ratio (%)	**13.9**	13.5	
Leverage – IFRS**			
Leverage ratio (%)	**8.0**	7.7	
Liquidity – IFRS			
Liquidity coverage ratio (%)	**121**	113	
Net stable funding ratio (%)	**123**	123	
Operational statistics			
Number of ATMs (including ADTs)	**5 701**	5 793	(2)
– South Africa	**4 774**	4 848	(2)
– Broader Africa#	**927**	945	(2)
Number of branches	**735**	739	(1)
– South Africa	**604**	599	1
– Broader Africa#	**131**	140	(6)
FNB CashPlus agents†	**2 707**	1 768	53
Number of employees	**48 059**	47 413	1
– South Africa	**38 333**	38 310	–
– Broader Africa	**6 074**	5 905	3
– UK operations	**2 075**	2 183	(5)
– Other	**623**	471	32
– FirstJob youth employment programme	**954**	544	75
FNB active customers (millions)	**10.96**	10.48	5
– South Africa	**9.06**	8.65	5
– Retail	**7.86**	7.52	5
– Commercial	**1.20**	1.13	6
– Broader Africa	**1.90**	1.83	4
FNB channel volumes (thousands of transactions)			
– ATM/ADT	**219 158**	219 360	–
– Digital	**673 582**	593 135	14
– Card acquiring	**819 682**	649 967	26
– Card issuing	**992 896**	871 350	14
Gross written insurance premium – FNB Life	**4 921**	4 485	10
Embedded value – FNB Life	**6 530**	4 843	35

* *Restated, refer to pages 160 and 161 for details.*

** *Including unappropriated profits.*

Representation points for broader Africa have been restated to exclude Tanzania.

† *Provide an alternative channel for customers to deposit or withdraw cash.*

Summary consolidated income statement – normalised

for the year ended 30 June

R million	2022	2021	% change
Net interest income before impairment of advances	**67 856**	64 511	5
Impairment charge	**(7 080)**	(13 660)	(48)
Net interest income after impairment of advances	**60 776**	50 851	20
Total non-interest revenue	**48 362**	44 980	8
– Operational non-interest revenue	**46 856**	43 548	8
– Fee and commission income	**33 396**	31 686	5
– Insurance income	**4 297**	3 335	29
– Trading and other fair value income	**5 603**	4 885	15
– Investment income	**479**	321	49
– Other non-interest revenue	**3 081**	3 321	(7)
– Share of profits of associates and joint ventures after tax	**1 506**	1 432	5
Income from operations	**109 138**	95 831	14
Operating expenses	**(61 024)**	(57 342)	6
Income before indirect tax	**48 114**	38 489	25
Indirect tax	**(1 433)**	(1 516)	(5)
Profit before tax	**46 681**	36 973	26
Income tax expense	**(12 127)**	(8 849)	37
Profit for the year	**34 554**	28 124	23
Other equity instrument holders	**(838)**	(777)	8
Non-controlling interests	**(1 053)**	(796)	32
Normalised earnings attributable to ordinary equityholders of the group	**32 663**	26 551	23

Summary consolidated statement of other comprehensive income – normalised

for the year ended 30 June

R million	2022	2021	% change
Profit for the year	**34 554**	28 124	23
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	**(3 712)**	(640)	>100
(Losses)/gains arising during the year	**(2 138)**	968	(>100)
Reclassification adjustments for amounts included in profit or loss	**(2 972)**	(1 891)	57
Deferred income tax	**1 398**	283	>100
FVOCI debt reserve	**(50)**	392	(>100)
(Losses)/gains arising during the year	**(65)**	584	(>100)
Reclassification adjustments for amounts included in profit or loss	**(15)**	(34)	(56)
Deferred income tax	**30**	(158)	(>100)
Exchange differences on translating foreign operations	**2 007**	(5 872)	(>100)
Gains/(losses) arising during the year	**1 997**	(5 830)	(>100)
Deferred income tax	**10**	(42)	(>100)
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	**13**	90	(86)
Items that may not subsequently be reclassified to profit or loss			
FVOCI equity reserve	**4**	(271)	(>100)
Gains/(losses) arising during the year	**10**	(351)	(>100)
Deferred income tax	**(6)**	80	(>100)
Remeasurements on defined benefit post-employment plans	**145**	(75)	(>100)
Gains/(losses) arising during the year	**203**	(110)	(>100)
Deferred income tax	**(58)**	35	(>100)
Other comprehensive loss for the year	**(1 593)**	(6 376)	(75)
Total comprehensive income for the year	**32 961**	21 748	52
Attributable to			
Ordinary equityholders	**31 043**	20 318	53
Other equity instrument holders	**838**	777	8
Equityholders of the group	**31 881**	21 095	51
Non-controlling interests	**1 080**	653	65
Total comprehensive income for the year	**32 961**	21 748	52

Summary consolidated statement of financial position – normalised

as at 30 June

R million	2022	2021*	2020*
ASSETS			
Cash and cash equivalents	**143 636**	135 059	136 002
Derivative financial instruments	**65 667**	66 461	115 596
Commodities	**17 580**	18 641	21 344
Investment securities	**382 280**	368 262	297 510
Advances	**1 334 324**	1 223 434	1 261 715
– Advances to customers**	**1 262 083**	1 152 956	1 191 281
– Marketable advances	**72 241**	70 478	70 434
Other assets	**9 597**	9 216	11 256
Current tax asset	**624**	409	598
Non-current assets and disposal groups held for sale	**1 501**	565	3 065
Reinsurance assets	**583**	387	240
Investments in associates	**8 178**	8 644	6 882
Investments in joint ventures	**2 564**	2 071	1 811
Property and equipment	**19 725**	20 190	21 369
Intangible assets	**9 459**	9 932	11 638
Investment properties	**698**	659	722
Defined benefit post-employment asset	**35**	9	–
Deferred income tax asset	**8 027**	6 104	4 949
Total assets	**2 004 478**	1 870 043	1 894 697
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**14 623**	18 945	5 062
Derivative financial instruments	**64 547**	68 169	130 274
Creditors, accruals and provisions	**35 761**	22 765	21 038
Current tax liability	**803**	1 280	499
Liabilities directly associated with disposal groups held for sale	**824**	613	1 427
Deposits	**1 655 972**	1 542 078	1 535 015
Employee liabilities	**13 862**	11 319	8 820
Other liabilities	**8 248**	7 741	8 203
Policyholder liabilities	**7 424**	7 389	6 430
Tier 2 liabilities	**20 937**	20 940	24 614
Deferred income tax liability	**692**	887	1 318
Total liabilities	**1 823 693**	1 702 126	1 742 700
Equity			
Ordinary shares	**56**	56	56
Share premium	**8 056**	8 056	8 056
Reserves	**156 745**	143 535	129 494
Capital and reserves attributable to equityholders of the group	**164 857**	151 647	137 606
Other equity instruments	**11 645**	11 645	10 245
Non-controlling interests	**4 283**	4 625	4 146
Total equity	**180 785**	167 917	151 997
Total equities and liabilities	**2 004 478**	1 870 043	1 894 697

* *Restated, refer to pages 160 and 161 for details.*

** *Included in advances to customers are assets under agreements to resell of R70 617 million (2021: R65 584 million; 2020: R26 964 million).*

Flow of funds analysis – normalised

R million	June 2022 vs June 2021 12-month movement	June 2021 vs June 2020 12-month movement
Sources of funds		
Capital account movement (including profit and reserves)	**12 868**	15 920
Working capital movement	**12 165**	7 833
Short trading positions and derivative financial instruments	**(7 150)**	913
Deposits and long-term liabilities	**113 891**	3 389
Total	**131 774**	28 055
(Outflow)/inflow in deployment of funds		
Advances	**(110 890)**	38 281
Investments	**1 711**	3 473
Cash and cash equivalents	**(8 577)**	943
Investment securities (e.g. liquid asset portfolio)	**(14 018)**	(70 752)
Total	**(131 774)**	(28 055)

Summary consolidated statement of changes in equity – normalised

for the year ended 30 June

	Ordinary share capital and ordinary equityholders' funds				
R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 1 July 2020	56	8 056	**8 112**	444	1 995
Net proceeds of issue of share capital	–	–	**–**	–	–
Disposal of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the year	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Transfer to/(from) general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Total comprehensive income for the year	–	–	**–**	(75)	(640)
– Profit for the year	–	–	**–**	–	–
– Other comprehensive income for the year	–	–	**–**	(75)	(640)
Balance as at 30 June 2021	56	8 056	**8 112**	369	1 355
Net proceeds of issue of share capital	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Transfer (from)/to general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Total comprehensive income for the year	–	–	**–**	145	(3 712)
– Profit for the year	–	–	**–**	–	–
– Other comprehensive income for the year	–	–	**–**	145	(3 712)
Balance as at 30 June 2022	56	8 056	**8 112**	514	(2 357)

* *Other reserves include fair value through other comprehensive income (FVOCI).*

** *Other equity instruments at June 2022 include R4 519 million (2021: R4 519 million) non-cumulative, non-redeemable (NCNR) preference shares and R7 126 million (2021: R7 126 million) of AT1 instruments.*

Headline and normalised earnings adjustments are reflected in the movement in other reserves.

Ordinary share capital and ordinary equityholders' funds							
Share-based payment reserve	Foreign currency translation reserve	Other reserves*	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Other equity instruments****	**Non-controlling interests**	**Total equity**
24	8 486	790	117 755	**129 494**	**10 245**	**4 146**	**151 997**
–	–	–	–	**–**	**–**	**(2)**	**(2)**
–	–	–	–	**–**	**–**	**376**	**376**
–	–	–	–	**–**	**1 400**	**–**	**1 400**
20	–	131	(124)#	**27**	**–**	**(3)#**	**24**
–	–	–	(6 170)	**(6 170)**	**–**	**(489)**	**(6 659)**
–	–	–	–	**–**	**(777)**	**–**	**(777)**
–	–	60	(60)	**–**	**–**	**–**	**–**
–	–	–	(134)	**(134)**	**–**	**(56)**	**(190)**
–	(5 713)	195	26 551	**20 318**	**777**	**653**	**21 748**
–	–	–	26 551	**26 551**	**777**	**796**	**28 124**
–	(5 713)	195	–	**(6 233)**	**–**	**(143)**	**(6 376)**
44	2 773	1 176	137 818	**143 535**	**11 645**	**4 625**	**167 917**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	203	(282)#	**(79)**	**–**	**16#**	**(63)**
–	–	–	(17 390)	**(17 390)**	**–**	**(1 026)**	**(18 416)**
–	–	–	–	**–**	**(838)**	**–**	**(838)**
–	–	(55)	55	**–**	**–**	**–**	**–**
–	–	–	(364)	**(364)**	**–**	**(412)**	**(776)**
–	1 993	(46)	32 663	**31 043**	**838**	**1 080**	**32 961**
–	–	–	32 663	**32 663**	**838**	**1 053**	**34 554**
–	1 993	(46)	–	**(1 620)**	**–**	**27**	**(1 593)**
44	4 766	1 278	152 500	**156 745**	**11 645**	**4 283**	**180 785**

"FirstRand's performance reflects the quality of its operating businesses, FNB, RMB, WesBank and Aldermore. Disciplined execution on strategy has continued to drive shareholder value. Earnings have fully recovered and are significantly above peak 2019 levels, and economic profits have more than doubled. The ROE at 20.6% remains well situated in the target range. In addition, the group has declared the highest annual dividend in its history of 342 cents per share, as well as a special dividend of 125 cents per share. This resulted in a total distribution to shareholders of R26.2 billion."

Alan Pullinger ~ CEO

Introduction and group strategy

FirstRand Limited is a portfolio of integrated financial services businesses operating in South Africa, certain markets in sub-Saharan Africa and the UK. Many of these businesses are leaders in their respective segments and markets, and offer a broad range of transactional, lending, investment and insurance products and services.

The group's long track record of delivering growth and superior returns is reflective of consistent execution on its core strategies. It also reflects the disciplined allocation of financial resources.

FirstRand's earnings remain tilted towards South Africa and are mainly generated by its large lending and transactional franchises, which have resulted in deep and loyal customer bases. These domestic banking operations are mature and systemically important. Against the prevailing backdrop of weak macroeconomic growth, given the group's size, any aspiration to outperform requires strategic distinction combined with sound execution. The key growth imperative in the domestic franchises is to grow customer numbers, do more business with customers, and do this more efficiently. The group is also investing in building capital-light revenues in adjacent activities such as insurance, and investment and asset management.

In the broader Africa portfolio, FirstRand remains focused on growing its presence and offerings in certain key markets where it believes it can build competitive advantage and scale over time. The group's expansion strategy has been largely organic, complemented where possible by bolt-on acquisitions. There is a strong focus on building in-country customer and deposit franchises.

The UK operations continue to offer significant optionality in a large market with attractive risk-adjusted returns. The combined businesses of Aldermore and MotoNovo have healthy margins, a diversified asset portfolio, a scalable savings franchise and small shares of deep profit pools. The group remains confident it can build a more valuable business in the UK over time.

Operating environment

During the year ended 30 June 2022 global economic growth continued to moderate with the sectoral composition of activity shifting from goods towards services. The invasion of Ukraine exacerbated the already elevated cost of living pressures in both developed and emerging economies. Central banks embarked on a course of interest rate hikes to stem inflation with plans to reduce fiscal stimulus, but this needs to be balanced with shielding consumers from the impacts of slowing growth and higher inflation. The complexity of these policy actions, combined with a significant increase in geopolitical risk, resulted in ongoing market volatility.

South Africa's inflation rate lifted towards the top of the central bank's target range, resulting in an interest rate hiking cycle to lower longer-term inflation expectations. Real economic activity continued to slow – domestic household consumption in particular was impacted by the higher headline inflation. Despite the slowdown in overall activity, household data indicates that income levels among the employed have improved, following the deep contractions experienced in 2020, and retail confidence is returning. This, combined with a reduction in precautionary savings rates, underpinned household credit growth and provides some support to house prices.

With confidence slowly improving, credit demand in the corporate sector increased. Signs of positive structural reform developments included the liberalisation of energy production, confirmed private sector involvement in Transnet and the ports, and the successful completion of the 5G spectrum auction in March 2022.

By the financial year end, the UK macroeconomic environment was characterised by sharply falling consumer confidence and surging inflation. Energy and food prices continued to drive inflation higher while declining real incomes and lower confidence began to push economic activity lower. The Bank of England (BoE) raised interest rates to control inflation. Although house prices remained elevated, signals suggested that house price growth will begin to slow given weaker economic activity and higher interest rates.

The operating environment in the countries in broader Africa where the group operates was largely characterised by the recovery in commodity prices. Structural weaknesses in most of the countries pre-date the pandemic and will continue to constrain the recovery in the medium term – in particular Ghana, given its distressed debt position.

Financial performance

The 23% increase in the group's normalised earnings was driven by the materially lower cost of credit, which reflects origination strategies and the continued post-pandemic recovery across the jurisdictions in which the group operates. Topline growth was healthy, driven in particular by the rebound in non-interest revenue (NIR) and costs were well managed.

Pleasingly, at 20.6%, the normalised return on equity (ROE) remains well situated in the target range of 18% to 22%. The group produced R10.1 billion of economic profit (2021: R4.9 billion), or net income after cost of capital (NIACC), which is its key performance measure.

The following tables provide an overview of the group's performance.

FIRSTRAND GROUP FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	**2022**	2021	% change
NII	**67 856**	64 511	5
NIR*	**48 362**	44 980	8
Operating expenses	**(61 024)**	(57 342)	6
Pre-provision operating profit	**53 761**	50 633	6
Impairment charge	**(7 080)**	(13 660)	(48)
Normalised earnings	**32 663**	26 551	23
NIACC	**10 112**	4 857	>100
ROE %	**20.6**	18.4	
Gross written insurance premium – FNB Life	**4 921**	4 485	10
Embedded value – FNB Life	**6 530**	4 843	35
Deposit franchise	**1 260 047**	1 107 516	14
Core lending advances**	**1 311 441**	1 208 468	9
Credit loss ratio (%) – core lending advances**	**0.56**	1.10	
Stage 3/NPLs as a % of core lending advances**	**3.88**	5.02	

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

** *Restated. Core lending advances exclude assets under agreements to resell. Refer to page 81 for details of the change in presentation.*

SOURCES OF NORMALISED EARNINGS

	Year ended 30 June				
R million	2022	% composition	2021	% composition	% change
FNB*	19 636	60	16 090	61	22
RMB	8 196	25	7 006	26	17
WesBank*	1 604	5	1 306	5	23
UK operations**	2 983	9	2 743	10	9
Centre**,#,†	908	3	6	–	>100
Other equity instrument holders	(664)	(2)	(600)	(2)	11
Normalised earnings	32 663	100	26 551	100	23

* *Restated due to the reallocation of asset-based finance (ABF) customers that bank with FNB from FNB commercial to WesBank corporate.*

** *In the UK operations management view shown in the table above and on pages 51 and 52, MotoNovo's front and back books are included. This differs from the segment report disclosed on pages 42 to 49 because MotoNovo's front book is included under Aldermore and MotoNovo's back book is included in the Centre.*

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

† *Includes FirstRand Limited (company).*

FirstRand's performance reflects the quality of its operating businesses. Importantly, both the underlying composition of earnings growth and the superior return profile directly correlate to the consistent and disciplined execution on certain key strategies:

> carefully price for financial resources;

> appropriately provide against lending portfolios;

> strengthen and appropriately tilt the balance sheet to the macro environment; and

> accrete capital and net asset value.

These strategies, tightly managed through the group's financial resource management (FRM) process, were designed to contain the negative impact of the Covid-19 pandemic, strengthen the balance sheet, build available financial resources and position the group appropriately to grow into a post-pandemic recovery. The group continued to be discerning in pursuing growth emanating from the rebound that immediately followed the pandemic. In the year under review, the group has been particularly focused on allocating its financial resources to growth opportunities tilted to its macro view, whilst continuing to serve the needs of its customers. This approach, combined with disciplined pricing and conservative provisioning, has resulted in an even stronger balance sheet.

Identifying and originating quality new business has been a fine balancing act given competitive actions in the market and the level of real, although uneven, recovery taking place in the economy. The group remained cautious on origination, which resulted in lower year-on-year growth in advances relative to the sector. At the same time, however, the deposit franchise and transactional balances increased strongly. This focus on the deposit franchise, combined with Group Treasury's asset-liability management (ALM) strategies, to a degree offset the muted retail advances growth trajectory in the first half and provided an underpin to the ROE.

For most of the year under review, FNB and WesBank's approach to retail origination was informed by internal and external data analysis of affordability indicators which suggested that lower-risk, good-quality customers had the most capacity for credit, and at the same time displayed a higher propensity to take up a broader range of financial services products. Origination therefore remained tilted towards these customers. This strategy was also anchored to protecting the customer franchise from aggressive competitor activity, which in turn translated into a strong rebound in retail NIR.

In the commercial segment, the stronger advances growth was driven by the strategy to originate new business tactically in those sectors showing above-cycle growth and which are expected to perform well even in a high inflationary environment.

Growth in corporate advances picked up in the second half of the year, which saw much stronger new business production. Origination also leaned towards lower-volatility sectors and better-rated counterparties.

The group believes its discerning approach to origination will ensure that, across its portfolio, it will capture a higher market share of lower-risk business, whilst continuing to satisfy the credit demand from customers as incomes recover. New business production levels lifted by the fourth quarter of the financial year, resulting in all core lending portfolios growing year-on-year apart from retail vehicle asset finance (VAF) and unsecured revolving loans.

Disciplined execution against all of these parameters has shaped shareholder value for the year under review. Earnings have fully recovered and are now 17% above 2019 levels, with strong NIACC generation, a sustained ROE and ongoing growth in net asset value (NAV). The Common Equity Tier 1 (CET1) ratio increased to 13.9% (2021: 13.5%) and, given this strong capital level, the group is in a position to materially increase its payout to shareholders. The combination of a drop in cover to 1.7 times and a special dividend of 125 cents per share results in a total payout of 467 cents per share (the highest payout level in the history of the group at R26.2 billion).

Despite this high level of payout, FirstRand remains capital generative and has the necessary financial capacity to increase momentum in risk-weighted asset (RWA) growth in the 2023 financial year. The growth in advances that took place in the last quarter of the year under review is evidence of already increasing momentum.

PRE-PROVISION OPERATING PROFIT

	Year ended 30 June		
R million	**2022**	2021	% change
FNB	**33 380**	32 143	4
RMB	**11 202**	11 390	(2)
WesBank	**3 672**	4 052	(9)
UK operations	**5 241**	4 771	10
UK operations (£ million)	**260**	231	13
Centre	**266**	(1 723)	>100
Total group	**53 761**	50 633	6

Many of the strategic actions explained above also played out in the group's pre-provision operating profit growth of 6% year-on-year. Pre-provision operating profits now exceed the peak level reached in June 2019 by 9%.

Represented by the Centre in the table above, Group Treasury's growth in pre-provision operating profits was driven primarily by improved returns on capital due to both increases in investment rates and higher levels of capital. The strong growth in the deposit franchise enabled the reduction in Group Treasury funding and improved cost of funds. In addition, Group Treasury saw a reduction in the carry cost of excess FX liquidity resources.

Regarding the operating businesses, FNB's pre-provision operating profit performance mainly reflects the credit origination approach in the retail segment to focus on good-quality, lower-risk credit customers. This impacted net overall credit origination volumes and resulted in subdued NII. In addition, the higher growth in residential mortgages relative to unsecured lending resulted in lower overall margins. There was stronger momentum in retail advances growth in the last quarter of the year, and this is expected to continue.

FNB delivered solid NIR growth of 8%, driven by active customer acquisition, growth in customer activity and higher transactional volumes (+14% in SA). These benefits were offset, to a degree, by fee reductions on the back of new customer propositions as FNB responded to competitive pricing in certain customer subsegments. The FNB commercial point-of-sale footprint also contributed to ongoing growth in transactional activity.

Growth in FNB's insurance premium income, and a reduction in insurance claims and claims reserves further contributed to solid NIR growth.

The slight reduction in RMB's pre-provision operating profit was a consequence of most of the advances growth taking place in the second half of the financial year as well as ongoing competitive margin pressure, especially in the large corporate client segment. The level of investment spend and higher variable costs due to the improvement in performance also affected year-on-year pre-provision operating profit growth. Increased deal origination and facility extensions in the latter half of the financial year will support pre-provision operating profit growth in the next financial year.

WesBank's pre-provision operating profit was impacted by a contraction in retail vehicle asset finance (VAF) advances given origination strategies which also reduced margins. In addition, the run-off of higher-margin fixed-rate deals replaced with variable-rate deals, and the increasing cost of acquisition, placed pressure on net interest margin (NIM). WesBank corporate and commercial, however, delivered strong advances growth of 10%. WesBank's NIR increased 4%, driven by higher commissions and administration fees earned in the fleet management and leasing business due to growth in the number of managed maintenance units. New business volumes increased 11% in WesBank and 12% in WesBank's associates.

With regard to the UK operations, Aldermore delivered strong growth in pre-provision operating profit in pound terms. This was driven by solid new business origination as well as a one-off £24 million contribution from a refinement to the effective interest rate model.

Despite benefiting from lower cost of funds and good growth in new business origination, MotoNovo's pre-provision operating profit was impacted by an operational event relating to non-compliance with the UK Consumer Credit Act, whereby notices of sums in arrears (NOSIAs) were not correctly issued to qualifying customers as a result of a system coding error. This event was identified during the Covid-19 pandemic period, but extends back a number of years and, as a result, certain interest and fees amounting to £23 million are required to be refunded to customers. The group has appropriately provided for this one-off event, including the operational costs and the consequential impact to impairments.

Revenue and cost overview

Overall group NII increased 5% year-on-year, with some support from the return to growth in advances and continued strong deposit gathering. NII also benefited from increased capital balances.

Lending NII remained flat due to a decline in margin, driven by a mix change in advances growth on the back of the origination strategies covered above.

Also, as covered earlier, although FNB's retail franchise focused on originating lower-risk advances for a significant portion of the year, there was a measured return to appetite in the last quarter of the year under review. FNB commercial's year-on-year growth in advances was strong. RMB's corporate lending franchise delivered good growth in new business origination, also mainly in the second half of the year, but experienced ongoing competitive margin pressure. WesBank retail VAF advances contracted due to the focus on lower-risk origination in a highly competitive lending environment. Increased write-offs also had a negative impact on overall advances growth.

Group NIM improved 5 bps to 4.40% (including Aldermore) (2021: 4.35%). The lift in NIM emanated from margin expansion in the UK operations.

The increase in advances in the UK was driven by MotoNovo and business finance. Growth from the latter improved significantly, due to increased support for small and medium-sized enterprise (SME) customers returning to investment following the pandemic, and a strategic pivot towards larger-sized deals. MotoNovo's growth was driven by continued high demand in the second-hand car market. Higher redemptions in an extremely competitive market resulted in a slight reduction in year-on-year growth in residential mortgages. This does, however, mark an improvement from the half-year position as mortgage growth returned in the fourth quarter of the financial year.

The group's overall growth in deposits benefited from ongoing momentum in retail savings and investment products, and particularly good contributions from FNB commercial and the broader Africa portfolio.

Growth in advances and deposits is unpacked by operating business and segment in the table below.

	Growth in advances %	Growth in deposits %
FNB	7	13
– Retail	6	9
– Commercial	11	18
– Broader Africa	5	12
RMB*	18	12
WesBank	2	n/a
UK operations**	6	14

* *Advances growth for RMB based on core lending advances, which exclude assets under agreements to resell.*

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

Total group operational NIR increased 8%. This was supported by 5% growth in fee and commission income, 15% growth in trading and fair value income, and a significant rebound (+29%) in insurance income.

FNB's NIR increased 8%, benefiting from good growth in transactional volumes and customer growth of 5%. The strong recovery in insurance income was partly offset by additional investment into the short-term insurance platform and costs associated with the rollout of non-life insurance products.

FNB Life's new business annual premium equivalent (APE) increased 17%, with premiums up 10% and 6% growth in the number of policies. In-force APE grew 14%, with credit life new business APE increasing 47% on the back of stronger new business origination in the retail lending portfolios. FNB Life is the third-largest long-term insurance product provider in FNB's customer base as measured by debit orders.

RMB's NIR growth was driven by the contribution from the markets business, which was underpinned by strong client flows due to volatility in FX markets and increased commodity prices, combined with a robust performance from equities. The global foreign exchange business experienced increased client volumes on the back of the rally in commodities and higher levels of corporate FX structuring transactions. The investment banking business benefited from robust structuring and commitment fee income growth on the back of origination activities. Growth in annuity income from RMB's private equity business was particularly strong, up 32%, as portfolio companies delivered improved operational performances.

Operating expenses for the group were 6% higher, including a 5% increase in direct staff costs and higher variable remuneration given the improvement in performance.

Investment costs continue to be driven by:

- insurance and asset management growth strategies;
- the build-out and consolidation of the domestic enterprise platform;
- scaling the group's footprint and platform in broader Africa; and
- people, process and system investments in the UK business.

The cost-to-income ratio remained stable at 52.5% (2021: 52.4%).

The group's credit performance continues to improve, with a reduced credit loss ratio of 56 bps (2021: 110 bps) and all portfolios now at or below through-the-cycle levels. This underlying performance is in line with the group's origination strategies and was achieved despite ongoing uncertainties in the operating environment, most notably the impact of inflation and interest rate pressures that unfolded over the last quarter of the financial year. Given these uncertainties, balance sheet provision levels remained conservative against the in-force book as new origination adapts to macros dynamically. As such, management retained the stress scenario, albeit at a lower weighting of 8% (2021: 11%). Overall performing coverage on core lending advances decreased to 1.78% (2021: 2.02%), reflecting the year-on-year improvement in the macro environment, better staging of advances and measured origination.

Non-performing loans (NPLs) decreased 16% year-on-year with NPLs as a percentage of core lending advances down to 3.88%, driven by write-offs, the curing of paying NPLs, slower inflows given conservative origination strategies, strong collections and advances growth.

As a result, the overall impairment charge reduced 48% to R7 080 million (2021: R13 660 million), reflecting the positive performance in most portfolios and the significant reduction in NPLs. The credit loss ratio is 61 bps excluding the UK operations (56 bps for the total group).

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended				June 2022 vs December 2021	December 2021 vs June 2021	June 2021 vs December 2020
	30 June	31 December	30 June	31 December			
R million	**2022**	2021	2021	2020	% change	% change	% change
Performing book provisions	**(1 357)**	627	(2 228)	663	(>100)	(>100)	(>100)
NPL provision*	**(1 112)**	(1 042)	(544)	3 347	7	92	(>100)
Credit provision (decrease)/ increase	**(2 469)**	(415)	(2 772)	4 010	>100	(85)	(>100)
Modification loss	**267**	412	348	294	(35)	18	18
Gross write-off and other**	**7 999**	7 035	9 647	7 929	14	(27)	22
Interest suspended on stage 3 advances	**(1 363)**	(1 630)	(1 707)	(1 662)	(18)	(5)	3
Post write-off recoveries	**(1 381)**	(1 375)	(1 270)	(1 157)	–	8	10
Total impairment charge	**3 053**	4 027	4 246	9 414	(24)	(5)	(55)
Credit loss ratio (%) – core lending advances#	**0.47**	0.65	0.70	1.50			
Credit loss ratio excluding UK operations (%) – core lending advances#	**0.45**	0.79	0.96	1.71			

* *Interest suspended on stage 3 core advances of R2 993 million (2021: R3 369 million) is included in the NPL provision.*

** *Write-off of gross balances excluding prior year provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

Prior periods have been restated for core lending advances, which exclude assets under agreements to resell.

The table above demonstrates the move in impairments on a rolling six-month view, based on movements in the balance sheet. The R1.4 billion portfolio provision release reflects lower coverage as credit quality and macro assumptions improved year-on-year, despite advances growth and judgemental out-of-model provisions to cater for the uncertain operating environment. Refer to pages 198 to 204 for the updated forward-looking information (FLI) and scenario weightings. Despite largely maintaining coverage at a product level, the NPL provision releases reflect the relative improvement in performance discussed below.

The table below deals with the change in group NPL balances. It is pleasing to see that the reduction in operational NPLs has continued due to slower inflows and ongoing workouts and write-offs. Collection efforts remained strong.

CHANGE IN NPLs

	30 June 2022 vs 30 June 2021		
	R million	% change	Percentage point contribution to overall NPL decrease
Operational NPLs*	(4 210)	(12)	(6)
Covid-19 relief paying NPLs**	(2 956)	(71)	(5)
Other paying NPLs#	(1 613)	(17)	(3)
NPLs (excluding UK operations)	**(8 779)**	**(17)**	**(14)**
UK operations	(1 040)	(12)	(2)
Change in total group NPLs	**(9 819)**	**(16)**	**(16)**

* *Include core lending advances that received Covid-19 relief, other core lending advances and debt-review advances ≥90 days in arrears.*

** *Include Covid-19 relief loans <90 days in arrears and still subject to curing criteria.*

Include debt-review and other core lending advances <90 days in arrears and still subject to curing criteria.

Overall NPL coverage increased to 49.8%, mainly driven by a large portion of paying NPLs (with lower coverage) curing into performing and lower inflows. Additional provisions were also created to ensure adequate coverage for the uncertain environment. Decreases in the UK operations were driven by curing in the debt-relief book and in commercial.

SA retail NPLs decreased 20% to R29.9 billion (2021: R37.3 billion). NPLs as a percentage of advances declined to 6.97% (2021: 9.05%) driven by the curing of paying NPLs, slower inflows, ongoing write-offs, strong collections and support from higher advances.

SA commercial NPLs declined 23% to R5.5 billion (2021: R7.2 billion) or 3.62% of advances (2021: 5.21%). The decline was due to workouts and write-offs, curing of a few counterparties and lower stage 3 inflows in various portfolios.

NPLs in the SA corporate and investment banking (CIB) portfolio, including high-quality liquid assets (HQLA), increased 14% with a slight reduction in the NPL ratio to 1.26% of core lending advances including HQLA (2021: 1.29%), given the growth in advances. NPL coverage increased to 60.2% (2021: 45.9%) due to the migration of a high-coverage, significant exposure to stage 3.

The broader Africa NPL ratio decreased to 4.93% (2021: 5.84%) driven by lower NPLs in Botswana and Zambia following high write-offs, a slowdown in new inflows and recoveries.

In the UK operations, NPLs reduced to 2.61% of advances (2021: 3.16%). This was mainly due to curing and settlement in the relief portfolio and the Aldermore commercial portfolio, supported by advances growth. MotoNovo NPLs continued to be affected by the previous ban on collateral repossessions in the UK, and the impact on collections due to the NOSIA operational event.

Financial resource management

The management of the group's financial resources, which it defines as capital, funding and liquidity, and risk appetite, is a critical enabler to ensure FirstRand achieves its stated growth and return targets, and is driven by the group's overall risk appetite. Group Treasury is mandated to execute on FRM strategic initiatives.

Group Treasury also manages the interest rate and FX risk inherent in the balance sheet activities within regulatory and management limits, and the group's risk appetite. The aim is to protect and enhance earnings without adding to the overall risk profile.

Capital position

Capital ratios for the group and bank are summarised below.

CAPITAL ADEQUACY*

		Group		Bank#	
%	Internal targets**	**2022**	2021	**2022**	2021
CET1	11.0 – 12.0	**13.9**	13.5	**14.2**	14.5
Tier 1	>12.0	**14.5**	14.1	**14.9**	15.2
Total	>14.25	**16.7**	16.3	**17.7**	17.8

* *Including unappropriated profits.*

** *The group's internal targets remain unchanged following the reinstatement of the Pillar 2A requirement of 1% on 1 January 2022.*

Including the bank's foreign branches.

The group's CET1 ratio strengthened further to 13.9% (2021: 13.5%), well above the upper end of its internal target range. The group accreted both NAV and CET1 over the year as it continued its focus on the efficient use of financial resources and the optimisation of risk-weighted assets (RWA).

Key factors driving the CET1 outcome are outlined below:

> the quantum of retained earnings (partly offset by the payment of dividends);

> an increase in the foreign currency translation reserve due to the rand's depreciation, partly reduced by the final transitional impact of IFRS 9;

> successful financial resource optimisation strategies; and

> an increase in RWA mainly from credit risk, driven by rand depreciation, higher volumes and model refinement, whilst higher revenue generation also resulted in an increase in operational risk RWA.

The group continues to actively manage its capital composition and align Additional Tier 1 (AT1) and Tier 2 levels with internal targets. During the year under review, the group issued R2.5 billion Tier 2 instruments in the domestic market to optimise its capital stack and manage the rollover of existing Tier 2 instruments. AT1 and Tier 2 instruments are treated as funding. It remains the group's intention to continue optimising its regulatory capital composition by issuing AT1 and Tier 2 capital instruments in the domestic and/or international markets. This will ensure significant sustainable support for ongoing growth initiatives and redemption of existing capital instruments.

The implementation of the final Basel reforms remains a key focus and FirstRand continues to actively engage with the industry and regulator, as well as to participate in impact assessments to better understand the effects of the proposed reforms on the group. These have been incorporated into the group's forward-looking capital plan.

The group also adjusts available regulatory capital resources for certain volatile reserves, as well as expected regulatory and accounting changes that can be estimated. This provides an economic view of excess capital that is used in strategic decision-making.

Capital allocation and returns

The group's methodology for allocating capital to operating businesses considers internal capital targets, regulatory capital (average RWA consumption, regulatory deductions and anticipated regulatory changes), economic capital and NAV. Excess capital above internal capital target levels is not allocated to business.

A summary of the capital allocated to the group's operating businesses is provided below.

AVERAGE CAPITAL ALLOCATED

R million	Year ended 30 June 2022	2021*	% change
FNB	**48 395**	47 714	1
RMB	**37 040**	36 995	–
WesBank	**8 627**	9 098	(5)
UK operations**	**24 742**	24 054	3
Centre#	**9 948**	10 633	(6)
Unallocated capital†	**29 500**	16 133	83
FirstRand group	**158 252**	144 627	9

* *Comparatives were restated for segmentation changes and to align to the current capital allocation approach.*

** *Aldermore and MotoNovo front and back books. UK operations' year-end capital in pound sterling was converted to rand using the year-end closing exchange rates.*

\# *Excludes MotoNovo back book.*

† *Includes excess capital. The significant increase relates to the prior year average that included the June 2020 position which was affected by the pandemic.*

ROEs for the group and its operating businesses are provided in the following table.

ROE

%	Year ended 30 June 2022	2021*
FNB	**40.6**	33.7
RMB	**22.1**	18.7
WesBank	**18.6**	14.4
UK operations**	**11.8**	11.1
Centre (including Group Treasury)	**0.6**	(1.7)
FirstRand group	**20.6**	18.4

* *Comparatives were restated for segmentation changes and to align to the current capital allocation approach.*

** *Aldermore and MotoNovo front and back books. ROEs calculated in pound terms.*

The superior returns generated by the business has resulted in strong ongoing capital generation.

With the proposed implementation of the final Basel III reforms, which is a more standardised (or less risk-sensitive) regulatory framework, the group is increasing its focus on the true economic risk introduced to its balance sheet. FirstRand has commenced with the allocation of economic capital to business based on principles agreed and within the constraints of the regulatory framework.

Liquidity position

Liquidity risk is a natural outcome of the business activities undertaken by the group. To manage the resultant risk and enable business to operate efficiently and sustainably, the group seeks to optimise its funding composition, subject to structural liquidity constraints and regulatory requirements. The group has pursued a deposit-led funding strategy that provides diversification and stability with an inherent liquidity risk offset. Furthermore, FirstRand holds appropriate liquidity buffers to withstand unexpected market disruptions.

Given that funding markets have largely normalised and considering the industry's liquidity position, the Prudential Authority (PA) released *Directive 8 of 2021, Withdrawal of the temporary relief measure related to the liquidity coverage ratio*, which increased the minimum liquidity coverage ratio (LCR) requirement from 80% to 90% on 1 January 2022, and to 100% from 1 April 2022. The withdrawal of the temporary relief since April 2022 has had no impact on the group's liquidity requirements.

The prudential liquidity risk metrics, i.e. LCR and net stable funding ratio (NSFR), are managed with adequate buffers above the regulatory minimums to enable the group to comfortably withstand the natural liquidity seasonality and cyclicality that is a consequence of its chosen funding mix. The liquidity overlays in excess of prudential requirements are determined using stress testing and scenario analysis of cash in- and outflows.

The group's portfolio of HQLA provides a liquidity buffer against unexpected liquidity stress events or market disruptions and serves to facilitate the changing liquidity needs of its operating businesses. The composition and quantum of available liquid assets are defined behaviourally by considering both the funding liquidity-at-risk and the market liquidity depth of these instruments. The liquid asset holdings have been built taking into consideration the group's asset growth, risk appetite and regulatory requirements. The HQLA portfolios are continually assessed and actively managed to ensure optimal composition, cost and quantum.

The group remains well funded, with adequate liquidity buffers to meet both prudential liquidity requirements and internal risk targets. While the post-pandemic market continues to normalise with the South African economy recovering, the group continues to closely monitor key risk metrics and early warning indicators.

LIQUIDITY POSITION

	Group*		Bank*	
	As at 30 June			
%	**2022**	2021	**2022**	2021
LCR				
Regulatory minimum	**100**	80	**100**	80
Actual	**121**	113	**124**	117
Average available HQLA (R billion)	**341**	313	**304**	287
NSFR				
Regulatory minimum	**100**	100	**100**	100
Actual	**123**	123	**120**	122

* *The group's LCR and NSFR include the bank's operations in South Africa, and all registered banks and foreign branches in the group. The bank's LCR and NSFR reflect South African operations only.*

Foreign currency balance sheet

The group adopts a disciplined and measured approach to the management of its foreign currency investments in subsidiaries and their balance sheets. Approved risk frameworks guide the allocation of resources and the management of local and foreign currency risks. The framework for the management of external debt considers sources of sovereign risk and foreign currency funding capacity, as well as the macroeconomic vulnerabilities of South Africa. The group continues to employ self-imposed structural borrowing and liquidity risk limits which are more conservative than those required in terms of regulations.

The group's philosophy is that, in the longer term, foreign currency assets should be supported by foreign currency liabilities, primarily in the same jurisdiction. Key foreign currency operations include:

- the UK operations of Aldermore (including MotoNovo), funded through a sustainable and efficient savings deposit funding base and capital markets as appropriate;
- RMB international (Mauritius) and the London branch are hard currency platforms for the group's broader Africa and other FX exposures; and
- FirstRand Securities in the UK, which provides the group's South Africa-based businesses with a highly capitalised and matched principal trading platform and offers access to international market liquidity in the securities and derivative markets in which it is most active.

Regulatory update

The directives issued by the PA relating to the temporary capital and liquidity relief measures provided during the Covid-19 crisis have already been covered in the capital and liquidity sections above. The PA also released *Directive 7 of 2021, Withdrawal of the temporary treatment of restructured credit exposures due to the Covid-19 pandemic*, to withdraw *Directive 3 of 2020, Matters related to the treatment of restructured credit exposures due to the Covid-19 pandemic* (which had provided temporary relief for credit risk, specifically the treatment of restructured credit exposures related to Covid-19), effective 1 April 2022. Directive 3 of 2020 no longer applies to any restructured credit exposures (new or reapplications) granted from 1 January 2022 onwards.

The PA published most of the final standards for holding companies of financial conglomerates in December 2021. Whilst FirstRand has not been designated as a financial conglomerate, the group has volunteered to participate in the field testing of the draft prudential capital standards, as well as the submission of the regulatory returns for the final standards.

The Financial Sector Laws Amendment Act 23 of 2022 (FSLA) was promulgated on 28 January 2022. One of the key provisions of the FSLA is that the South African Reserve Bank (SARB) will become the designated resolution authority with the necessary powers to operationalise an effective resolution regime. The provisions of the FSLA (including the granting of powers to the SARB to issue resolution standards) will, however, only become operational as outlined in a commencement schedule. This is due to be gazetted by the Minister of Finance and will:

> provide for the establishment of the Corporation for Deposit Insurance (CoDI), which will be a separate entity within the SARB mandated to manage a deposit insurance scheme in South Africa, designed to protect depositors' funds and enhance financial stability. The group's initial impact assessments suggest an annual CoDI cost of between R230 million and R280 million for a covered deposit balance of approximately R110 billion; and

> introduce a new tranche of loss-absorbing instruments, namely flac instruments, which are subordinated to other unsecured creditors and intended for bail-in during resolution. The cost of flac instruments will depend on final calibration levels, but initial estimates range between R100 million and R300 million per annum for FirstRand, which will be incurred on a phased-in basis from the proposed implementation date of 2025. These costs will be incorporated in the group's ALM strategies with various transmission mechanisms being analysed and considered as part of the group's FRM process.

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 reduce the cover range to 1.6x to 2.0x (previously 1.8x to 2.2x) as the group has more than sufficient resources to deliver on its growth ambitions.

The dividend for the financial year was struck at 1.7x cover, which is a reversion back to the pre-pandemic payout percentage.

In addition, given the point-in-time capital surplus that exceeds expected demand, the board is declaring a special dividend of 125 cents per share.

Prospects

In South Africa the group expects the current credit cycle to continue to gather momentum, although commodity-induced cyclical tailwinds are expected to fade. As inflation subsides and economic reforms progress, these trends will support accelerated advances growth across the domestic retail, commercial and corporate portfolios. This in turn will drive stronger in lending NII in the 2023 financial year, supported by ongoing growth impetus in deposit balances. Levels of customer growth to date as well as improving activity should underpin growth in NIR.

The broader Africa portfolio will show a steady improvement as inflation pressures abate and many of the countries in the portfolio will continue to benefit from the commodity cycle, despite a softening trend.

The UK economy is likely to experience a period of weakness mainly related to sharply increased cost-of-living pressures. A mild, inflation-induced recession is possible. The pressures on household income trends may affect affordability levels and credit profiles. However, despite this backdrop, the UK businesses anticipate growth in advances in the 2023 financial year given Aldermore's niche approach to origination.

FirstRand's normalised ROE will remain well positioned in the target range of 18% to 22% in the 2023 financial year. Growth in earnings is expected to revert back to the group's long-term target of real GDP plus CPI plus >0% to 3%.

Events after reporting period

The disposal of non-current assets held for sale in FNB Tanzania was completed on 7 July 2022.

On 8 July 2022, FirstRand offered to acquire the non-cumulative non-redeemable B preference shares (preference shares) from preference shareholders. This will result in a change in classification of these preference shares from equity to liabilities in the 2023 financial year. On 25 August 2022, preference and ordinary shareholders approved the repurchase of FirstRand's preference shares at par.

The realisation of RMB's private equity investment in Studio 88 is expected to close during October 2022.

Board changes

Changes to the directorate are outlined below.

		Effective date
Resignation		
F Knoetze	Non-executive director	1 December 2021
Appointment		
PD Naidoo	Independent non-executive director	1 April 2022

Cash dividend declarations

The issued share capital on the dividend declaration dates outlined below was 5 609 488 001 ordinary shares and 45 000 000 preference shares.

Ordinary shares

The directors declared a gross cash ordinary dividend totalling 342.0 cents per ordinary share out of income reserves for the year ended 30 June 2022. The directors also declared a gross cash special dividend totalling 125.0 cents per share out of income reserves for the year ended 30 June 2022. The special dividend has been approved by the SARB's Financial Surveillance Department.

Dividends

Ordinary shares

	Year ended 30 June	
Cents per share	**2022**	2021
Ordinary dividends:		
Interim (declared 2 March 2022)	**157.0**	110.0
Final (declared 14 September 2022)	**185.0**	153.0
Annual ordinary dividends	**342.0**	263
Special dividend (declared 14 September 2022)	**125.0**	–
Total dividends	**467.0**	263.0

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

Last day to trade cum-dividend	Tuesday, 11 October 2022
Shares commence trading ex-dividend	Wednesday, 12 October 2022
Record date	Friday, 14 October 2022
Payment date	Monday, 17 October 2022

The salient dates for the special dividend are outlined below:

Last day to trade cum-dividend	Tuesday, 11 October 2022
Shares commence trading ex-dividend	Wednesday, 12 October 2022
Record date	Friday, 14 October 2022
Payment date	Monday, 17 October 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 October 2022, and Friday, 14 October 2022, 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 37.00000 cents per share will be 148.00000 cents per share; and

> the special dividend net of 20% DWT of 25.00000 cents per share will be 100.00000 cents per share.

Preference shares

Dividends on the preference shares are calculated at a rate of 75.56% of the prime lending rate of FNB, a division of FirstRand Bank Limited.

DIVIDENDS DECLARED AND PAID

Cents per share	Preference dividends
1 September 2020 – 22 February 2021	253.6
23 February 2021 – 30 August 2021	273.9
31 August 2021 – 28 February 2022	270.7
1 March 2022 – 29 August 2022	307.4

WR JARDINE
Chairman

AP PULLINGER
CEO

C LOW
Company Secretary

HS KELLAN
CFO

14 September 2022

review of operations

FNB

FNB represents the group's activities in the retail and commercial segments in South Africa and several countries in broader Africa, with a growing retail offering in Guernsey (FNB Channel Islands). FNB's strategy is underpinned by:

> a main-banked client strategy anchored to growing and retaining customer relationships using core transactional accounts as a key lever;
> a digital platform with market-leading interfaces that enable the provision of contextual, cost-effective and innovative integrated financial services offerings to both retail and commercial customers on either an assisted (in-person) or unassisted (self-service) basis;
> using its deep customer relationships and extensive data insights to offer enhanced customer experiences and inform cross-sell opportunities across the full suite of financial services products, including banking, insurance and investment management;
> integrating WesBank's vehicle and asset finance offering on platform;
> providing innovative products to incentivise and grow customer savings and investments and, in turn, the retail deposit franchise;
> applying disciplined and integrated credit origination strategies that appropriately support customer requirements and affordability across all credit products;
> utilising eBucks to reward desired customer behaviour, drive platform adoption and enable cross-sell;
> leveraging its mobile virtual network operator (MVNO) to augment customer value propositions, as well as to provide affordable telecommunication services to customers;
> managing the physical points-of-presence network to ensure cost optimisation through right-sizing, appropriate coverage from a geographic and segment perspective and assisting customers with digital adoption; and
> leveraging traditional and alternative (agency banking – CashPlus) distribution channels in broader Africa.

FNB FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	**2022**	2021	% change
Normalised earnings	**19 636**	16 090	22
Normalised profit before tax	**28 442**	23 194	23
– South Africa	**26 143**	21 587	21
– Broader Africa	**2 299**	1 607	43
Pre-provision operating profit	**33 380**	32 143	4
Total assets	**505 767**	469 071	8
Total liabilities	**480 169**	449 169	7
Performing advances	**459 172**	423 162	9
Stage 3/NPLs as a % of advances	**6.45**	7.99	
Credit loss ratio (%) of average advances	**1.04**	1.94	
ROE (%)	**40.6**	33.7	
ROA (%)	**4.03**	3.41	
Cost-to-income ratio (%)	**53.1**	52.3	
Advances margin (%)	**4.13**	4.25	

Overview of results

FNB delivered normalised profit before tax (PBT) growth of 23%, with its ROE improving to 40.6%. Performance drivers included a strong rebound in NIR, coupled with a significant reduction in year-on-year impairments.

FNB's impairment charge reduced 45% and the credit loss ratio reduced to 104 bps (2021: 194 bps).

Operating expenses increased 7%, driven by overall cost inflation, variable remuneration growth aligned to improved business performance, and ongoing investments into FNB's integrated financial services platform. The airport lounge (SLOW) facilities were acquired during the year and are an integral part of the strategy to reward customers with ancillary lifestyle benefits.

Pre-provision operating profits increased 4% and now exceed pre-pandemic levels.

FNB's NII growth was driven by good growth in average deposits, both domestically and in broader Africa. Furthermore, the recent interest rate hikes resulted in a gradual uplift in endowment benefit.

During the last quarter of the financial year, retail advances growth contributed more meaningfully to NII growth, and this trend is expected to continue.

FNB delivered NIR growth of 8%, driven by active customer acquisition and growth in customer activity and transactional volumes. These benefits were offset by fee reductions in both retail and commercial amounting to R333 million and R535 million, respectively. The South African transactional franchise benefited from 14% growth in volumes. In addition, good insurance premium growth, and a reduction in claims and claims reserves further contributed to NIR growth.

As demonstrated in the following table, FNB's digital channels continued to deliver volume growth, testament to the success of its platform evolution and strategy to drive customer take-up of digital interfaces and, in particular, migration to the FNB app (volumes up 24%). FNB commercial's point-of-sale footprint also continued to show solid growth in transactional activity.

CHANNEL VOLUMES

	Year ended 30 June		
Thousands of transactions	**2022**	2021	% change
ATM/ADT	**219 158**	219 360	–
Digital*	**673 582**	593 135	14
Card acquiring	**819 682**	649 967	26
Card issuing	**992 896**	871 350	14

* *Digital includes app, online and mobile (USSD).*

Customer segment performance

FNB segments its customer base to identify appropriate and differentiated product offerings. In South Africa, the retail base is split into personal and private customer segments based on relative income. Small and medium-sized businesses are served by the commercial segment. FNB's broader Africa portfolio represents a mix of mature businesses with significant scale and market share (Namibia, Botswana and Eswatini) and growing businesses in Mozambique, Zambia, Lesotho and Ghana.

The table below unpacks growth in customers per segment, platform users and growth in vertical sales index (VSI), which captures cross-sell metrics.

ACTIVE CUSTOMERS AND PLATFORM USERS

	Number of customers and platform users at 30 June		
Millions	**2022**	2021	% change
Retail	**7.86**	7.52	5
– Personal (≤ R450k)	**6.13**	5.92	4
– Private (> 450k)	**1.73**	1.60	8
Commercial	**1.20**	1.13	6
Total SA customer base	**9.06**	8.65	5
FNB broader Africa	**1.90**	1.83	4
FNB active customers	**10.96**	10.48	5
eWallets*	**5.95**	5.61	6
Total platform users	**16.91**	16.09	5
FNB SA VSI	**2.95**	2.89	2

* *Represent all eWallets without another FNB relationship/product that had at least one transaction in the past year. In addition, there are 1.65 million eWallets belonging to FNB customers. FNB customer eWallets represent 22% of the total active eWallet base of 7.60 million.*

SEGMENT RESULTS

R million	Year ended 30 June 2022	2021	% change
Normalised PBT			
Retail	**14 093**	11 362	24
Commercial	**12 050**	10 225	18
Broader Africa	**2 299**	1 607	43
Total FNB	**28 442**	23 194	23

Retail's performance benefited from a significant reduction in impairments and solid NIR growth, with NII supported by the strong performance of the deposit-gathering franchise. Growth in active customers of 5%, and an improvement in VSI to 3.04 (2021: 2.98), all contributed positively. Furthermore, retail's commissionable turnover amounted to R17.9 billion (including prepaid service providers), with active sim cards in the MVNO up to 878k (2021: 833k).

Commercial's performance was also underpinned by good growth in active customers of 6%, strong momentum in advances and deposits, and improved impairments. The performance was further supported by the level of transactional volumes in both its foreign exchange and merchant services activities, which benefited NIR.

Profit growth in broader Africa increased 43%, driven by lower impairments and an improved NIR trend, underpinned by a 4% increase in the active customer base. NII was supported by balance sheet growth and positive endowment impacts. The portfolio's overall performance benefited from resilient results from Botswana, Namibia and Zambia, and an encouraging turnaround in Mozambique. Ghana continues to scale and its performance is tracking the business case.

FNB's lending approach is informed by internal and external data analysis of affordability indicators which suggest that lower-risk, good-quality customers still have further capacity for credit, and have a higher propensity to take up a broader range of financial services products. Levels of new business origination in FNB's retail portfolios reflect a deliberate tilt towards these customers. New business production levels normalised by the fourth quarter of the year under review and this momentum is expected to continue.

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Deposit growth		Advances growth	
Segments	%	R million	%	R million
Retail	9	27 331	6	17 772
– Personal (≤ R450k)	6	4 261	(3)	(1 672)
– Private (> 450k)	10	23 070	8	19 444
Commercial	18	55 367	11	10 731
Broader Africa*	12	6 023	5	2 419
Total FNB	13	88 721	7	30 922

* *On a local currency basis deposit growth in broader Africa was 7% and advances 4%.*

Retail advances increased 6% year-on-year, driven by residential mortgages (+8%), with recent payouts at record levels. The unsecured lending portfolio also grew new business volumes, particularly during the second half of the financial year, with the card and personal loans portfolios (excluding the Covid-19 relief facility) increasing 5% and 4%, respectively. The growth in card advances reflects the increase in consumer card spending post the pandemic. Customer preference for the new fusion product has resulted in lower overdraft advances. Revolving loans declined 11% as risk appetite for this product was tightened.

Commercial advances grew strongly, in line with a deliberate sector focus, specifically in the agriculture, public sector, Islamic banking and specialised finance lending portfolios.

The broader Africa advances growth was muted as lending strategies were focused on areas offering better risk-adjusted returns.

Overall deposit growth of 13% was supported by FNB's innovative product offerings across all segments.

FNB's credit impairment charge reduced 45% to R4 938 million (2021: R8 949 million), with the credit loss ratio at 104 bps (2021: 194 bps). This was driven primarily by:

> a net release of provisions due to lower modelled FLI requirements;

> good collections and better post write-off recoveries; and

> lower stage 3 inflows, good curing in all portfolios and the release of Covid-19-related provisions.

This was partly offset by additional pre-emptive provisioning by maintaining the group's stress scenario.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Year ended 30 June 2022	2021*	% change
Performing book provisions	**(407)**	(154)	>100
NPL provision	**(2 313)**	706	(>100)
Credit provision (decrease)/ increase	**(2 720)**	552	(>100)
Modification loss	**591**	464	27
Gross write-off** and other	**11 765**	12 670	(7)
Interest suspended on stage 3 advances	**(2 566)**	(2 831)	(9)
Post write-off recoveries	**(2 132)**	(1 906)	12
Total impairment charge	**4 938**	8 949	(45)

* *Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

** *Write-off of gross balances excluding prior year provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

FNB's approach to provisioning remains appropriately prudent given the anticipated economic cycle. Forward-looking economic indicators improved when compared to June 2021, resulting in a net release of previously raised FLI provisions. These indicators and weightings of the scenarios are disclosed on pages 198 to 204. However, the stress scenario introduced last year was retained for the in-force book given the recent global macro uncertainties.

FNB raised certain model adjustments to ensure adequate coverage for the current stressed environment, enhancing coverage relating to loss given default levels in FNB's secured portfolios and industry-specific stresses in the affected commercial sectors. In addition, impairment models have been further calibrated to be more sensitive to certain forward-looking macro forecasts.

Collections across all product portfolios performed well with arrears levels reducing in various portfolios. The current debt relief portfolio continues to perform better than expected and the specific debt-relief outstanding advances were R2 billion at 30 June 2022 (2021: R3.1 billion). In light of the above, performing coverage moderated downward to 2.53% (2021: 2.85%).

The NPL ratio reduced to 6.45% (2021: 7.99%). This improvement reflects the effectiveness of FNB's credit management strategies and resulted from lower NPL inflows and good customer curing due to focused collections.

NPL coverage remained conservative and was marginally up compared to June 2021.

Insurance

PBT from FNB's insurance activities increased 76%, driven by good premium income, reduced claims and claims reserves. These benefits were offset by additional investment into the short-term insurance platform and costs associated with the rollout of comprehensive non-life products.

Life's new business annual premium equivalent (APE) increased 17%, with premiums up 10%, and 6% growth in the number of policies. In-force APE grew 14% with credit life new business APE increasing 47% on the back of stronger new business origination in the retail lending portfolios.

NEW BUSINESS APE

R million	Year ended 30 June 2022	2021	% change
Core life (including funeral)	**1 090**	1 086	–
Underwritten	**276**	310	(11)
Commercial	**139**	13	>100
Standalone products	**1 505**	1 409	7
Credit life	**665**	452	47
FNB Life	**2 170**	1 861	17
FNB Short Term	**231**	83	>100

FNB continues to grow the short-term insurance business with policies increasing to c. 255k (up 7%). Gross premium income was up 38% year-on-year and new business APE grew >100%. The business has benefited from the build-out of both homeowners and comprehensive motor insurance product offerings.

Wealth and investment management

The FNB wealth and investment management (WIM) strategy focuses on cross-selling investment products and solutions to FNB's retail customers. The retirement annuity, offered on the FNB app, and the Shares Zero product were launched during the year with encouraging levels of take-up. Overall investment accounts grew 10% to 590k with penetration of the FNB customer base at 8%, mainly in the private segment.

The value of shares traded declined 6% due to the base effect of high trading volumes and equity market volatility in the prior year. The number of active share trading accounts, however, increased to 234k (2021: 224k).

Total WIM assets grew 3% year-on-year. Many of the funds are in the first and second quartile of investment performance.

WIM ASSETS

	Year ended 30 June		
R million	**2022**	2021	% change
Assets under management (AUM)	**64 837**	63 569	2
FNB Horizon series AUM	**4 550**	4 255	7
Assets under advice	**69 573**	73 102	(5)
Assets under administration	**67 645**	61 321	10
Assets under execution	**79 506**	76 453	4
Total WIM assets	**286 111**	278 700	3

Platform

FNB continues to invest in its enterprise-wide integrated financial services platform and customers can fulfil most of their financial services requirements digitally. The platform enables customers to engage via assisted interfaces (e.g. points of presence and call centres) and unassisted interfaces (mobile banking (USSD), online banking, the FNB app, ATMs and ADTs). Regardless of the interface, the platform used in all interactions is the same. The platform also offers contextual customer experiences through an ecosystem of offerings called nav». These are designed to assist customers in managing key financial and lifestyle needs. The platform also enables the purchase of non-banking services such as electricity, mobile data and digital vouchers.

Key platform highlights for the year ended 30 June 2022 are outlined below.

- Since the launch on the FNB app more than 3 million virtual cards have been activated and >R6.6 billion in value transacted. The virtual card is key to facilitating more secure e-commerce transactions.
- Device payments (using Apple or Android) accounted for 30.7 million transactions worth R11 billion.
- Approximately 7.6 million eWallet users accounted for cash withdrawals of R40.8 billion.
- nav»Money provides customers with simple, easy-to-use money management tools which help them track their spend, view credit scores and more. It had 2.9 million users at 30 June 2022, up 38% year-on-year. The money coach has had 287k unique visitors since inception.
- nav»Home has placed c. 35k families in homes and paid out R39.8 billion in loans since inception. Estate agent functionality was activated on the app in FY21 and 139 estate agents have been onboarded, with 1 282 current listings.
- nav»Car had 781k vehicles loaded in the garage at the end of June 2022, and WesBank financed R191 million in vehicle loans through this channel. CarP2P was launched recently, with 158 active listings at 30 June 2022.
- Digitally active customers grew to 6.48 million (2021: 6.09 million). Digital includes mobile banking (USSD), online banking and the app.
- The banking app active transacting base exceeded 4.7 million customers and reached new monthly records of 91.8 million logins in June 2022, 64% higher than June 2020 and 18% higher than June 2021.
- Digital logins totalled 1.6 billion, with online and mobile banking (USSD) logins of 178 million and 404 million, respectively. The app contributed 1 billion logins.
- Total transactional volumes through digital interfaces included 168 million for online banking, 474 million (+24%) for the banking app and 32 million for mobile banking (USSD), highlighting the scalability of FNB's platform.
- In broader Africa, card transactions increased 25% from 61.4 million to 76.6 million and digital penetration increased from 29.3% to 39.3%.
- Commissionable purchases and fulfilment on platform, i.e. electricity, mobile and digital vouchers sold, amounted to R17.9 billion, up 4%. Approximately three million customers use these services. eBucks travel sales increased to R594 million (2021: R225 million).

RMB

RMB represents the group's activities in the corporate and investment banking (CIB) segments of South Africa and on the broader African continent. In addition, it has certain niche offerings in the UK and India. RMB has also established a broker-dealer business in the USA in the year under review.

RMB's strategy is to ensure delivery of integrated CIB value propositions to corporate and institutional clients. These propositions span across a comprehensive portfolio of activities including a leading lending and advisory franchise, an established market-making business which is scaling its distribution product offering, a competitive transactional banking and securities services offering, a best-in-class private equity business and a growing asset management capability. This diversified business portfolio, coupled with a disciplined approach to balancing risk, return and growth, is designed to deliver sustainable high-quality earnings, balance sheet resilience and superior returns.

RMB FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	2022	2021	% change
Normalised earnings	**8 196**	7 006	17
Normalised profit before tax	**11 615**	9 942	17
– South Africa	**9 065**	6 887	32
– Broader Africa*	**2 550**	3 055	(17)
Pre-provision operating profit	**11 202**	11 390	(2)
Total assets	**621 725**	591 309	5
Total liabilities	**608 635**	579 835	5
Stage 3/NPLs as a % of core lending advances	**1.20**	1.25	
– Lending	**0.82**	0.83	
– Private equity	**16.63**	16.60	
Credit loss ratio (%) – core lending advances	**(0.13)**	0.46	
ROE (%)	**22.1**	18.7	
ROA (%)	**1.35**	1.12	
Cost-to-income ratio (%)	**49.9**	47.3	

* *Includes in-country and cross-border activities.*

RMB delivered 17% growth in normalised PBT for the year ended 30 June 2022, driven by a solid underlying operational performance across the portfolio – in particular:

- investment banking delivered a strong performance, benefiting from core advances growth of 18% and resilient fee income. An impairment release, in contrast to a significant raise in the prior year, further enhanced PBT growth and reflects both a normalisation of the credit cycle and an improvement in portfolio credit quality reflected in the positive migration of counters out of stage 2;
- the performance of the transactional banking business was commendable with 9% growth in average deposits and pleasing growth in primary-banked clients in a highly competitive environment;
- the contribution from the markets business was solid in a difficult and volatile macro environment underpinned by strong client flows; and
- private equity delivered particularly strong growth in annuity income, and benefited from lower impairments.

Total costs increased 9%, with fixed costs growing 6%, reflecting the ongoing focus on extracting efficiencies from the "run-the-bank" cost base. Investment costs increased 21% as the business continues to invest in modernising its core platforms, to enhance the unassisted digital offering to its clients, and growing its broader Africa franchise. Variable costs increased in line with the improvement in performance during the year. Overall cost growth was also driven by client acquisition.

The reduction in RMB's pre-provision operating profit is a consequence of most of the advances growth taking place in the second half of the financial year and ongoing competitive margin pressure, especially in the large corporate client segment. Lower endowment income across the portfolio further impacted NII, which was flat year-on-year. The level of investment spend and higher variable remuneration costs due to the improvement in performance and returns also affected pre-provision operating profit growth. Increased deal origination and facility extensions in the latter half of the financial year will support pre-provision operating profit growth in the next financial year.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Year ended 30 June 2022	2021	% change
Performing book provisions	**(1 130)**	(247)	>100
NPL provision	**829**	1 112	(25)
Credit provision (decrease)/increase	**(301)**	865	(>100)
Gross write-off* and other	**14**	614	(98)
Interest suspended on stage 3 advances	**(116)**	(25)	>100
Post write-off recoveries	**(10)**	(6)	67
Total impairment charge	**(413)**	1 448	(>100)

* *Write-off of gross balances excluding prior year provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

The credit quality of RMB's core lending portfolio continued to improve during the financial year. The surveillance and watchlists reflected notable improvements, primarily due to positive migrations and de-gearing of counters. As expected, however, a few exposures have migrated to NPLs, reflecting the lingering strain in certain sectors of the economy.

RMB believes its consistent and prudent provisioning approach remains appropriate, with a performing book coverage ratio against core lending advances (excluding repurchase agreements (repos)) of 141 bps (2021: 206 bps). RMB will, however, continue to assess provisioning levels with the normalisation of business activity in the next financial year.

RMB BROADER AFRICA STRATEGY

R million	Year ended 30 June 2022	2021	% change
Profit before tax	**2 550**	3 055	(17)
Total advances*	**68 228**	48 570	40
Total deposits**	**25 943**	25 782	1
Credit loss ratio (%) – core lending advances	**0.14**	(0.92)	
ROA (%)	**2.84**	3.49	
Cost-to-income ratio (%)	**48.4**	49.7	

* *Up 24% in constant currency terms.*

** *Down 2% in constant currency terms.*

The broader Africa portfolio remains key to RMB's growth. Pre-provision operating profit increased 5%, reflecting primary-banked client acquisition, solid advances growth and improving margins on the back of interest rate increases. Overall pre-tax profits of R2 550 million (representing 22% of RMB's overall PBT) declined 17% year-on-year, due to ongoing investment in platform and a provision raise in the year under review, compared to a prior year release. This resulted in a swing of >R600 million. Market activity remained muted in Nigeria, reflecting investors' ongoing risk aversion. Botswana benefited from strong advances growth and increased term-lending margins as well as an improvement in the markets business. Zambia's performance was driven by book growth and improved margins as the economy recovers.

BREAKDOWN OF PBT CONTRIBUTION

R million	Year ended 30 June 2022	2021	% change
Banking	**7 463**	6 217	20
Markets	**3 281**	2 962	11
Private equity	**1 186**	691	72
Other*	**(315)**	72	(>100)
Total RMB	**11 615**	9 942	17

* *Other includes support and head office activities.*

The banking business's PBT grew 20%, driven by a strong operational performance and an improvement in the credit portfolio resulting in a release of credit provisions of >R350 million, compared to the significant raise of >R900 million in the prior year. The portfolio remains adequately provided.

Strong new business origination underpinned investment banking's performance, especially in the latter half of the financial year, driving robust structuring and commitment fee income. The principal investment portfolio delivered strong annuity income, coupled with investment realisations, albeit at lower levels than the prior year. This was partially offset by lower advisory fee income compared to materially higher levels of fees recorded in the prior year, on the back of lower equity capital market activity.

Corporate transactional banking delivered a resilient performance in South Africa, benefiting from strong average deposit growth. This was driven by the ongoing focus on growing operational balances through increased primary banking relationships, higher levels of cross-sell and the build-out of investment deposit offerings. Margins remained constrained due to mix change (with significantly higher growth in lower-margin deposit products) and lower endowment benefit. A slight reduction in NIR reflects reduced pricing in certain products for strategic clients and higher association fees, despite increased volumes in areas such as merchant services. Electronic funds transfer (EFT) revenues drifted down on the back of lower volumes. Corporate transactional activities in broader Africa benefited from the rising rate cycle and a shift in product mix, offset by lower deposit levels in certain markets and increasing pricing pressures which impact NIR, notwithstanding solid growth in new client acquisition.

The markets business delivered solid PBT growth of 11%. The performance was driven by strong client flow volumes due to the volatility in FX markets and increased commodity prices, combined with a robust performance from equities, resilient offshore secured financing activities. The global foreign exchange business experienced increased client volumes on the back of the rally in commodities and higher levels of corporate foreign exchange structuring transactions. Earnings were impacted by difficult market conditions in fixed income and credit, reflecting inflationary risks and rising interest rates. This was offset to some extent by market-making activities and an elevated rand-dollar foreign exchange basis in the earlier part of the year.

Credit trading was impacted by rising yields and lower liquidity coupled with reduced activity following the restructure of the India operations. Strong client flows benefited equities, aided further by a rally in equities markets in the first part of the year together with an increase in corporate action activity. Activity started to normalise against the pre-pandemic baseline, specifically in Nigeria, towards the end of the financial year.

Private equity's strong gross annuity income growth of 32% was driven by portfolio companies experiencing improved operational performances which also resulted in a marginal release in credit provisions. This compares to impairments of >R500 million required against specific companies in the prior year. Pleasingly, the current financial year provided several new acquisition opportunities resulting in the business investing approximately R960 million. The quality of the portfolio is reflected in the 32% increase in unrealised value to R5.9 billion (2021: R4.4 billion) which reflects the improved performance of the investee companies.

Ashburton Investments was incorporated into RMB in the previous financial year to enable distribution of asset management product offerings to corporate and institutional clients. This strategy is gaining traction and the business has become profitable in the year under review. It has benefited from increased inflows as a result of leveraging RMB's distribution capabilities and an improved investment performance. AUM in SA grew 14% to R84 billion, driven by growth in fixed income, liability-driven investment (LDI) and indexation products. Overall AUM, however, increased 5%, reflecting outflows in Jersey and Namibia. Jersey is undergoing a strategic repositioning to enhance its competitiveness and product offering. Namibia was negatively affected by fixed-income outflows whilst in the process of expanding its offering to multi-asset equity to reflect changing market demands.

WesBank

WesBank represents the group's asset-based finance activities in the retail, commercial and corporate segments in South Africa. It is one of the leading providers of vehicle finance and fleet management in South Africa.

WesBank's strategy is underpinned by:

> leveraging its long-standing model of partnering with motor manufacturers, suppliers and large dealer groups and fulfilling motor financing requirements at point of sale;

> leveraging and integrating into the FNB platform to offer vehicle and asset-based finance solutions to existing FNB retail and commercial customers, further entrenching main-banked relationships;

> applying disciplined credit origination strategies that appropriately support customer requirements and affordability across asset-backed credit products; and

> utilising FNB's loyalty programme, eBucks, to reward desired customer behaviours and drive platform adoption.

The South African new vehicle market continued its recovery in the second half of the financial year, with a 9% increase in domestic new car sales to 489 596 units for the year to 30 June 2022 (2021: 447 542 units). This was, however, off a low base as new car sales in the prior year had been significantly affected by vehicle shortages. The market remains highly competitive, and margins were under pressure in the lower-risk segments with customer demand and competition driving product risk towards higher loan-to-value levels and balloon structures.

Overall, there was a good recovery in WesBank's new business production, up 11% year-on-year. Its origination strategy has tilted towards a gradual increase in credit risk appetite, balanced with a continued focus on both lower-risk and FNB main-banked customers (banked customers). This shift resulted in growth of 14% in the second half, compared to 6% growth in the first half of the financial year. WesBank expects this recent growth trend to continue.

Banked customers now represent 65% of the overall retail lending portfolio and 77% of the commercial and corporate lending portfolios. New business volumes in WesBank's associates, Volkswagen Financial Services (VWFS) and Toyota Financial Services (TFS), increased 12%, despite the production slowdown in the last quarter as a result of the closure of the Toyota factory following flood damage. Overall advances in associates remained under pressure, but growth was supported by new competitive vehicle models and innovative product offerings.

Notwithstanding the strong increase in production, total advances were up only 2% year-on-year, impacted by the strong run-off of the in-force book, driven by amortisation due to good collections, early terminations and ongoing write-offs.

WESBANK FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	**2022**	2021	% change
Normalised earnings	**1 604**	1 306	23
Normalised profit before tax	**2 270**	1 848	23
Pre-provision operating profit	**3 672**	4 052	(9)
Total assets	**145 798**	142 671	2
Stage 3/NPLs as a % of advances	**4.92**	8.01	
Credit loss ratio (%) of average advances	**0.98**	1.55	
ROE (%)	**18.6**	14.4	
ROA (%)	**1.11**	0.91	
Cost-to-income ratio (%)	**57.5**	54.0	
Net interest margin (%)	**2.99**	3.27	

WesBank's normalised earnings and PBT increased 23%. The key driver was the significant reduction in impairments.

BREAKDOWN OF PRE-TAX PROFITS BY SEGMENT*

	Year ended 30 June		
R million	**2022**	2021	% change
Normalised PBT			
Retail VAF**	**1 768**	1 477	20
Corporate and commercial	**502**	371	35
Total WesBank	**2 270**	1 848	23

* *Refer to additional segmental disclosure on page 50.*

** *Includes MotoVantage.*

Pre-provision operating profit declined 9% year-on-year, driven by:

> stronger growth in corporate and commercial advances relative to retail VAF, and the origination tilt to lower-risk, lower-margin customers, which reduced NIMs and resulted in a 7% decline in NIM;

> increased deal acquisition costs, driven by competition for lower-risk customers; and

> costs associated with growth in the managed maintenance business and investments in digitisation.

NIR grew 4%, driven by an increase in commissions and administration fees earned in the fleet management and leasing business due to growth in the number of managed maintenance units, and higher levels of early termination fees earned. This was partly offset by slower growth in insurance income.

Operating expenses remain well managed with a below-inflation increase of 4% year-on-year. This was despite inflationary staff cost increases and additional headcount growth for the managed maintenance business. WesBank continued to invest in integrating with FNB's digital platform.

ANALYSIS OF IMPAIRMENT CHARGE

	Year ended 30 June		
R million	**2022**	2021*	% change
Performing book provisions	**278**	34	>100
NPL provision	**(918)**	154	(>100)
Credit provision (decrease)/ increase	**(640)**	188	(>100)
Modification loss	**88**	138	(36)
Gross write-off** and other	**2 619**	2 529	4
Interest suspended on stage 3 advances	**(293)**	(387)	(24)
Post write-off recoveries	**(372)**	(264)	41
Total impairment charge	**1 402**	2 204	(36)

* *Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

** *Write-off of gross balances excluding prior year provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

WesBank's credit impairment charge reduced by R802 million to R1 402 million (2021: R2 204 million), with the credit loss ratio reducing to 98 bps (2021: 155 bps). This was driven by:

> a net release of provisions due to lower modelled FLI requirements;

> good curing in WesBank's debt relief portfolios and subsequent release of the related provisions;

> improved collections, repossessions and higher portfolio write-offs in the year under review; and

> a strong payment performance, especially in the corporate portfolio.

Proactive management of NPLs led to larger write-offs in the year – a trend which is expected to continue. NPL inflows reduced and there was also a significant curing of advances to performing during the year under review, resulting in a decline in NPLs as a percentage of advances to 4.92% (2021: 8.01%).

Overall, collections performed well with new inflows reducing. Performing coverage increased from 1.77% to 1.87%, due to a large number of accounts curing from NPL into the performing advances. NPL coverage remained conservative at 51.6% (2021: 40.5%).

UK operations

The UK operations include Aldermore and the MotoNovo front and back books. Aldermore is a multi-product specialist lender, with a focus on providing straightforward lending and savings products to SMEs, homeowners, landlords and individuals. It seeks to meet the needs of people who are underserved by mainstream providers. MotoNovo is recognised as a market leader in motor finance.

The UK operations are funded primarily by retail deposits from UK savers. With no branch network, Aldermore serves customers and intermediary partners online and by phone.

Aldermore has completed a strategic review process, including:

> focusing on property finance, structured and specialised finance, auto loans and savings – these all represent deep profit pools in the UK market and currently Aldermore's market share in most of these asset classes (other than auto loans) remains small;

> exiting certain subscale business lines;

> modernising technology/platforms;

> continuing to further embed group FRM disciplines; and

> significantly strengthening the Aldermore leadership over the past 12 months.

These changes are starting to impact the business positively, as can be seen in the performance in the year under review.

UK OPERATIONS FINANCIAL HIGHLIGHTS

	Year ended 30 June		
£ million	**2022**	2021	% change
Normalised earnings	**149**	132	13
Normalised profit before tax	**203**	181	12
Pre-provision operating profit	**260**	231	13
Total assets	**18 818**	17 238	9
Total liabilities	**17 146**	15 968	7
Stage 3/NPLs as a % of advances	**2.61**	3.16	
Credit loss ratio (%) of average advances	**0.39**	0.35	
ROE (%)	**11.8**	11.1	
ROA (%)	**0.82**	0.76	
Cost-to-income ratio (%)	**50.6**	51.1	

The UK operations delivered solid loan book growth supporting profitability and ROE. Normalised pre-tax profit growth of 12% was supported by 6% growth in advances to £15.2 billion (2021: £14.4 billion) and 14% growth in customer deposits to £14.1 billion (2021: £12.4 billion).

Overall profits were impacted by an operational event in MotoNovo, first identified by the business during the Covid-19 pandemic period. The event relates to non-compliance with the UK Consumer Credit Act and extends back a number of years. Notices of sums in arrears (NOSIAs) were not issued, or incorrectly issued, to qualifying customers as a result of a system coding error. As a result, certain interest and fees amounting to £23 million are required to be refunded to customers. The group has appropriately provided for this one-off event, including the operational costs and the consequential impact to impairments.

Notwithstanding the impact of the MotoNovo event, UK operations' PBT grew 12% to £203 million (2021: £181 million) as loan balances and NIM increased and due to the benefit from the refinement of the effective interest rate (EIR) models (£24 million) in Aldermore.

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

	Year ended 30 June		
£ million	2022	2021	% change
Normalised PBT			
Asset finance	**89.4**	55.8	60
Invoice finance	**22.2**	14.5	53
SME commercial mortgages	**47.2**	39.3	20
Buy-to-let mortgages	**89.7**	89.5	–
Residential mortgages	**40.8**	48.9	(17)
Central functions	**119.7**	128.2	(7)
Aldermore PBT	**169.6**	119.8	42
MotoNovo PBT	**32.9**	61.2	(46)
Total UK operations PBT*	**202.5**	181.0	12

* *Adjusted for the fair value hedge portfolio profit of £7.9 million (2021: £0.5 million loss).*

The impairment charge increased 14% to £57 million (2021: £50 million). This was driven by the impact of the deterioration in the UK macro environment during the second half, compared to impairment releases in the prior year, as well as growth in new advances. NPLs as a percentage of advances reduced to 2.61% (2021: 3.16%) as customers migrated out of stage 3 following Covid-19 payment break curing periods. The NPL coverage ratio increased to 37.3% (2021: 30.2%), reflecting a combination of customers migrating out of stage 3 and management maintaining a prudent level of coverage due to the uncertain economic outlook.

The credit loss ratio increased slightly to 39 bps (2021: 35 bps) driven by growth in loans.

Advances growth was driven by MotoNovo and lending in business finance, which improved strongly as a result of increased support for SME customers returning to investment following the pandemic, and a strategic pivot towards larger-sized deals. As a result, business finance advances grew 16%, or £0.5 billion, to £3.6 billion. MotoNovo's front book advances increased 31% (or £1.0 billion) to £4.1 billion (2021: £3.1 billion) reflecting continued high demand in the second-hand car market. This was partly offset by the £0.5 billion run-off in the back book which has reduced significantly to £0.3 billion, resulting in MotoNovo's overall advances growing £0.5 billion. The residential mortgages business experienced high volumes of redemptions linked to the maturity of a five-year fixed buy-to-let (BTL) portfolio, which, combined with a highly competitive market, resulted in advances slightly reducing year-on-year to £7.3 billion (2021: £7.4 billion). This, however, marks an improvement from the half-year position as growth returned in the fourth quarter of the financial year.

Funding for the UK operations continues to come primarily via the Aldermore savings business, complemented by wholesale funding to diversify the funding base and carefully manage liquidity requirements.

Customer savings deposits grew 14% to £14.1 billion (2021: £12.4 billion) with growth across personal savings, business savings and corporate treasury deposits. Customer savings deposits now represent 83% of total liabilities (2021: 81%), reducing the loan-to-deposit ratio to 106% (2021: 114%).

Wholesale funding increased 1% to £2.7 billion (2021: £2.6 billion). Aldermore holds £1.3 billion of funding from the Term Funding Scheme for SME (TFSME). During the course of the year, its entire remaining TFS holding of £0.8 billion was repaid. Secured funding increased 8% to £1.2 billion (2021: £1.1 billion).

Interest income increased 6%, reflecting current and prior year loan growth, and was achieved despite the decline at MotoNovo. NII also benefited from the one-off EIR model refinement in the asset finance book.

Interest expense decreased 7% despite 14% growth in customer deposits. Aldermore actively responded to market demand for deposits/savings with carefully priced offerings, in addition to the full-year impact of lower-rate accounts opened in the prior year.

As a result, NII grew 11% to £537 million (2021: £484 million) and the net interest margin has improved to 3.70% (2021: 3.43%).

Operating expenses increased 13% to £285 million (2021: £253 million) due to significant investment in reshaping management headcount and structures to support the future growth ambitions of the UK business. This included a number of executive committee changes as Aldermore looked to bring in talent and expertise to upskill key teams. Material expenditure was also incurred on key projects. Despite these pressures, the good growth in income offset the increase in expenses and as such, the cost-to-income ratio remained stable at 51.0% (2021: 51.1%).

Business unit performance highlights

Retail mortgages

> New business origination was up 36% to £1.1 billion (2021: £0.8 billion).

> Advances to customers decreased slightly to £7.2 billion (2021: £7.3 billion).

> Going into the new financial year, the pipeline is stronger than at the same point last year.

> PBT declined to £130.3 million (2021: £138.4 million).

MotoNovo

> New business origination increased 18% to £2.3 billion (2021: £2.0 billion), marking a new lending record for MotoNovo.

> Advances to customers grew 10% to £4.3 billion (2021: £3.9 billion).

> PBT declined significantly to £32.9 million (2021: £61.2 million), impacted by the NOSIA operational event.

Business finance

> New business origination was up 40% to £1.8 billion (2021: £1.3 billion).

> Strong growth in advances to customers, which was up 16% to £3.6 billion (2021: £3.1 billion).

> PBT increased to £158.8 million (2021: £109.6 million).

Savings

> Personal savings remains the largest deposit portfolio, with 7% growth year-on-year to £9.7 billion (2021: £9.0 billion).

> Strategic action to diversify and optimise the portfolio has resulted in a change in mix, with individual savings accounts (ISAs) now representing 23% of balances, up from 20% in the prior year, as Aldermore positioned itself well in this market during "ISA season".

> Non-maturing deposits continue to be popular with customers requiring access in uncertain times, with the proportion growing from 38% to 39%.

> Fixed-rate bonds fell to 38% (2021: 42%) reflecting market sentiment for much of the year.

> Business savings increased 10% to £2.5 billion, with particularly strong momentum in the second half of the year.

> Most of the business savings balances remain in easy access accounts.

> SMEs took a prudent approach to savings given prevailing macro uncertainty.

> Growth of 68% in corporate treasury deposits to £1.9 billion (2021: £1.2 billion) was achieved, driven by the launch of a new 95-day notice product in December 2021.

ANALYSIS OF IMPAIRMENT CHARGE

	Year ended 30 June		
£ million	**2022**	2021*	% change
Performing book provisions	**25.5**	(42.8)	(>100)
NPL provision	**10.9**	58.3	(81)
Credit provision increase	**36.4**	15.5	>100
Modification	**–**	1.9	(100)
Gross write-off** and other	**33.9**	50.7	(33)
Interest suspended on stage 3 advances	**(0.9)**	(6.1)	(85)
Post write-off recoveries	**(12.0)**	(12.2)	(2)
Total impairment charge	**57.4**	49.8	15

* *June 2021 figures were restated as a result of methodology refinements.*

** *Write-off of gross balances excluding prior year provisions held. The gross amount written off has been recognised in the income statement over various reporting periods.*

SEGMENT ANALYSIS OF NORMALISED EARNINGS

	Year ended 30 June				
R million	**2022**	**% composition**	2021	% composition	% change
Retail	**12 201**	**37**	9 749	37	25
– FNB*,**	**10 958**		8 710		
– WesBank**	**1 243**		1 039		
Commercial	**9 039**	**28**	7 647	29	18
– FNB	**8 678**		7 380		
– WesBank	**361**		267		
Corporate and investment banking	**8 196**	**25**	7 006	26	17
– RMB	**8 196**		7 006		
UK operations#	**2 983**	**9**	2 743	10	9
– Aldermore#,†	**2 524**		1 764		
– MotoNovo#	**459**		979		
Other	**244**	**1**	(594)	(2)	>100
– Centre#,†	**908**		6		
– Other equity instrument holders	**(664)**		(600)		
Normalised earnings	**32 663**	**100**	26 551	100	23

* *Includes FNB broader Africa.*

** *Restated due to the reallocation of ABF customers that a bank with FNB from FNB commercial to WesBank corporate.*

In the UK operations management view, shown in the table above and on pages 51 and 52, Aldermore refers to Aldermore excluding MotoNovo front book. MotoNovo refers to the standalone performance of MotoNovo, which includes the front book and back book. This differs from the segment report disclosed on pages 42 to 49, as MotoNovo's front book is included under Aldermore and MotoNovo's back book is included in the Centre (including Group Treasury).

† *Including Group Treasury – after the dividend on the contingent convertible securities of R174 million (£8 million) (2021: R177 million (£9 million)).*

Segment report

for the year ended 30 June 2022

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa	**Total FNB**
Net interest income before impairment of advances	4 846	3 246	6 375	7 119	**21 586**	12 925	3 969	**38 480**
Impairment charge	(46)	(1 070)	(2 354)	(946)	**(4 416)**	(354)	(168)	**(4 938)**
Net interest income after impairment of advances	4 800	2 176	4 021	6 173	**17 170**	12 571	3 801	**33 542**
Non-interest revenue	102	3 103	733	16 179	**20 117**	9 854	4 453	**34 424**
Income from operations	4 902	5 279	4 754	22 352	**37 287**	22 425	8 254	**67 966**
Operating expenses	(1 804)	(2 843)	(2 559)	(15 424)	**(22 630)**	(10 318)	(5 791)	**(38 739)**
Net income from operations	3 098	2 436	2 195	6 928	**14 657**	12 107	2 463	**29 227**
Share of profit of associates and joint ventures after tax	–	–	33	26	**59**	–	–	**59**
Income before indirect tax	3 098	2 436	2 228	6 954	**14 716**	12 107	2 463	**29 286**
Indirect tax	(15)	59	(70)	(597)	**(623)**	(57)	(164)	**(844)**
Profit before tax	3 083	2 495	2 158	6 357	**14 093**	12 050	2 299	**28 442**
Income tax expense	(863)	(699)	(604)	(1 774)	**(3 940)**	(3 372)	(846)	**(8 158)**
Profit for the year	2 220	1 796	1 554	4 583	**10 153**	8 678	1 453	**20 284**
Attributable to								
Ordinary equityholders	2 220	1 796	1 554	4 583	**10 153**	8 678	805	**19 636**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	648	**648**
Profit for the year	2 220	1 796	1 554	4 583	**10 153**	8 678	1 453	**20 284**
Attributable earnings to ordinary equityholders	2 220	1 796	1 554	4 583	**10 153**	8 678	805	**19 636**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	2 220	1 796	1 554	4 583	**10 153**	8 678	805	**19 636**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity-related	–	–	–	–	**–**	–	–	**–**
Normalised earnings	2 220	1 796	1 554	4 583	**10 153**	8 678	805	**19 636**

The segmental analysis is based on the management accounts for the respective segments.

* *Refer to additional segmental disclosure on page 50.*

** *Refer to additional analysis of UK operations on page 51, which includes the MotoNovo back book, included within the Centre and other for segmental reporting.*

\# *Centre represents group-wide functions.*

Retail and commercial		Corporate and institutional					
WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
4 877	43 357	9 074	10 707	4 718	67 856	(1 481)	66 375
(1 402)	(6 340)	413	(1 159)	6	(7 080)	–	(7 080)
3 475	37 017	9 487	9 548	4 724	60 776	(1 481)	59 295
3 378	37 802	12 193	702	(3 841)	46 856	1 392	48 248
6 853	74 819	21 680	10 250	883	107 632	(89)	107 543
(5 022)	(43 761)	(11 329)	(5 852)	(82)	(61 024)	255	(60 769)
1 831	31 058	10 351	4 398	801	46 608	166	46 774
476	535	1 458	21	(508)	1 506	(15)	1 491
2 307	31 593	11 809	4 419	293	48 114	151	48 265
(37)	(881)	(194)	(285)	(73)	(1 433)	–	(1 433)
2 270	30 712	11 615	4 134	220	46 681	151	46 832
(636)	(8 794)	(3 252)	(939)	858	(12 127)	(66)	(12 193)
1 634	21 918	8 363	3 195	1 078	34 554	85	34 639
1 604	21 240	8 196	3 021	206	32 663	98	32 761
–	–	–	174	664	838	–	838
30	678	167	–	208	1 053	(13)	1 040
1 634	21 918	8 363	3 195	1 078	34 554	85	34 639
1 604	21 240	8 196	3 021	206	32 663	98	32 761
–	–	–	–	–	–	56	56
1 604	21 240	8 196	3 021	206	32 663	154	32 817
–	–	–	–	–	–	(58)	(58)
–	–	–	–	–	–	2	2
–	–	–	–	–	–	(104)	(104)
–	–	–	–	–	–	6	6
1 604	21 240	8 196	3 021	206	32 663	–	32 663

Segment report continued

for the year ended 30 June 2022

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa	**Total FNB**
Cost-to-income ratio (%)	36.5	44.8	35.8	66.1	**54.2**	45.3	68.8	**53.1**
Diversity ratio (%)	2.1	48.9	10.7	69.5	**48.3**	43.3	52.9	**47.3**
Credit loss ratio (%) – core lending advances	0.02	3.34	5.89	6.29	**1.37**	0.35	0.32	**1.04**
Stage 3/NPLs as a % of core lending advances	4.86	11.21	15.62	13.69	**7.19**	4.29	6.27	**6.45**
Consolidated income statement includes								
Depreciation	(4)	(9)	(16)	(2 139)	**(2 168)**	(213)	(409)	**(2 790)**
Amortisation	–	(3)	–	(149)	**(152)**	–	(14)	**(166)**
Net impairment charges	(2)	–	–	(49)	**(51)**	1	1	**(49)**
Consolidated statement of financial position includes								
Advances (before impairments)	242 757	32 821	40 173	14 357	**330 108**	107 823	52 906	**490 837**
Core lending advances	242 757	32 821	40 173	14 357	**330 108**	107 823	52 906	**490 837**
– Other core lending advances (AC and FV)	242 757	32 821	40 173	14 357	**330 108**	107 823	52 906	**490 837**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
Assets under agreements to resell	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	11 802	3 678	6 274	1 966	**23 720**	4 627	3 318	**31 665**
Investment in associated companies	–	–	317	453	**770**	–	–	**770**
Investment in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	651	9 179	1	322 252	**332 083**	368 109	55 349	**755 541**
Total assets	238 730	28 556	32 981	43 197	**343 464**	106 258	56 045	**505 767**
Total liabilities†	238 016	27 854	33 665	26 892	**326 427**	100 467	53 275	**480 169**
Capital expenditure	–	20	21	2 243	**2 284**	360	441	**3 085**

The segmental analysis is based on the management accounts for the respective segments.

* *Refer to additional segmental disclosure on page 50.*

** *Refer to additional analysis of UK operations on page 51, which includes the MotoNovo back book, included within the Centre and other for segmental reporting.*

Centre represents group-wide functions.

† *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional					
WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
57.5	53.6	49.9	51.2	22.2	52.5	–	52.3
44.1	46.9	60.1	6.3	>100	41.6	–	42.8
0.98	1.03	(0.13)	0.41	(0.02)	0.56	–	0.56
4.92	6.10	1.20	2.35	3.12	3.88	–	3.88
(845)	(3 635)	(136)	(214)	(11)	(3 996)	–	(3 996)
(31)	(197)	(154)	(14)	(466)	(831)	–	(831)
(31)	(80)	(5)	–	(30)	(115)	(195)	(310)
144 482	635 319	395 137	298 568	53 034	1 382 058	–	1 382 058
144 482	635 319	347 920	298 568	29 634	1 311 441	–	1 311 441
138 342	629 179	347 920	271 765	29 634	1 278 498	–	1 278 498
6 140	6 140	–	26 803	–	32 943	–	32 943
–	–	47 217	–	23 400	70 617	–	70 617
7 106	38 771	4 187	7 002	926	50 886	–	50 886
2 732	3 502	3 669	123	884	8 178	–	8 178
16	16	2 564	–	(16)	2 564	54	2 618
24	755 565	287 434	324 557	288 416	1 655 972	–	1 655 972
145 798	651 565	621 725	370 600	360 588	2 004 478	(76)	2 004 402
144 442	624 611	608 635	343 083	247 364	1 823 693	–	1 823 693
915	4 000	340	68	75	4 483	–	4 483

Segment report continued

for the year ended 30 June 2021

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa	**Total FNB**
Net interest income before impairment of advances	5 036	2 993	6 573	6 846	**21 448**	12 086	3 825	**37 359**
Impairment charge	(577)	(1 428)	(3 600)	(1 302)	**(6 907)**	(1 177)	(865)	**(8 949)**
Net interest income after impairment of advances	4 459	1 565	2 973	5 544	**14 541**	10 909	2 960	**28 410**
Non-interest revenue	121	2 605	873	14 893	**18 492**	9 248	4 191	**31 931**
Income from operations	4 580	4 170	3 846	20 437	**33 033**	20 157	7 151	**60 341**
Operating expenses	(1 805)	(2 446)	(2 686)	(14 052)	**(20 989)**	(9 884)	(5 416)	**(36 289)**
Net income from operations	2 775	1 724	1 160	6 385	**12 044**	10 273	1 735	**24 052**
Share of profit of associates and joint ventures after tax	–	–	55	35	**90**	–	–	**90**
Income before indirect tax	2 775	1 724	1 215	6 420	**12 134**	10 273	1 735	**24 142**
Indirect tax	(15)	(38)	(79)	(640)	**(772)**	(48)	(128)	**(948)**
Profit before tax	2 760	1 686	1 136	5 780	**11 362**	10 225	1 607	**23 194**
Income tax expense	(773)	(472)	(302)	(1 618)	**(3 165)**	(2 845)	(548)	**(6 558)**
Profit for the year	1 987	1 214	834	4 162	**8 197**	7 380	1 059	**16 636**
Attributable to								
Ordinary equityholders	1 987	1 214	834	4 162	**8 197**	7 380	513	**16 090**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	546	**546**
Profit for the year	1 987	1 214	834	4 162	**8 197**	7 380	1 059	**16 636**
Attributable earnings to ordinary equityholders	1 987	1 214	834	4 162	**8 197**	7 380	513	**16 090**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 987	1 214	834	4 162	**8 197**	7 380	513	**16 090**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity-related	–	–	–	–	**–**	–	–	**–**
Normalised earnings	1 987	1 214	834	4 162	**8 197**	7 380	513	**16 090**

The segmental analysis is based on the management accounts for the respective segments.

* *Refer to additional segmental disclosure on page 50.*

** *Refer to additional analysis of UK operations on page 52, which includes the MotoNovo back book, included within the Centre and other for segmental reporting.*

[#] *Centre represents group-wide functions.*

Retail and commercial		Corporate and institutional					
WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
5 257	42 616	9 097	9 017	3 781	64 511	(1 221)	63 290
(2 204)	(11 153)	(1 448)	(1 076)	17	(13 660)	–	(13 660)
3 053	31 463	7 649	7 941	3 798	50 851	(1 221)	49 630
3 241	35 172	11 530	713	(3 867)	43 548	1 647	45 195
6 294	66 635	19 179	8 654	(69)	94 399	426	94 825
(4 843)	(41 132)	(10 403)	(5 173)	(634)	(57 342)	(214)	(57 556)
1 451	25 503	8 776	3 481	(703)	37 057	212	37 269
465	555	1 356	15	(494)	1 432	106	1 538
1 916	26 058	10 132	3 496	(1 197)	38 489	318	38 807
(68)	(1 016)	(190)	(224)	(86)	(1 516)	–	(1 516)
1 848	25 042	9 942	3 272	(1 283)	36 973	318	37 291
(518)	(7 076)	(2 784)	(690)	1 701	(8 849)	(132)	(8 981)
1 330	17 966	7 158	2 582	418	28 124	186	28 310
1 306	17 396	7 006	2 405	(256)	26 551	192	26 743
–	–	–	177	600	777	–	777
24	570	152	–	74	796	(6)	790
1 330	17 966	7 158	2 582	418	28 124	186	28 310
1 306	17 396	7 006	2 405	(256)	26 551	192	26 743
–	–	–	–	–	–	207	207
1 306	17 396	7 006	2 405	(256)	26 551	399	26 950
–	–	–	–	–	–	(213)	(213)
–	–	–	–	–	–	(66)	(66)
–	–	–	–	–	–	(102)	(102)
–	–	–	–	–	–	(18)	(18)
1 306	17 396	7 006	2 405	(256)	26 551	–	26 551

Segment report continued

for the year ended 30 June 2021

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa	**Total FNB**
Cost-to-income ratio (%)	35.0	43.7	35.8	64.5	**52.4**	46.3	67.6	**52.3**
Diversity ratio (%)	2.3	46.5	12.4	68.6	**46.4**	43.3	52.3	**46.2**
Credit loss ratio (%) – core lending advances[†]	0.26	4.65	8.83	8.03	**2.21**	1.22	1.63	**1.94**
Stage 3/NPLs as a % of core lending advances[†]	5.92	12.91	19.00	15.86	**8.78**	5.97	6.99	**7.99**
Consolidated income statement includes								
Depreciation	(7)	(9)	(19)	(2 388)	**(2 423)**	(176)	(433)	**(3 032)**
Amortisation	–	(25)	(6)	(81)	**(112)**	–	(20)	**(132)**
Net impairment charges	–	–	1	9	**10**	(1)	(1)	**8**
Consolidated statement of financial position includes								
Advances (before impairments)	225 666	31 249	39 709	15 712	**312 336**	97 092	50 487	**459 915**
Core lending advances	225 666	31 249	39 709	15 712	**312 336**	97 092	50 487	**459 915**
– Other core lending advances (AC and FV)	225 666	31 249	39 709	15 712	**312 336**	97 092	50 487	**459 915**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
Assets under agreements to resell	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	13 356	4 034	7 546	2 492	**27 428**	5 798	3 527	**36 753**
Investment in associated companies	–	–	359	438	**797**	–	–	**797**
Investment in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	573	7 423	2	296 754	**304 752**	312 742	49 326	**666 820**
Total assets[‡]	221 417	26 679	31 745	42 116	**321 957**	93 930	53 184	**469 071**
Total liabilities[‡,^]	220 895	26 644	33 087	27 537	**308 163**	89 423	51 583	**449 169**
Capital expenditure	2	17	39	1 881	**1 939**	185	450	**2 574**

The segmental analysis is based on the management accounts for the respective segments.

* *Refer to additional segmental disclosure on page 50.*

** *Refer to additional analysis of UK operations on page 52, which includes the MotoNovo back book, included within the Centre and other for segmental reporting.*

Centre represents group-wide functions.

† *Restated. Core lending advances excludes assets under agreements to resell. Refer to page 81 for details of the change in presentation.*

‡ *Total assets and total liabilities have been restated. Refer to pages 160 and 161 for details.*

^ *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional					
WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
54.0	52.5	47.3	53.1	>100	52.4	–	52.3
41.3	45.6	58.6	7.5	>100	41.1	–	42.5
1.55	1.84	0.46	0.40	(0.03)	1.10	–	1.10
8.01	8.00	1.25	2.88	2.77	5.02	–	5.02
(906)	(3 938)	(142)	(218)	(12)	(4 310)	–	(4 310)
(67)	(199)	(200)	(42)	(475)	(916)	–	(916)
(18)	(10)	(19)	–	(209)	(238)	(155)	(393)
141 117	601 032	353 174	268 467	51 379	1 274 052	–	1 274 052
141 117	601 032	294 497	268 467	44 472	1 208 468	–	1 208 468
131 531	591 446	294 497	245 856	31 143	1 162 942	–	1 162 942
9 586	9 586	–	22 611	13 329	45 526	–	45 526
–	–	58 677	–	6 907	65 584	–	65 584
11 305	48 058	3 679	7 738	1 230	60 705	–	60 705
2 527	3 324	4 065	113	1 142	8 644	–	8 644
7	7	2 081	–	(17)	2 071	45	2 116
47	666 867	256 601	290 191	328 419	1 542 078	–	1 542 078
142 671	611 742	591 309	325 195	341 797	1 870 043	(30)	1 870 013
141 135	590 304	579 835	300 915	231 072	1 702 126	–	1 702 126
1 211	3 785	278	400	65	4 528	–	4 528

Additional segmental disclosure – WesBank

	Year ended 30 June 2022		
R million	**Retail**	**Corporate and commercial**	**Total WesBank**
NII before impairment of advances	**3 794**	**1 083**	**4 877**
Impairment of advances	**(1 390)**	**(12)**	**(1 402)**
Normalised profit before tax	**1 768**	**502**	**2 270**
Normalised earnings	**1 243**	**361**	**1 604**
Advances	**99 354**	**45 128**	**144 482**
Stage 3/NPLs	**6 203**	**903**	**7 106**
Advances margin (%)	**3.25**	**2.40**	**2.99**
Stage 3/NPLs as a % of advances	**6.24**	**2.00**	**4.92**
Credit loss ratio (%) of average advances	**1.39**	**0.03**	**0.98**

	Year ended 30 June 2021		
R million	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	4 218	1 039	5 257
Impairment of advances	(1 968)	(236)	(2 204)
Normalised profit before tax	1 477	371	1 848
Normalised earnings	1 039	267	1 306
Advances	100 102	41 015	141 117
Stage 3/NPLs	9 911	1 394	11 305
Advances margin (%)	3.58	2.47	3.27
Stage 3/NPLs as a % of advances	9.90	3.40	8.01
Credit loss ratio (%) of average advances	1.93	0.58	1.55

Additional segmental disclosure – UK operations

In order to provide a full strategic overview of the total UK operations of Aldermore and MotoNovo, the segmental disclosure provided here reflects the total operations of MotoNovo, which include the front book written since May 2019 within Aldermore group and the back book reported in the Centre.

	Year ended 30 June 2022					
£ million	Commercial	Retail	Central functions	Aldermore	Total MotoNovo	Total UK operations
Net interest income before impairment of advances	171	166	45	382	155	537
Impairment charge	8	(13)	–	(5)	(52)	(57)
Net interest income after impairment of advances	179	153	45	377	103	480
Non-interest revenue (including fair value hedges)	9	–	(3)	6	10	16
Income from operations	188	153	42	383	113	496
Operating expenses	(29)	(22)	(154)	(205)	(76)	(281)
Net income from operations	159	131	(112)	178	37	215
Share of profit of associates and joint ventures after tax	–	–	1	1	–	1
Income before indirect tax	159	131	(111)	179	37	216
Indirect tax	–	–	(9)	(9)	(4)	(13)
Profit before tax	159	131	(120)	170	33	203
Income tax expense	–	–	(43)*	(43)	(3)	(46)
Profit for the year	159	131	(163)	127	30	157
Attributable to						
Ordinary equityholders	159	131	(165)	125	24	149
Other equity instrument holders	–	–	2	2	6	8
Non-controlling interests	–	–	–	–	–	–
Profit for the year	159	131	(163)	127	30	157
Consolidated statement of financial position includes						
Cash and cash equivalents	–	–	982	982	92	1 074
Derivative financial instruments	–	–	265	265	27	292
Investment securities	–	–	2 339	2 339	–	2 339
Advances	3 575	7 203	–	10 778	4 168	14 946
– Gross core lending advances	3 630	7 265	–	10 895	4 337	15 232
– Impairment of advances	(55)	(62)	–	(117)	(169)	(286)
Other assets	3	–	(42)	(39)	206	167
Total assets	3 578	7 203	3 544	14 325	4 493	18 818
Derivative financial instruments	–	–	25	25	–	25
Total deposits	–	–	15 333	15 333	935	16 268
Other liabilities	3 419	7 074	(12 770)	(2 277)	3 130	853
Total liabilities	3 419	7 074	2 588	13 081	4 065	17 146
Stage 3/NPLs	48	228	–	276	120	396
Stage 3/NPLs as a % of advances	1.33	3.15	–	2.54	2.78	2.61
Credit loss ratio (%) of average advances	(0.24)	0.18	–	0.05	1.27	0.39
Advances margin (%)	5.03	2.27	–	3.57	3.78	3.63

* *Tax expense reflected in central functions.*

Additional segmental disclosure – UK operations continued

	Year ended 30 June 2021					
£ million	Commercial	Retail	Central functions	**Aldermore**	Total MotoNovo	**Total UK operations**
Net interest income before impairment of advances	145	173	–	**318**	166	**484**
Impairment charge	(11)	(16)	–	**(27)**	(23)	**(50)**
Net interest income after impairment of advances	134	157	–	**291**	143	**434**
Non-interest revenue (including fair value hedges)	7	–	–	**7**	2	**9**
Income from operations	141	157	–	**298**	145	**443**
Operating expenses	(28)	(17)	(129)	**(174)**	(79)	**(253)**
Net income from operations	113	140	(129)	**124**	66	**190**
Share of profit of associates and joint ventures after tax	–	–	1	**1**	–	**1**
Income before indirect tax	113	140	(128)	**125**	66	**191**
Indirect tax	(3)	(2)	–	**(5)**	(5)	**(10)**
Profit before tax	110	138	(128)	**120**	61	**181**
Income tax expense	–	–	(26)*	**(26)**	(14)	**(40)**
Profit for the year	110	138	(154)	**94**	47	**141**
Attributable to						
Ordinary equityholders	110	138	(163)	**85**	47	**132**
Other equity instrument holders	–	–	9	**9**	–	**9**
Non-controlling interests	–	–	–	**–**	–	**–**
Profit for the year	110	138	(154)	**94**	47	**141**
Consolidated statement of financial position includes						
Cash and cash equivalents	–	–	825	**825**	85	**910**
Derivative financial instruments	–	–	19	**19**	1	**20**
Investment securities	–	–	1 999	**1 999**	–	**1 999**
Advances	3 097	7 297	–	**10 394**	3 739	**14 133**
– Gross core lending advances	3 165	7 345	–	**10 510**	3 871	**14 381**
– Impairment of advances	(68)	(48)	–	**(116)**	(132)	**(248)**
Other assets	8	–	28	**36**	140	**176**
Total assets	3 105	7 297	2 871	**13 273**	3 965	**17 238**
Derivative financial instruments	–	–	42	**42**	(1)	**41**
Total deposits	–	–	13 995	**13 995**	719	**14 714**
Other liabilities	2 996	7 157	(12 040)	**(1 887)**	3 100	**1 213**
Total liabilities	2 996	7 157	1 997	**12 150**	3 818	**15 968**
Stage 3/NPLs	107	238	–	**345**	110	**455**
Stage 3/NPLs as a % of advances	3.36	3.24	–	**3.27**	2.86	**3.16**
Credit loss ratio (%) of average advances	0.32	0.23	–	**0.25**	0.63	**0.35**
Advances margin (%)	4.55	2.37	–	**3.00**	4.40	**3.36**

* *Tax expense reflected in central functions.*

Additional segmental disclosure – broader Africa

In order to provide a full strategic overview of the performance of the group's broader Africa operations, the information provided below reflects the in-country performance across the various subsidiaries, as well as the impact of cross-border transactions booked on the South African, London branch and RMB Mauritius balance sheets, where the deals originated in a broader Africa jurisdiction.

BROADER AFRICA FINANCIAL HIGHLIGHTS

	Strategy view		In-country		Cross-border	
R million	**2022**	2021	**2022**	2021	**2022**	2021
Normalised earnings	**2 892**	2 614	**1 869**	1 210	**1 023**	1 404
Normalised profit before tax	**5 650**	4 828	**4 229**	2 838	**1 421**	1 990
Normalised pre-provision operating profit	**5 902**	5 185	**4 405**	3 758	**1 497**	1 427
Impairment of advances	**252**	356	**176**	920	**76**	(564)
Core lending advances*	**121 222**	99 592	**67 335**	60 888	**53 887**	38 704
Stage 3/NPLs as a % of core lending advances	**2.74**	3.54	**4.93**	5.79	**–**	–
Credit loss ratio (%) of average core lending advances	**0.23**	0.31	**0.27**	1.43	**0.16**	(1.14)
Cost-to income ratio (%)	**58.2**	60.7	**62.5**	65.0	**36.1**	41.2
ROE (%)	**16.5**	14.5	**13.8**	9.1	**25.9**	29.6

* *In-country advances include Group Treasury advances.*

FNB BROADER AFRICA FINANCIAL HIGHLIGHTS

%	Year ended 30 June 2022
Profit before tax growth	**43**
Cost increase	**7**
Advances growth	**5**
Deposit growth	**12**
Stage 3/NPLs as a % of advances	**6.27**
Credit loss ratio (%) of average advances	**0.32**
Cost-to-income ratio	**68.8**

RMB BROADER AFRICA STRATEGY FINANCIAL HIGHLIGHTS

%	Year ended 30 June 2022
Profit before tax growth	**(17)**
Advances growth*	**40**
Deposit growth**	**1**
Credit loss ratio (%) – core lending advances	**0.14**
ROA (%)	**2.84**
Cost-to-income ratio (%)	**48.4**

* *Up 24% in constant currency terms.*

** *Down 2% in constant currency terms.*

Additional segmental disclosure – insurance activities

TOTAL INSURANCE PBT

	Year ended 30 June		
R million	2022	2021	% change
FNB	**1 950**	1 111	76
Credit life	**1 423**	938	52
Core life (including funeral)	**672**	259	>100
Underwritten	**(116)**	(132)	(12)
Commercial	**(29)**	(22)	32
Short-term insurance*	**–**	68	(100)
WesBank	**356**	332	7
Value-added products and services (VAPS)** and retail VAF credit life	**356**	332	7
Broader Africa	**228**	239	(5)
Other#	**141**	156	(10)
Total	**2 675**	1 838	46

* *Includes homeowners' book underwritten by OUTsurance.*

** *MotoVantage provides VAPS products.*

Other includes UK operations and FNB insurance brokers.

Insurance PBT increased 46%, driven by:

> FNB credit life PBT increased 52% due to an improved claims experience, with claims almost back to pre-pandemic levels. Credit protection on DirectAxis loans is now being written on the group's life licence. New business APE increased 47%, driven by improved growth in FNB unsecured lending. Certain specific provisions that were raised in the prior year relating to possible inability to earn income claims were released in the year under review.

> FNB core life PBT increased >100% due to a large release of reserves created in the prior financial year and the 8% increase in gross premiums driven by increased funeral sales, upgrades and pricing on the in-force book. The third Covid-19 wave was the most severe in terms of mortality and claims paid. Since then, mortality rates have continued to trend downwards. As a result, the mortality overlay raised in the prior year was fully released, contributing to the strong PBT growth.

> The loss from underwritten life reduced 12% year-on-year due to improved underwriting profit performance supported by strong premium growth of 17%.

> The newly established FNB commercial book comprises group funeral, the FNB permanent health insurance (PHI) scheme and business credit protection. It experienced good growth in premiums with new business APE up >100% year-on-year, largely driven by the introduction of PHI during the financial year. This was offset by increased claims paid and higher expenses as the business scales.

> The short-term insurance portfolio benefited from a strong performance from the homeowners' cover book, which was driven by an improved claims experience year-on-year. It was, however, negatively impacted by the KwaZulu-Natal floods in April 2022. Investment continued into the recently established FNB short-term insurance business, which achieved higher than expected sales in its personal lines comprehensive suite and launched new products in both personal and commercial lines. FNB Short Term produced a loss, largely due to:

- ongoing investment costs to complete the build-out of the product offering and policy administration system;
- new business claims experience on a growing book (in line with expectations);
- reserve adjustments to cater for the observed growth in the personal lines comprehensive suite; and
- growth in headcount to ensure adequate servicing capacity for the growing client base.

New business APE increased >100% year-on-year, with gross premium income up 38% compared to the prior year. The business is performing ahead of expectations on revenue growth.

> WesBank insurance PBT increased 7% due to higher investment income despite the adverse impact of lower finance volumes and telesales lead volumes for VAPS.
> Broader Africa insurance PBT declined 5% due to increased claims and a decrease in commission income driven by lower sales and higher clawbacks.
> Other insurance activities decreased 10% due to MotoNovo, which was negatively impacted by lower commission income.

FNB insurance activities

NEW BUSINESS APE

	Year ended 30 June		
R million	**2022**	2021	% change
Core life (including funeral)	**1 090**	1 086	–
Underwritten	**276**	310	(11)
Commercial	**139**	13	>100
Standalone products	**1 505**	1 409	7
Credit life	**665**	452	47
FNB Life	**2 170**	1 861	17

VALUE OF NEW BUSINESS – FNB LIFE*

	Year ended 30 June		
R million	**2022**	2021	% change
Credit life	**436**	241	81
Core life (including funeral)	**208**	204	2
Underwritten	**3**	8	(63)
Commercial	**1**	–	100
FNB Life	**648**	453	43

* *Defined as the present value of expected post-tax profits at point of sale for new business during the year.*

FNB SHORT-TERM INSURANCE

	Year ended 30 June		
Key performance indicators	**2022**	2021	% change
In-force APE (R million)	**464**	290	60
Number of in-force policies (thousands)	**255**	239	7
New business APE (R million)	**231**	83	>100

EMBEDDED VALUE* – FNB LIFE

	Year ended 30 June		
R million	**2022**	2021	% change
Total	**6 530**	4 843	35

* *Embedded value shown gross of tax.*

NUMBER OF LIFE POLICIES

	Year ended 30 June		
Thousands	**2022**	2021	% change
Credit life	**2 405**	2 198	9
Core life (including funeral)	**1 702**	1 670	2
Underwritten	**163**	151	8
Commercial	**25**	20	25
Total	**4 295**	4 039	6

FNB LIFE IN-FORCE APE

	Year ended 30 June		
R million	**2022**	2021	% change
Credit life	**1 945**	1 777	9
Core life (including funeral)	**3 113**	2 779	12
Underwritten	**635**	567	12
Commercial	**197**	52	>100
Total	**5 890**	5 175	14

Additional segmental disclosure – insurance activities continued

WesBank insurance activities

NUMBER OF POLICIES AND GROSS WRITTEN PREMIUM

	MotoVantage (VAPS)			Retail (credit life)		
	Year ended 30 June		% change	Year ended 30 June		% change
	2022	2021		**2022**	2021	
Number of policies (thousands)	**594**	633	(6)	**33**	43	(23)
Gross written premium (R million)	**1 354**	1 464	(8)	**83**	102	(19)

VAPS CHANNELS

	Year ended 30 June	
% of sales	**2022**	2021
Point of sale	**64**	61
Telesales	**31**	33
Other	**5**	6
Total	**100**	100

Additional segmental disclosure – investment management activities

There were strong market gains in the first half of the year under review, which were largely reversed over the second half. Waning Covid-19 concerns were replaced by geopolitical risk in Europe, inflationary and policy concerns in the USA, and consequently a lower-growth outlook for the global economy. Financial markets retreated sharply in this environment and the first six months of the calendar year has seen multi-decade lows in returns. As a result, clients de-risked portfolios and Ashburton fixed-income portfolios benefited from strong flows as clients opted to build up liquidity.

The Ashburton Equity Fund and Ashburton Balanced Fund delivered a turnaround in investment performance in the second half of the year under review, which should support future flows when risk appetite returns.

There were good inflows into the FNB multi-asset offering from the retail customer base, with most of the FNB multi-manager and FNB Horizon funds delivering good relative performance, with first and second quartile investment performance rankings.

AUM increased 5% year-on-year as a result of market movements and net inflows of R10 billion.

TOTAL ASSETS UNDER MANAGEMENT

	Year ending 30 June		
R million	**2022**	2021	% change
Multi-asset and equity	**20 205**	21 588	(6)
Structured products and index	**12 000**	13 188	(9)
Alternatives	**38 075**	34 414	11
Fixed income	**49 988**	42 691	17
Private client portfolios	**59 636**	59 374	–
Total group AUM	**179 904**	171 255	5

Investment management fees decreased 3% year-on-year, due to outflows from offshore multi-asset and equity funds and the wind-down of certain structuring portfolios. Advice fees were also down. Trust and estate income improved from the prior year due to increased estate inflows and renewed activity at the Master's office. Brokerage revenue decreased year-on-year as overall trade activity was lower than the record highs in the prior year.

REVENUE BY TYPE

	Year ending 30 June		
R million	**2022**	2021	% change
Investment management fees*	**677**	701	(3)
Advice fees*	**284**	291	(2)
Trust and estate income*	**302**	263	15
Brokerage income	**169**	182	(7)
Administration and other income	**169**	158	7
Net interest income	**100**	93	8
Total revenue	**1 701**	1 688	1

* *Prior year revenue splits restated to align wealth management fee split for Ashburton Namibia with South Africa.*

Additional information on internal restructures

for the year ended 30 June 2021

Internal restructures took place during the year to better facilitate the execution of group strategy. These do not impact like-for-like comparisons at group level, but they are material to certain individual segments. The segmental disclosure has been updated for the following:

> In line with the group's cost recovery model, AT1 costs are now allocated to the segments. They were previously recognised in the Centre.

> Investment management activities have been allocated to the relevant customer segment.

> The asset-based finance activities of customers that bank with FNB have been reallocated from FNB commercial to WesBank corporate.

> A restatement in disclosure shows core lending advances which exclude assets under agreements to resell.

> A restatement within the Centre reflects the net presentation of derivative assets and derivative liabilities facing the London Clearing House, impacting total assets and total liabilities.

R million	**Retail other previously published**	AT1 cost adjustment	Reallocation of investment management activities	**Retail other after reallocation**	**Commercial previously published**	Reallocation of ABF	**Commercial after reallocation**
Net interest income before impairment of advances	6 981	(135)	–	6 846	12 555	(469)	12 086
Impairment charge	(1 302)	–	–	(1 302)	(1 307)	130	(1 177)
Net interest income after impairment of advances	5 679	(135)	–	5 544	11 248	(339)	10 909
Non-interest revenue	14 991	–	(98)	14 893	9 285	(37)	9 248
Income from operations	20 670	(135)	(98)	20 437	20 533	(376)	20 157
Operating expenses	(14 146)	–	94	(14 052)	(10 135)	251	(9 884)
Net income from operations	6 524	(135)	(4)	6 385	10 398	(125)	10 273
Share of profit of associates and joint ventures after tax	35	–	–	35	–	–	–
Income before indirect tax	6 559	(135)	(4)	6 420	10 398	(125)	10 273
Indirect tax	(640)	–	–	(640)	(48)	–	(48)
Profit before tax	5 919	(135)	(4)	5 780	10 350	(125)	10 225
Income tax expense	(1 657)	38	1	(1 618)	(2 880)	35	(2 845)
Profit for the year	4 262	(97)	(3)	4 162	7 470	(90)	7 380
Attributable to							
Ordinary equityholders	4 262	(97)	(3)	4 162	7 470	(90)	7 380
Other equity instrument holders	–	–	–	–	–	–	–
Non-controlling interests	–	–	–	–	–	–	–
Profit for the year	4 262	(97)	(3)	4 162	7 470	(90)	7 380
Attributable earnings to ordinary equityholders	4 262	(97)	(3)	4 162	7 470	(90)	7 380
Headline earnings adjustments	–	–	–	–	–	–	–
Headline earnings	4 262	(97)	(3)	4 162	7 470	(90)	7 380
TRS and IFRS 2 liability remeasurement	–	–	–	–	–	–	–
Treasury shares	–	–	–	–	–	–	–
IAS 19 adjustment	–	–	–	–	–	–	–
Private equity-related	–	–	–	–	–	–	–
Normalised earnings	4 262	(97)	(3)	4 162	7 470	(90)	7 380

	FNB previously published	AT1 cost adjustment	Reallocation of investment management activities	Reallocation of ABF	**FNB after reallocation**	**WesBank previously published**	AT1 cost adjustment	Reallocation of ABF	**WesBank after reallocation**
	37 963	(135)	–	(469)	**37 359**	**4 814**	(26)	469	**5 257**
	(9 079)	–	–	130	**(8 949)**	**(2 074)**	–	(130)	**(2 204)**
	28 884	(135)	–	(339)	**28 410**	**2 740**	(26)	339	**3 053**
	32 066	–	(98)	(37)	**31 931**	**3 204**	–	37	**3 241**
	60 950	(135)	(98)	(376)	**60 341**	**5 944**	(26)	376	**6 294**
	(36 634)	–	94	251	**(36 289)**	**(4 592)**	–	(251)	**(4 843)**
	24 316	(135)	(4)	(125)	**24 052**	**1 352**	(26)	125	**1 451**
	90	–	–	–	**90**	**465**	–	–	**465**
	24 406	(135)	(4)	(125)	**24 142**	**1 817**	(26)	125	**1 916**
	(948)	–	–	–	**(948)**	**(68)**	–	–	**(68)**
	23 458	(135)	(4)	(125)	**23 194**	**1 749**	(26)	125	**1 848**
	(6 632)	38	1	35	**(6 558)**	**(490)**	7	(35)	**(518)**
	16 826	(97)	(3)	(90)	**16 636**	**1 259**	(19)	90	**1 330**
	16 280	(97)	(3)	(90)	**16 090**	**1 235**	(19)	90	**1 306**
	–	–	–	–	**–**	**–**	–	–	**–**
	546	–	–	–	**546**	**24**	–	–	**24**
	16 826	(97)	(3)	(90)	**16 636**	**1 259**	(19)	90	**1 330**
	16 280	(97)	(3)	(90)	**16 090**	**1 235**	(19)	90	**1 306**
	–	–	–	–	**–**	**–**	–	–	**–**
	16 280	(97)	(3)	(90)	**16 090**	**1 235**	(19)	90	**1 306**
	–	–	–	–	**–**	**–**	–	–	**–**
	–	–	–	–	**–**	**–**	–	–	**–**
	–	–	–	–	**–**	**–**	–	–	**–**
	–	–	–	–	**–**	**–**	–	–	**–**
	16 280	(97)	(3)	(90)	**16 090**	**1 235**	(19)	90	**1 306**

Additional information on internal restructures continued

for the year ended 30 June 2021

R million	RMB previously published	AT1 cost adjustment	Reallocation of investment management activities	Assets under agreements to resell	RMB after reallocation
Net interest income before impairment of advances	**9 191**	(94)	–	–	**9 097**
Impairment charge	**(1 448)**	–	–	–	**(1 448)**
Net interest income after impairment of advances	**7 743**	(94)	–	–	**7 649**
Non-interest revenue	**11 432**	–	98	–	**11 530**
Income from operations	**19 175**	(94)	98	–	**19 179**
Operating expenses	**(10 309)**	–	(94)	–	**(10 403)**
Net income from operations	**8 866**	(94)	4	–	**8 776**
Share of profit of associates and joint ventures after tax	**1 356**	–	–	–	**1 356**
Income before indirect tax	**10 222**	(94)	4	–	**10 132**
Indirect tax	**(190)**	–	–	–	**(190)**
Profit before tax	**10 032**	(94)	4	–	**9 942**
Income tax expense	**(2 809)**	26	(1)	–	**(2 784)**
Profit for the year	**7 223**	(68)	3	–	**7 158**
Attributable to					
Ordinary equityholders	**7 071**	(68)	3	–	**7 006**
Other equity instrument holders	**–**	–	–	–	**–**
Non-controlling interests	**152**	–	–	–	**152**
Profit for the year	**7 223**	(68)	3	–	**7 158**
Attributable earnings to ordinary equityholders	**7 071**	(68)	3	–	**7 006**
Headline earnings adjustments	**–**	–	–	–	**–**
Headline earnings	**7 071**	(68)	3	–	**7 006**
TRS and IFRS 2 liability remeasurement	**–**	–	–	–	**–**
Treasury shares	**–**	–	–	–	**–**
IAS 19 adjustment	**–**	–	–	–	**–**
Private equity-related	**–**	–	–	–	**–**
Normalised earnings	**7 071**	(68)	3	–	**7 006**

	Centre previously published	AT1 cost adjustment	Assets under agreements to resell	Net presentation of derivatives	Centre after reallocation	Total restructures				
						FNB	WesBank	RMB	Centre	FirstRand group
	3 526	255	–	–	3 781	(604)	443	(94)	255	–
	17	–	–	–	17	130	(130)	–	–	–
	3 543	255	–	–	3 798	(474)	313	(94)	255	–
	(3 867)	–	–	–	(3 867)	(135)	37	98	–	–
	(324)	255	–	–	(69)	(609)	350	4	255	–
	(634)	–	–	–	(634)	345	(251)	(94)	–	–
	(958)	255	–	–	(703)	(264)	99	(90)	255	–
	(494)	–	–	–	(494)	–	–	–	–	–
	(1 452)	255	–	–	(1 197)	(264)	99	(90)	255	–
	(86)	–	–	–	(86)	–	–	–	–	–
	(1 538)	255	–	–	(1 283)	(264)	99	(90)	255	–
	1 772	(71)	–	–	1 701	74	(28)	25	(71)	–
	234	184	–	–	418	(190)	71	(65)	184	–
	(440)	184	–	–	(256)	(190)	71	(65)	184	–
	600	–	–	–	600	–	–	–	–	–
	74	–	–	–	74	–	–	–	–	–
	234	184	–	–	418	(190)	71	(65)	184	–
	(440)	184	–	–	(256)	(190)	71	(65)	184	–
	–	–	–	–	–	–	–	–	–	–
	(440)	184	–	–	(256)	(190)	71	(65)	184	–
	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–
	(440)	184	–	–	(256)	(190)	71	(65)	184	–

Additional information on internal restructures continued

for the year ended 30 June 2021

R million	**Retail other previously published**	AT1 cost adjustment	Reallocation of investment management activities	**Retail other after reallocation**	**Commercial previously published**	Reallocation of ABF	**Commercial after reallocation**
Cost-to-income ratio (%)	64.3			64.5	46.4		46.3
Diversity ratio (%)	68.3			68.6	42.5		43.3
Credit loss ratio (%) – core lending advances	–			8.03	–		1.22
Stage 3/NPLs as a % of core lending advances	–			15.86	–		5.97
Consolidated income statement includes							
Depreciation	(2 395)	–	7	(2 388)	(176)	–	(176)
Amortisation	(81)	–	–	(81)	–	–	–
Net impairment charges	9	–	–	9	(1)	–	(1)
Consolidated statement of financial position includes							
Advances (before impairments)	15 712	–	–	15 712	111 121	(14 029)	97 092
Core lending advances	15 712	–	–	15 712	111 121	(14 029)	97 092
– Other core lending advances (AC and FV)	15 712	–	–	15 712	111 121	(14 029)	97 092
– Securitised advances	–	–	–	–	–	–	–
Assets under agreements to resell	–	–	–	–	–	–	–
Stage 3/NPLs	2 492	–	–	2 492	6 378	(580)	5 798
Investment in associated companies	438	–	–	438	–	–	–
Investment in joint ventures	–	–	–	–	–	–	–
Total deposits (including non-recourse deposits)	296 754	–	–	296 754	312 742	–	312 742
Total assets*	42 116	–	–	42 116	107 558	(13 628)	93 930
Total liabilities*	27 399	135	3	27 537	103 073	(13 650)	89 423
Capital expenditure	1 881	–	–	1 881	185	–	185

* *Restated, refer to pages 160 and 161 for more details.*

FNB previously published	AT1 cost adjustment	Reallocation of investment management activities	Reallocation of ABF	FNB after reallocation	WesBank previously published	AT1 cost adjustment	Reallocation of ABF	WesBank after reallocation
52.2				52.3	54.1			54.0
45.9				46.2	43.3			41.3
–				1.94	–			1.55
–				7.99	–			8.01
(3 039)	–	7	–	(3 032)	(906)	–	–	(906)
(132)	–	–	–	(132)	(67)	–	–	(67)
8	–	–	–	8	(18)	–	–	(18)
473 944	–	–	(14 029)	459 915	127 088	–	14 029	141 117
473 944	–	–	(14 029)	459 915	127 088	–	14 029	141 117
473 944	–	–	(14 029)	459 915	117 502	–	14 029	131 531
–	–	–	–	–	9 586	–	–	9 586
–	–	–	–	–	–	–	–	–
37 333	–	–	(580)	36 753	10 725	–	580	11 305
797	–	–	–	797	2 527	–	–	2 527
–	–	–	–	–	7	–	–	7
666 820	–	–	–	666 820	47	–	–	47
482 699	–	–	(13 628)	469 071	129 043	–	13 628	142 671
462 681	135	3	(13 650)	449 169	127 459	26	13 650	141 135
2 574	–	–	–	2 574	1 211	–	–	1 211

Additional information on internal restructures continued

for the year ended 30 June 2021

R million	RMB previously published	AT1 cost adjustment	Reallocation of investment management activities	Assets under agreements to resell	RMB after reallocation
Cost-to-income ratio (%)	**46.9**				**47.3**
Diversity ratio (%)	**58.2**				**58.6**
Credit loss ratio (%) – core lending advances	**–**				**0.46**
Stage 3/NPLs as a % of core lending advances	**–**				**1.25**
Consolidated income statement includes					
Depreciation	**(135)**	–	(7)	–	**(142)**
Amortisation	**(200)**	–	–	–	**(200)**
Net impairment charges	**(19)**	–	–	–	**(19)**
Consolidated statement of financial position includes					
Advances (before impairments)	**353 174**	–	–	–	**353 174**
Core lending advances	**353 174**	–	–	(58 677)	**294 497**
– Other core lending advances (AC and FV)	**353 174**	–	–	(58 677)	**294 497**
– Securitised advances	**–**	–	–	–	**–**
Assets under agreements to resell	**–**	–	–	58 677	**58 677**
Stage 3/NPLs	**3 679**	–	–	–	**3 679**
Investment in associated companies	**4 065**	–	–	–	**4 065**
Investment in joint ventures	**2 081**	–	–	–	**2 081**
Total deposits (including non-recourse deposits)	**256 601**	–	–	–	**256 601**
Total assets	**591 309**	–	–	–	**591 309**
Total liabilities	**579 744**	94	(3)	–	**579 835**
Capital expenditure	**278**	–	–	–	**278**

Centre previously published	AT1 cost adjustment	Assets under agreements to resell	Net presentation of derivatives	Centre after reallocation	Total restructures				
					FNB	WesBank	RMB	Centre	FirstRand group
(75.9)				>100					
>100				>100					
–				(0.03)					
–				2.77					
(12)	–	–	–	(12)	7	–	(7)	–	–
(475)	–	–	–	(475)	–	–	–	–	–
(209)	–	–	–	(209)	–	–	–	–	–
51 379	–	–	–	51 379	(14 029)	14 029	–	–	–
51 379	–	(6 907)	–	44 472	(14 029)	14 029	(58 677)	(6 907)	(65 584)
38 050	–	(6 907)	–	31 143	(14 029)	14 029	(58 677)	(6 907)	(65 584)
13 329	–	–	–	13 329	–	–	–	–	–
–	–	6 907	–	6 907	–	–	58 677	6 907	65 584
1 230	–	–	–	1 230	(580)	580	–	–	–
1 142	–	–	–	1 142	–	–	–	–	–
(17)	–	–	–	(17)	–	–	–	–	–
328 419	–	–	–	328 419	–	–	–	–	–
358 064	–	–	(16 267)	341 797	(13 628)	13 628	–	(16 267)	(16 267)
247 594	(255)	–	(16 267)	231 072	(13 512)	13 676	91	(16 522)	(16 267)
65	–	–	–	65	–	–	–	–	–

analysis of results

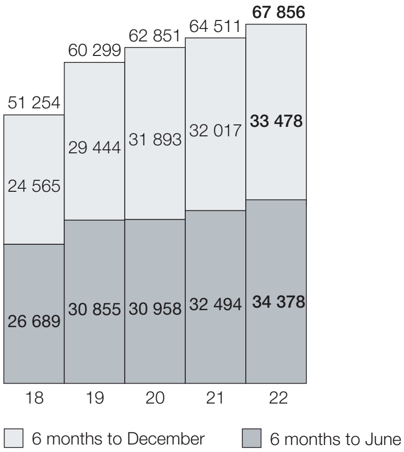
Net interest income (before impairment of advances)

Net interest income (before impairment of advances) – up 5%

Net interest income

R million

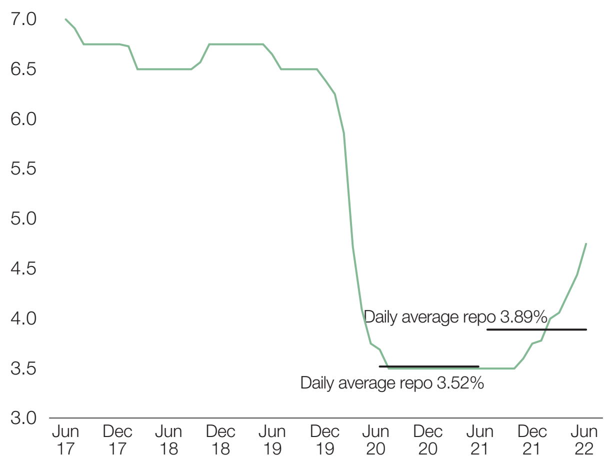
CAGR 7%



Note: 2018 figures are based on IAS 39 and 2019 to 2022 figures on IFRS 9.

Repo rate

%



Note: The average endowment book for the year was R335 billion excluding the UK operations. The average endowment book for the UK operations was £336 million. The average SA repo rate was 37 bps higher compared to the prior year, which translated into a positive endowment impact of approximately R1 242 million (R1 267 million including UK operations) excluding the impact of any ALM strategies.

MARGIN CASCADE TABLE

	Year ended 30 June	
Percentage of average interest-earning banking assets (%)	**2022**	2021
Opening normalised margin including UK operations	**4.35**	4.45
UK operations	**0.46**	0.46
Opening normalised margin excluding UK operations	**4.81**	4.91
Change in asset base/growth*	**(0.22)**	(0.19)
Capital endowment	**0.09**	(0.14)
– Volume	**0.06**	0.07
– Average rate	**0.03**	(0.21)
Lending (interest earning assets)	**(0.01)**	(0.02)
– Change in volume and mix	**0.06**	0.05
– Asset pricing	**(0.10)**	(0.04)
– Interest suspended	**0.03**	(0.03)
Deposits	**0.10**	0.04
– Deposit endowment	**0.04**	(0.16)
– Change in composition and volume	**0.05**	0.20
– Deposit pricing	**0.01**	-
Group Treasury and Centre activities	**0.02**	0.26
– Accounting mismatches	**(0.03)**	0.03
– Financial resource pricing and management	**0.04**	0.09
– ALM (interest rate and FX management)	**0.01**	0.14
FNB broader Africa	**0.01**	(0.05)
Normalised operating margin excluding UK operations	**4.80**	4.81
Impact of UK operations on margin	**(0.40)**	(0.46)
– MotoNovo	**(0.06)**	(0.01)
– Aldermore	**(0.34)**	(0.45)
Closing normalised margin including UK operations	**4.40**	4.35

* *Calculated as follows:*

R million	*Net interest income*	*Average balance sheet*	*% NIM*
June 2021 NII excluding UK operations	*54 509*	*1 132 789*	*4.81*
Average balance sheet increase		*53 621*	*(0.22)*
June 2021 margin rebased	***54 509***	***1 186 410***	***4.59***

Net interest income (before impairment of advances) continued

ACTIVITY ANALYSIS OF NET INTEREST INCOME BEFORE IMPAIRMENT OF ADVANCES

R million	Year ended 30 June		
Net interest income	**2022**	2021*	% change
Lending	**23 772**	23 837	–
Transactional**	**17 450**	16 254	7
Investment deposits	**3 558**	3 614	(2)
Capital endowment	**5 751**	4 650	24
Group Treasury	**3 193**	2 584	24
FNB broader Africa	**3 969**	3 825	4
Centre and other#	**(696)**	(255)	>100
Total NII excluding UK operations	**56 997**	54 509	5
UK operations	**10 859**	10 002	9
– MotoNovo	**3 125**	3 430	(9)
– Aldermore	**7 734**	6 572	18
Total NII including UK operations	**67 856**	64 511	5

* *2021 numbers were restated in order to provide better attribution of NII by nature of activity.*

** *Includes NII related to credit cards, overdrafts and transactional deposit products, and deposit endowment.*

Other includes non-interest rate assets and these effectively represent negative endowment, e.g. fixed assets.

NII KEY DRIVERS

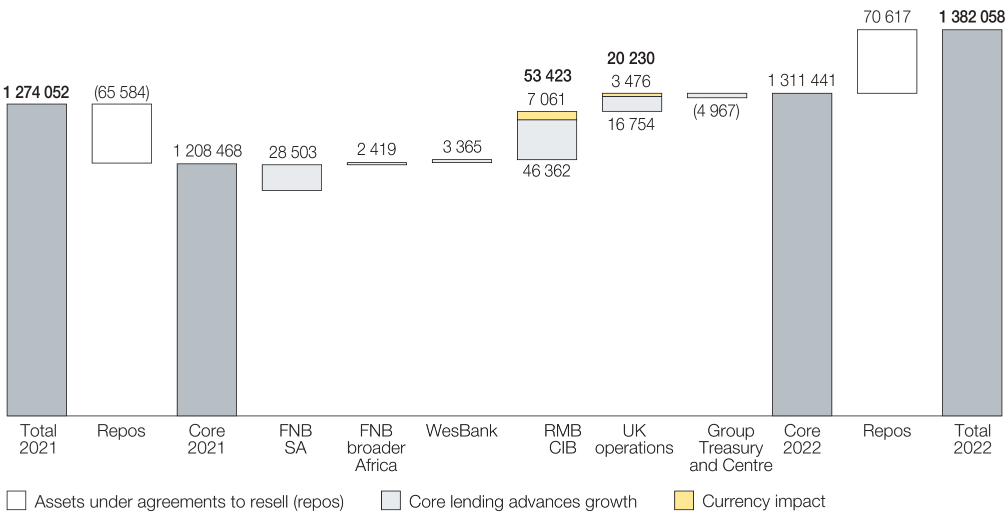
- Overall group NII increased 5% driven by growth in advances and transactional deposits, capital endowment and Group Treasury activities.
- Average interest rates moved up year-on-year to 3.89% (2021: 3.52%), following hikes in the SA repo rate in November 2021 (25 bps), January 2022 (25 bps), March 2022 (25 bps) and May 2022 (50 bps), which benefited endowment-related NII.
- Lending NII remained flat, despite an 8% increase in advances. Growth in average retail advances was muted given growth was mostly in the latter part of the financial year. NII was also impacted by the tilt to good-quality, lower-risk credit origination. The relatively subdued increase in average advances in RMB was also due to growth picking up only in the second half of the year.
- Deposit franchise balances grew strongly, up 14%, which resulted in a 7% increase in transactional NII.
- Group Treasury produced strong NII growth resulting primarily from:
  - increased investment returns on the SA capital portfolio, predominantly due to interest rate increases; and
  - sustained deposit franchise growth which resulted in a reduction in treasury funding and improved funding costs;
  - the positive drivers above were, however, partly offset by accounting mismatches relating to excess liquidity and the incremental carry cost of foreign currency buffers.
- FNB broader Africa reflects largely similar themes to those experienced in South Africa, i.e. marginal growth in advances, lower cost of funds and better endowment returns.
- Aldermore's NII increased 18% year-on-year, driven by strong growth in commercial advances and customer deposits and a £24 million benefit from the EIR model refinement. NII also benefited from lower funding costs despite increases in the reference rate as Aldermore responded with carefully priced offerings. MotoNovo NII decreased as a result of its strategy to focus on lower-margin, lower-risk clients and the impact of the operational event.

Net interest income (before impairment of advances) continued

Core advances – up 9%

Gross advances growth by business

R million



The table below unpacks gross advances growth, showing core lending advances and assets under agreements to resell, as well as the impact of currency movements on UK operations and the RMB cross-border book.

R million	As at 30 June 2022	As at 30 June 2021	% change	As at 31 December 2021	June 2022 vs December 2021 % change
Total advances	**1 382 058**	1 274 052	8	1 355 666	2
Assets under agreements to resell	**(70 617)**	(65 584)	8	(88 160)	(20)
Total core lending advances (before currency impact)	**1 311 441**	1 208 468	9	1 267 506	3
UK operations and dollar cross-border book currency impact*	**(10 537)**	–	–	(30 493)	(65)
Core lending advances after currency impact	**1 300 904**	1 208 468	8	1 237 013	5

* *If the exchange rate (2022: £1= R19.95 and $1= R16.41) had remained unchanged from 30 June 2021 (£1= R19.72 and $1= R14.26).*

For further information on the exchange rate, refer to page 220.

ADVANCES KEY DRIVERS

- Gross core lending advances increased 9%. Excluding the currency impact of the UK operations and the RMB cross-border book, gross advances increased 8%. This is evidence of a steady uptick in origination in line with the normalisation in the group's credit appetite after the pandemic.
- FNB SA retail advances grew 6% year-on-year, reflecting positive new business levels, especially since December 2021. The increase was largely driven by the 8% growth in residential mortgages with payouts at record levels, supported by low interest rates in the first half of the financial year. The unsecured lending portfolio also reflected improved business volumes, specifically during in the second half of the financial year, with the card and personal loans portfolios (excluding the Covid-19 relief advances) increasing 5% and 4%, respectively. The non-banked personal loans growth in DirectAxis reflects lower business volumes in the direct marketing channels due to regulatory limitations (POPIA) and lower response rates. The increase in card advances reflects the increase in consumer card spending post the pandemic. The decline in retail other reflects lower overdraft advances and revolving loans as customers are more appropriately directed to FNB's fusion accounts or personal loans.
- WesBank retail VAF advances declined 1% as the run-off rate of the book (repayments and higher levels of write-offs) continued to outstrip new business inflows. New business is gradually recovering, but the volumes lost during the pandemic have resulted in a rebasing of the book. New business increased 11% year-on-year, which can be attributed to an increase in average loan values. Sales in the new domestic car market grew 9.4% year-on-year off a low base. Dealers are still struggling to meet the increased levels of customer demand on both new and used vehicles, primarily due to continuing global supply chain disruptions and insufficient model availability, resulting in increased vehicle pricing pressure. WesBank corporate advances increased 10% due to strong growth in the dealer funding solutions, asset-based finance and associate facility portfolios.
- FNB commercial advances grew 12% (excluding the SME government-guaranteed loan scheme), reflecting the improvement in economic activity in most portfolios and appropriate risk appetite changes. Strong growth was experienced across most of the portfolios, with the largest driver of growth being the agricultural portfolio (+17%) and specialised finance (+37%). The R5.5 billion advances growth in the agricultural portfolio is off the back of good growth in new business, record payouts and a lower run-off in the term loan book. The government-guaranteed loan scheme for SMEs declined 19% to R1.29 billion as the book runs off.
- RMB core lending advances (including HQLA and broader Africa) increased 18% year-on-year, reflecting strong growth in the second half from the 6% increase in the first half. Growth was driven by economic activity that has started to normalise, driving an increase in credit appetite for corporates. The cross-border advances book reflected strong growth, benefiting from the c. 15% depreciation of the rand against the dollar. This contributed to the increase in RMB's cross-border advances book of 39% in rand terms (21% in dollar terms). RMB's assets under agreements to resell decreased 20% driven by lower client funding requirements, however, Group Treasury optimised its excess liquidity positions using these instruments, which resulted in a year-on-year increase.
- Broader Africa advances increased 11% (9% in local currency terms), on the back of macroeconomic improvement and focused lending strategies. The increase was largely attributable to growth in the Botswana, Namibia and Nigeria portfolios. Namibia's advances grew 6%, mainly driven by residential mortgages. Botswana advances increased 8% (7% in pula terms), with growth in the retail and corporate portfolios. Nigeria CIB advances grew >100% in rand and local currency terms, supported by the economic recovery, loan growth strategies and increases in trade limits. Tanzania's net advances were classified as held for sale at June 2022 as the effective date of the sale was early July 2022.
- Advances grew 6% in the UK operations (7% in rand terms), supported by 12% growth in MotoNovo and 15% in commercial lending as the UK economy recovered post the lifting of Covid-19 restrictions. MotoNovo advances growth was supported by the buoyant second-hand car market. Commercial lending was supported by larger average deal sizes in the mortgage portfolio, wholesale lending in asset finance and improved utilisation levels in invoice finance. Aldermore retail advances contracted marginally (1%), reflecting higher levels of competition and elevated redemption levels in the five-year fixed maturity of the buy-to-let portfolio.
- Group Treasury and Centre advances declined due to the redemption of securitisation notes as the SPVs run down as well as collateral-related movements.

Net interest income (before impairment of advances) continued

AVERAGE BALANCE SHEET

		June 2022			June 2021		
R million	Notes	Average balance*	Interest income/ (expense)	Average rate %	Average balance**	Interest income/ (expense)	Average rate %
INTEREST-EARNING ASSETS							
Average prime rate (RSA)				7.39			7.02
Balances with central banks		32 693	–	–	31 690	–	–
Cash and cash equivalents		46 745	1 360	2.91	40 104	979	2.44
Liquid assets portfolio		272 099	12 694	4.67	250 901	11 466	4.57
Loans and advances to customers	1	834 873	69 687	8.35	810 094	66 651	8.23
Interest-earning assets		1 186 410	83 741	7.06	1 132 789	79 096	6.98
INTEREST-BEARING LIABILITIES							
Average JIBAR				3.92			3.64
Deposits due to customers	2	(903 152)	(25 761)	2.85	(827 716)	(21 266)	2.57
Group Treasury funding		(279 206)	(13 700)	4.91	(309 175)	(13 937)	4.51
Interest-bearing liabilities		(1 182 358)	(39 461)	3.34	(1 136 891)	(35 203)	3.10
ENDOWMENT AND TRADING BOOK							
Other assets#		288 216	–	–	298 297	–	–
Other liabilities†		(148 156)	–	–	(161 203)	–	–
NCNR preference shareholders		(9 409)	–	–	(8 825)	–	–
Equity		(134 703)	–	–	(124 167)	–	–
Endowment and trading book		(4 052)	12 717	(313.85)	4 102	10 616	258.80
Total interest-bearing liabilities, endowment and trading book		(1 186 410)	(26 744)	2.25	(1 132 789)	(24 587)	2.17
Net interest margin on average interest-earning assets – excluding UK operations		1 186 410	56 997	4.80	1 132 789	54 509	4.81
Net interest margin on average interest-earning assets – UK operations		355 993	10 859	3.05	349 030	10 002	2.87
– MotoNovo		81 314	3 125	3.84	74 078	3 430	4.63
– Aldermore		274 679	7 734	2.82	274 952	6 572	2.39
Net interest margin on average interest-earning assets – including UK operations		1 542 403	67 856	4.40	1 481 819	64 511	4.35

Interest income represents the gross interest received on assets. Interest expense represents the gross interest paid on liabilities.

* *Includes level 1 HQLA and level 2 HQLA and corporate bonds not qualifying as HQLA.*

** *2021 numbers were restated due to refinements in processes, as well as to reflect the net presentation of derivative assets and derivative liabilities facing the London Clearing House. Refer to pages 160 and 161 for details.*

Include preference share advances, trading assets and securitisation notes.

† *Include trading liabilities.*

NOTE 1 – MARGIN ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS

	June 2022		June 2021*	
R million	**Average balance**	**Average margin %**	Average balance	Average margin %
Average prime rate (RSA)		**7.39**		7.02
Advances				
Retail – secured	**334 176**	**2.23**	327 621	2.43
Residential mortgages	**234 972**	**1.80**	226 274	1.91
VAF	**99 204**	**3.25**	101 347	3.58
Retail – unsecured	**86 544**	**11.05**	88 817	10.85
Card	**32 597**	**7.90**	31 547	7.61
Personal loans	**39 520**	**14.32**	41 524	14.17
Retail other	**14 427**	**9.22**	15 746	8.64
Corporate and commercial	**362 084**	**2.55**	340 335	2.61
FNB commercial	**99 346**	**3.51**	92 775	3.60
– Mortgages	**29 941**	**2.23**	29 154	2.23
– Overdrafts	**39 692**	**4.97**	36 215	5.27
– Term loans	**29 713**	**2.84**	27 406	2.85
WesBank corporate	**42 504**	**2.40**	39 710	2.47
RMB CIB	**220 234**	**2.15**	207 850	2.19
FNB broader Africa	**52 069**	**4.34**	53 321	4.29
Total advances excluding UK operations	**834 873**	**3.41**	810 094	3.55
UK operations	**293 619**	**3.68**	292 414	3.40
– MotoNovo	**81 314**	**3.78**	74 078	4.53
– Aldermore	**212 305**	**3.64**	218 336	3.01
Total advances including UK operations	**1 128 492**	**3.48**	1 102 508	3.51

* *Restatements are due to refinements in RMB's processes.*

Margin analysis is based on NII as a percentage of average advances/deposits. NII is calculated as the difference between the client rate (earned or paid) and the transfer pricing rate (earned or paid by Group Treasury). The average margin is, therefore, net of funds transfer pricing.

The group operates a funds transfer pricing framework that incorporates the relevant base interest rates, and the cost or benefit of liquidity into product pricing per currency for all significant business activities on- and off-balance sheet. This aligns liquidity risk-taking incentives of individual business units with the liquidity risk exposure created for the group as a whole.

Where fixed-rate commitments are undertaken (fixed-rate loans or fixed deposits), transfer pricing will also include the cost of transferring the interest rate risk.

Net interest income (before impairment of advances) continued

MARGIN KEY DRIVERS

Overall NIM benefited from relatively stronger growth in the deposit franchise, which reduced the requirement for Group Treasury funding, lowering the group's cost of funds.

ADVANCES MARGINS

> Overall advances margins reflect portfolio mix changes, particularly growth in lower-margin mortgages and CIB advances compared to muted growth in unsecured lending. The market remained highly competitive for good-quality, lower-risk customers, which was the origination focus for the year.

> WesBank retail VAF margins were also affected by the change in portfolio mix focusing on lower-risk, lower-margin customers.

> FNB SA retail unsecured lending margins benefited from lower suspended interest as NPLs decreased year-on-year.

> FNB commercial margins decreased 9 bps as a result of the decline in overdraft margins given the focus on lower-risk customers.

> The decline in RMB margins of 4 bps reflects ongoing competitive margin pressure, specifically in the large corporate client segment.

> FNB broader Africa advances margins expanded across the portfolio, reflecting an uplift from interest rate hikes and a favourable shift in product mix across certain jurisdictions.

> UK operations' margins increased 26 bps in pound terms (28 bps in rand terms). Aldermore's net interest margin increased 39 bps in pound terms (43 bps in rand terms). This was driven by a £24 million one-off benefit from the refinement of the EIR models implemented during the year, which provide a greater degree of granularity on the EIR modelling. Overall MotoNovo margins were affected by new business origination being weighted towards lower-risk and margin business, and was also affected by the operational event.

DEPOSIT MARGINS

> FNB retail deposit margins increased 4 bps reflecting the endowment benefit, partly offset by competitive pricing pressures in the term deposit book.

> FNB commercial deposit margins increased 11 bps, driven by the mix shift towards current and savings accounts, which was partly offset by declining call and term deposit margins.

> FNB broader Africa deposit margins increased 17 bps driven by margin expansion in Zambia and Namibia, partly offset by margin compression in Botswana. Namibia and Zambia benefited from a change in product mix to shorter-tenor deposits. Rate cuts in Botswana resulted in a negative endowment impact.

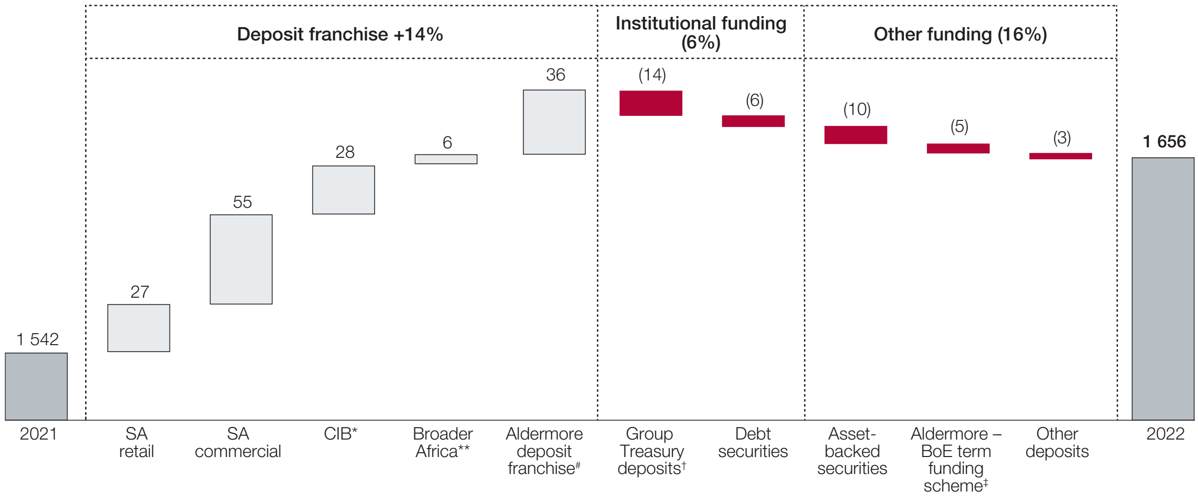
> RMB deposit margins in SA were under pressure given the shift in mix towards lower-margin investment products.

> RMB broader Africa deposit margins expanded due to interest rate hikes and a favourable shift in product mix across certain jurisdictions (from dollar to local currency balances earning higher margins).

Funding – up 7%

Funding growth by segment

R billion



* Includes South Africa and the London branch.

** Broader Africa deposits include CIB deposits related to the broader Africa subsidiaries.

\# The Aldermore deposit franchise, including corporate treasury deposits, increased 14% to £14 billion.

† Group Treasury deposits include the funding facility related to the South African Covid-19 government-guaranteed loan scheme.

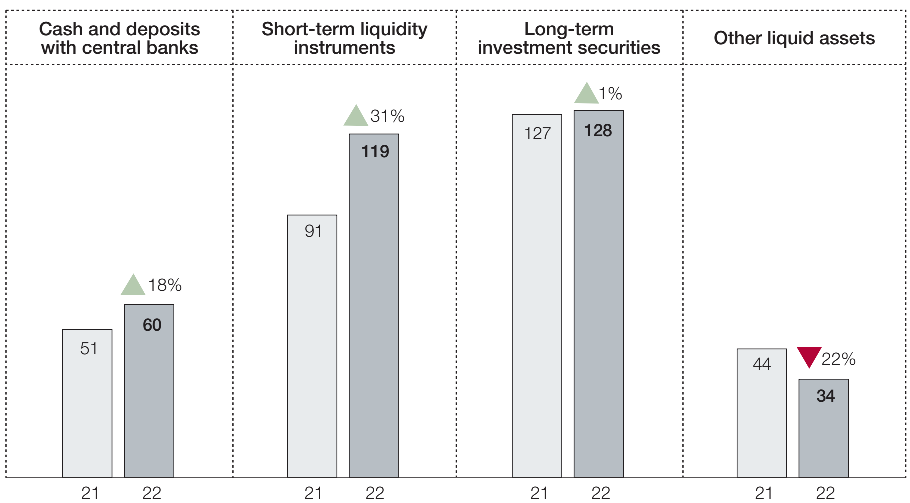
‡ Aldermore's utilisation of the BoE term funding scheme reduced 19% to £1.1 billion.

Liquidity management

Excess liquidity created through higher deposit levels and moderate advances growth was invested in short-term liquidity instruments (mainly treasury bills and reverse repos).

Liquidity management by investment type*

R billion



* Chart is based on rand liquid assets in FirstRand Bank Limited (including foreign branches) and all other banking subsidiaries held by Group Treasury only.

Net interest income (before impairment of advances) continued

NOTE 2 – MARGIN ANALYSIS ON DEPOSITS DUE TO CUSTOMERS

	Year ended 30 June			
	2022		2021*	
R million	Average balance	Average margin %	Average balance	Average margin %
Average JIBAR (RSA)		**3.92**		3.64
DEPOSITS				
Retail	**289 266**	**1.49**	271 779	1.45
Current and savings	**85 160**	**3.60**	76 974	3.49
Call	**109 971**	**0.85**	105 975	0.81
Term	**94 135**	**0.33**	88 830	0.44
Commercial	**337 636**	**2.00**	305 573	1.89
Current and savings	**126 122**	**3.94**	110 699	3.62
Call	**105 276**	**1.34**	98 757	1.40
Term	**106 238**	**0.37**	96 117	0.42
Corporate and investment banking	**222 854**	**0.86**	199 404	0.94
Current and savings	**104 911**	**1.42**	102 162	1.38
Call	**62 197**	**0.51**	54 967	0.57
Term	**55 746**	**0.17**	42 275	0.36
FNB broader Africa	**53 396**	**2.47**	50 960	2.30
Total deposits excluding UK operations	**903 152**	**1.58**	827 716	1.54
UK operations**	**307 374**	**–**	292 613	–
Total deposits including Aldermore	**1 210 526**	**1.18**	1 120 329	1.14

* *Restatements are due to refinements in FNB's processes.*

** *The net UK operations margin is shown in the previous table under advances.*

Note: Average balances are daily averages for FNB and WesBank, and monthly averages for RMB.

DEPOSIT KEY DRIVERS

> FNB SA's average deposit base grew 13%, benefiting from customer growth and innovative product offerings across all segments. FNB remained the top household deposit franchise in SA per the BA900 returns at 30 June 2022.

> Commercial average deposits grew 10%, driven by growth in current and savings accounts.

> RMB's focus on growing operational balances on the back of primary-banked relationships resulted in average deposit growth of 12%.

> FNB broader Africa average deposits grew 5% supported by customer growth and innovative products.

> Aldermore benefited from 14% growth in customer savings deposits (average up 5%), which now represent 83% of total liabilities.

> The relatively stronger growth in the group's deposit franchises enabled a 6% reduction in Group Treasury funding.

> The reduction in other funding was primarily due to ongoing amortisation of structured funding instruments and muted issuances over the year.

Credit

CREDIT HIGHLIGHTS AT A GLANCE

R million	Notes	Year ended 30 June 2022	2021	% change
Total gross advances		**1 382 058**	1 274 052	8
Total core lending advances	1 on p. 98	**1 311 441**	1 208 468	9
– Performing core lending advances		**1 260 555**	1 147 763	10
– Stage 1*		**1 147 905**	1 036 365	11
– Stage 2		**112 650**	111 398	1
– Stage 3/NPLs	3 on p.112	**50 886**	60 705	(16)
Assets under agreements to resell		**70 617**	65 584	8
Stage 3/NPLs as a % of core lending advances*	3 on p.112	**3.88**	5.02	
Core lending advances (net of impairment)*		**1 263 707**	1 157 850	9
Total impairments	4 on p.118	**47 734**	50 618	(6)
Portfolio impairments	2 on p. 110	**22 412**	23 142	(3)
– Stage 1		**11 163**	10 451	7
– Stage 2		**11 249**	12 691	(11)
Stage 3 impairments		**25 322**	27 476	(8)
Coverage ratios				
Performing book coverage ratio (%) – core lending advances*,**	2 on p. 110	**1.78**	2.02	
Specific coverage ratio (%)#		**49.8**	45.3	
Income statement analysis				
Impairment charge	5 on p. 120	**7 080**	13 660	(48)
Credit loss ratio (%) – core lending advances*	5 on p. 120	**0.56**	1.10	
Impairment charge excluding UK operations	5 on p. 120	**5 920**	12 630	(53)
Credit loss ratio excluding UK operations (%) – core lending advances*	5 on p. 120	**0.61**	1.33	

* *Restated to exclude assets under agreements to resell.*

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

\# *Specific impairments as a % of stage 3/NPLs.*

IN SUMMARY

The group's credit performance continues to be resilient, with 9% growth in core lending advances. Advances growth was strong in retail mortgages and the commercial and corporate portfolios as demand increased and the group's credit appetite normalised after the pandemic. The retail unsecured book (specifically card and personal loans) reflected higher origination in the second half of the financial year, resulting in 1% growth in advances (2% excluding the Covid-19 relief advances). VAF advances growth remained subdued as growth in performing advances was partly offset by increased NPL write-offs. Growth in the UK operations was driven by vehicle finance (MotoNovo) and the Aldermore commercial business. Growth in advances in broader Africa was driven by Namibia, Botswana and Nigeria. Refer to pages 72 and 73 for more detail on advances growth.

The composition of advances also reflects a strong recovery, with stage 3 advances declining 16% since June 2021. Stage 1 advances grew 11% and stage 2 advances increased 1%. Refer to pages 83 and 84 for more information on stage 2 and page 87 for stage 3/NPL.

The group's credit loss ratio continued to reduce. Balance sheet impairment levels remained prudent, given the uncertainties associated with the operating environment, most notably the impact of the inflation and interest rate pressures that unfolded over the last quarter of the financial year. Refer to pages 92 and 93 for additional insight.

Changes in presentation of the credit information

Core lending advances

During the year under review, the group separately updated the presentation of total advances to reflect core lending advances and assets under agreements to resell. The group's core lending advances consist of customer advances and marketable advances. Assets under agreements to resell are fully collateralised and are included in stage 1. The credit ratios have been calculated on core lending advances to more accurately reflect the core lending credit results of the group. Where applicable prior year amounts and ratios have been restated.

MotoNovo

The MotoNovo back book has significantly run down and now represents only 6% of total advances. As such the split of the back book and front book will no longer be presented. Where applicable, prior year amounts have been restated. The MotoNovo back book advances amounted to £265 million (2021: £768 million) and R5 278 million (2021: R15 149 million).

ABF book

During the year, ABF advances to customers that bank with FNB were moved from FNB commercial to WesBank corporate. This change was implemented to create consistency of process and to effect business efficiencies by managing the ABF book as a single portfolio within WesBank. The group has voluntarily updated the comparative information.

Temporary stress scenario

Given the unprecedented event-driven uncertainty in the global and South African economy and the forecasting risks of economic assumptions in existing statistical models, the additional stress scenario introduced last year was retained and updated for these uncertainties. In the prior year, the stress scenario was largely due to the uncertainty regarding the impact of future waves of the Covid-19 pandemic and increasing levels of social and political unrest in South Africa, and the resultant impact on retail and commercial customers. In the year under review, these were less relevant as Covid-19 transitioned from pandemic to endemic.

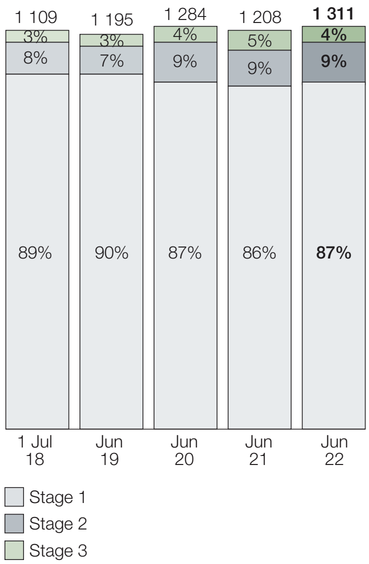
Uncertainty relating to inflation and interest rate forecasts was the main reason for retaining the stress scenario in the 2022 financial year. Russia's invasion of Ukraine poses further risk to inflation and interest rates, which will impact global and local growth.

Due to the temporary nature of this stress scenario, and consistent with 2021, the impact on the staging of the gross carrying amount and the additional ECL attributable to this scenario have been separately presented in all tables with information per segment, and is shown in the line *Temporary stress scenario*.

Credit continued

Core lending advances by stages

R billion



Stage distribution

Stage 1

Stage 1 core lending advances grew 11% year-on-year, primarily driven by strong new business growth and, to a lesser extent, by the curing of paying relief accounts. A further analysis is contained in note 1, pages 98 and 99.

Stage 2

STAGE 2 ADVANCES

	As at 30 June 2022				As at 30 June 2021			
R million	**Stage 2 arrears**	**Covid-19 relief in current status**	**Other stage 2 advances in current status**	**Total stage 2**	Stage 2 arrears	Covid-19 relief in current status*	Other stage 2 advances in current status*	Total stage 2
Residential mortgages	**3 689**	**2 969**	**12 991**	**19 649**	3 209	2 957	9 769	15 935
WesBank VAF	**3 219**	**1 258**	**6 599**	**11 076**	3 642	1 865	7 281	12 788
FNB card	**393**	**372**	**1 464**	**2 229**	488	621	1 553	2 662
Personal loans	**1 886**	**521**	**4 150**	**6 557**	1 814	893	4 280	6 987
Retail other	**406**	**184**	**3 263**	**3 853**	445	210	1 986	2 641
Total SA retail	**9 593**	**5 304**	**28 467**	**43 364**	9 598	6 546	24 869	41 013
FNB commercial*,**	**725**	**574**	**6 259**	**7 558**	800	892	6 471	8 163
WesBank corporate**	**574**	**93**	**4 141**	**4 808**	723	968	2 369	4 060
Total SA commercial*	**1 299**	**667**	**10 400**	**12 366**	1 523	1 860	8 840	12 223
Total SA retail and commercial*	**10 892**	**5 971**	**38 867**	**55 730**	11 121	8 406	33 709	53 236

* *Restated due to reallocation from Covid-19 relief to other stage 2 in current status.*

** *Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

SA retail and commercial stage 2 advances increased 5% (2021: 15%), driven largely by growth in stage 2 advances in current status and an increase in operational arrears in residential mortgages given the growth in advances. The increase was somewhat offset by a 29% decline in paying Covid-19 relief accounts. At 30 June 2021, updated significant increase in credit risk (SICR) indicators were implemented for the SA retail and commercial portfolios to specifically cater for performing customers, given the uncertainty related to the length and severity of Covid-19 waves. Recent increases in the inflation and interest rate outlook have triggered these updated SICR indicators and contributed to a larger portion of up-to-date advances to be classified into stage 2 as compared to the prior year. As such the increase in stage 2 advances reflects the deteriorating inflation and interest rate outlook, as opposed to underlying repayment performance.

The group maintained the application of the stress scenario for the SA retail and commercial portfolios as a temporary measure to capture uncertainty in the global (and thereby the South African) operating environment, and the forecast risks of economic assumptions using existing statistical models. With the change in emphasis of this stress scenario, the weighting decreased from 11% at June 2021 to 8% at June 2022, which resulted in a net release of portfolio provisions of only c. R70 million. The nature of the stress scenario has, however, changed from an event-driven scenario linked to the uncertainty around the impact of Covid-19 to a scenario intended to capture the significant uncertainty around inflation and interest rate forecasts. Refer to page 81 for more detail. The stress scenario resulted in R2.7 billion (2021: R1.2 billion) of SA retail advances and R130 million (2021: R99 million) of SA commercial advances migrating into stage 2.

Credit continued

With the growth in advances in residential mortgages, stage 2 advances increased R3.7 billion (23%) year-on-year, with increases in both stage 2 arrears and stage 2 in current status. Residential mortgage customers will be most affected by the increasing interest rate cycle, which is reflected in the increase in operational arrears. Card and personal loans stage 2 advances contracted R433 million (16%) and R430 million (6%), respectively, driven in the main by paying relief advances curing to stage 1. WesBank VAF stage 2 advances decreased 13% or R1.7 billion year-on-year, driven by relief accounts curing to stage 1, lower advances growth and strong collections. Paying stage 2 accounts continue to represent the largest proportion of stage 2 advances, reflecting positive payment behaviour and cautious SICR indicators.

FNB commercial stage 2 advances decreased R605 million despite the growth in the book. This resulted from paying Covid-19 relief advances and positive migrations, reflecting the general improvement in watchlist and high-risk industries.

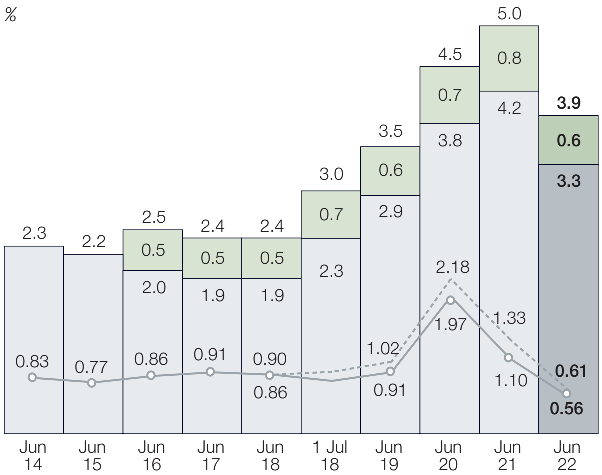
Broader Africa stage 2 advances declined 4% in FNB and 56% in RMB, reflecting an improved risk profile in the portfolio.

RMB stage 2 advances decreased R4.6 billion (16%) year-on-year, reflecting the benefit of partial settlements and the curing to stage 1 of a number of counterparties, as well as the migration to stage 3 of a significant exposure.

Stage 2 advances in the UK operations grew 18% in pound terms (19% in rand). This increase was driven by MotoNovo and the Aldermore retail portfolios following strong advances growth and positive migrations from stage 3. Both portfolios were also impacted by model refinements resulting in more accounts migrating to stage 2. This increase was partially offset by a decrease in the commercial portfolio's stage 2 advances, reflecting the good credit quality of the business and relief accounts curing.

Stage 3 non-performing loans

NPL and impairment history



Restructured debt-review accounts and technical cures (performing accounts which are classified as stage 3/NPLs because they have defaulted in the past and do not meet the stringent cure definition of performance for 12 consecutive months) included in stage 3/NPLs as a % of core lending advances

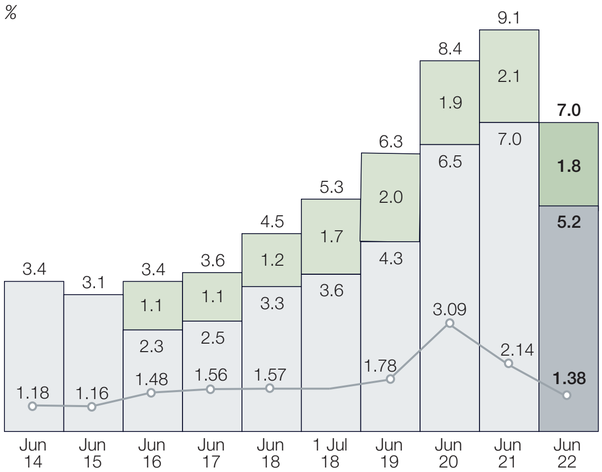
Stage 3/NPLs as a % of core lending advances*

Impairment charge as a % of average core lending advances*

Impairment charge as a % of average core lending advances excluding UK operations*

* *The comparatives presented have been restated to exclude assets under agreements to resell.*

SA retail NPLs and impairments



Restructured debt-review accounts and technical cures included in stage 3/NPLs

Stage3/NPLs as a % of advances

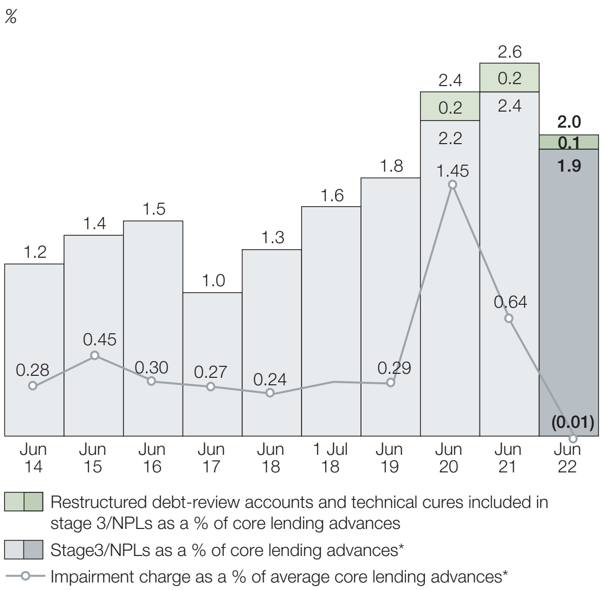
Impairment charge as a % of average advances

Note: The comparatives presented have been restated for movements between operating businesses.

2014 to 2018 figures are based on IAS 39 and 1 July 2018 to 2022 on IFRS 9.

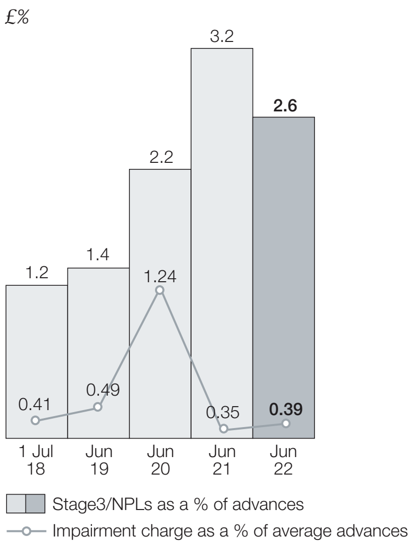
Credit continued

SA corporate and commercial NPLs and impairments



* *The comparatives presented have been restated to exclude assets under agreements to resell.*

UK operations NPLs and impairments



Note: 2014 to 2018 figures are based on IAS 39 and 1 July 2018 to 2022 on IFRS 9.

CHANGE IN NPLs

	30 June 2022 vs 30 June 2021		
	R million	% change	Percentage point contribution to overall NPL decrease
Operational NPLs*	(4 210)	(12)	(6)
Covid-19 relief paying NPLs**	(2 956)	(71)	(5)
Other paying NPLs#	(1 613)	(17)	(3)
NPLs (excluding UK operations)	(8 779)	(17)	(14)
UK operations	(1 040)	(12)	(2)
Change in total group NPLs	(9 819)	(16)	(16)

* *Include core lending advances that received Covid-19 relief, other core lending advances and debt-review advances ≥90 days in arrears.*

** *Include Covid-19 relief loans <90 days in arrears still subject to curing criteria.*

\# *Include debt-review and other core lending advances <90 days in arrears still subject to curing criteria.*

SA retail NPLs decreased 20% to R29.9 billion (2021: R37.3 billion). NPLs as a percentage of advances declined to 6.97% (2021: 9.05%). This decline was driven by the curing of paying NPLs, slower inflows, ongoing write-offs, strong collections and support from higher advances (denominator).

Residential mortgage NPLs reduced R1.6 billion year-on-year, personal loan NPLs (excluding Covid-19 relief advances) contracted R1.1 billion and card NPLs decreased R356 million. Operational NPLs and paying NPLs (including Covid-19 relief) decreased across all portfolios driven by strong collections, curing and settlement of Covid-19 relief accounts and lower inflows into NPLs.

WesBank VAF NPLs decreased 37% due to default rates that were lower than levels observed prior to the Covid-19 pandemic, reflecting improved curing and increased write-offs.

FNB commercial NPLs declined 20% to 4.29% of advances (2021: 5.97%). The decline was driven by:

> lower stage 3 inflows in various portfolios;

> recoveries on a number of clients in the property finance portfolio (-39%);

> the agricultural portfolio (-32%) recovering from previous drought conditions and a few large clients curing out of NPL status; and

> high write-offs from historical NPL inflows driven by Covid-19.

NPLs in the SA corporate and investment banking (CIB) portfolio, including high-quality liquid assets (HQLA), increased 14% with a slight reduction in the NPL ratio to 1.26% of core lending advances (2021: 1.29%) reflecting advances growth (denominator). The increase in NPLs in the lending book was driven by a significant exposure migrating to stage 3 during the last six months of the financial year. The remainder of the NPLs decreased year-on-year due to partial settlements and curing of various counterparties.

The broader Africa NPL ratio decreased to 4.93% (2021: 5.84%), a R209 million contraction. Botswana's and Zambia's NPLs decreased due to write-offs, recoveries and a slowdown in new inflows. Namibia's NPLs increased marginally year-on-year with some lag effects still being felt from the recessionary environment.

UK operations NPLs declined 13% in pound terms (12% in rand terms), driven by the Aldermore retail and commercial business. In retail the reduction was driven by curing in the debt-relief book and in commercial it was driven by curing of individually significant counterparties. This decline was partially offset by a 9% increase in NPLs (in pound terms) in MotoNovo driven by book growth, the lingering impact of the UK's ban on collateral repossession and the impact on collections due to the NOSIA operational event.

Credit continued

Balance sheet impairments and coverage

Movement in balance sheet impairments

The table below reflects the movement in balance sheet impairments per stage.

BALANCE SHEET IMPAIRMENTS

	30 June 2022				30 June 2021			
R million	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Opening balance	**50 618**	**10 451**	**12 691**	**27 476**	49 380	11 335	13 372	24 673
Transfers between stages	**–**	**1 349**	**(1 999)**	**650**	–	996	(4 316)	3 320
ECL provided on new business*	**7 397**	**2 926**	**2 318**	**2 153**	4 800	2 321	1 287	1 192
ECL provided/(released) on back book*	**4 865**	**(3 589)**	**(1 912)**	**10 366**	13 531	(4 140)	2 434	15 237
Gross write-off and other**	**(15 035)**	**102**	**141**	**(15 278)**	(17 576)	(314)	(272)	(16 990)
Temporary stress scenario	**(111)**	**(76)**	**10**	**(45)**	483	253	186	44
Closing balance	**47 734**	**11 163**	**11 249**	**25 322**	50 618	10 451	12 691	27 476

* *Interest suspended on stage 3 core lending advances of R2 993 million (2021: R3 369 million) is included in the ECL provided/(released) amounts.*

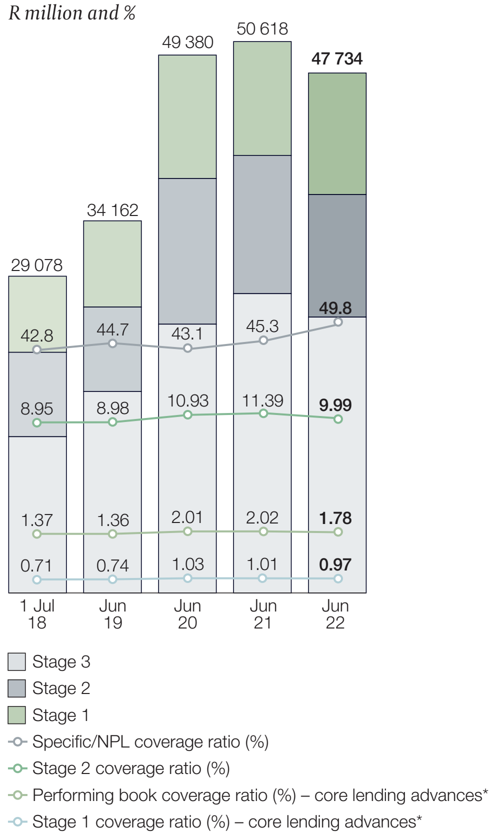
** *Write-off of gross balances excluding prior year provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

Note: The basis of preparation of this reconciliation can be found in Note 11 – Advances in the annual financial statements of the online version of the results booklet.

Balance sheet impairments and coverage ratios

Balance sheet impairments and coverage ratios

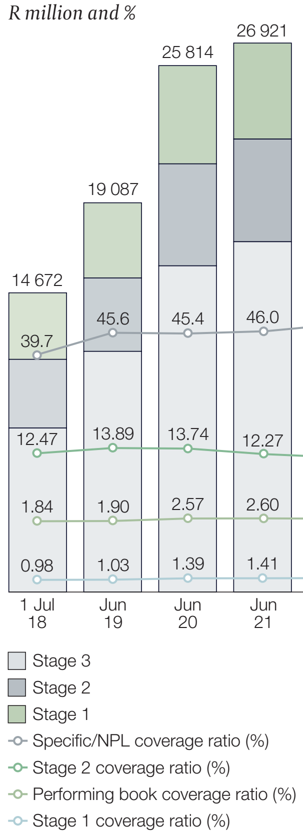
R million and %



Note: All above comparatives have been restated to exclude assets under agreements to resell.

SA retail balance sheet impairments and coverage ratios

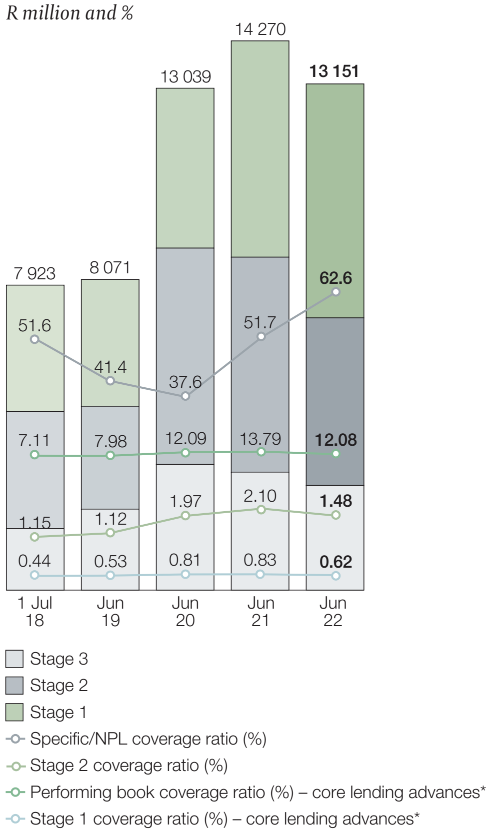
R million and %



Credit continued

SA corporate and commercial balance sheet impairments and coverage ratios

R million and %



Note: All above comparatives have been restated to exclude assets under agreements to resell.

UK operations balance sheet impairments and coverage ratios

£ million and %

Performing coverage (stage 1 and stage 2)

The SA retail performing coverage improved marginally from 2.60% to 2.52% over the past 12 months, reflecting the group's continued prudent approach to balance sheet provisioning, which reflects uncertainties associated with the local and global operating environment, most notably the impact of inflation and interest rate pressures. The change in asset mix due to higher relative growth in secured lending compared to unsecured, paying relief advances curing back to stage 1, and the release of Covid-19 scaling factors also contributed to the decrease. Although there was an overall marginal increase in stage 2 advances, growth was more pronounced in paying stage 2 advances, which carry a lower coverage ratio.

The refined SICR indicators and the stress scenario implemented at June 2021 remained in place. The unwind of the Covid-19 relief-related provisions and the general improvement in the macroeconomic FLI and LGD levels in the secured portfolios were outstripped by additional provisions raised for emerging risks. The stress scenario portfolio provisions in retail increased to R317 million (2021: R291 million). The increase is indicative of the emerging economic uncertainties in the last quarter of the financial year, despite the decrease in weightings.

FNB commercial performing coverage reduced to 2.08% (2021: 2.77%) due to the general improvement in FLI for a portion of the year, partially offset by industry-specific overlays. The change in mix of arrears vs paying stage 2 accounts also impacted coverage. The impact of the application of the stress scenario decreased to R55 million (2021: R148 million), partially driven by a change in the weightings in the stress scenario from 11% to 8%.

RMB CIB core performing coverage (excluding HQLA) declined from 2.16% to 1.45%, reflecting a release in ECL due to the improved credit quality of the portfolio, with a notable drop in watchlist exposures and settlements during the year.

Performing coverage in the UK operations increased to 0.92% (2021: 0.80%) driven by an increase in MotoNovo's performing coverage, which increased to 1.63% (2021: 1.44%) due to strong book growth and model refinements. The lower coverage in commercial was due to the increasing proportion of stage 1 as a percentage of the performing portfolio.

Stage 3 coverage

FNB SA retail stage 3 impairment coverage decreased to 46.8% (2021: 47.9%), primarily driven by a change in mix of NPLs towards secured advances. Additional provisions were created to ensure adequate coverage for the uncertain environment and increased workout periods in residential mortgages.

WesBank VAF stage 3 impairment coverage increased from 40.6% to 52.4% due to a large number of paying NPLs that cured from stage 3 to performing. These accounts carry much lower coverage ratios than operational NPLs and the remaining stage 3 advances represent older NPLs with higher coverage. Delays in the legal repossession process continue to result in increased ageing of NPLs, driving higher coverage.

In the unsecured portfolio, the lower stage 3 coverage (73.1% to 71.8%) was driven primarily by a 7.5% decrease in card, partially offset by a 1.2% increase in personal loans. Since the onset of Covid-19, the focus has been on originating good-quality, lower-risk business. As a result, the quality of advances that are flowing into NPLs have lower coverage than the existing ageing book, reducing overall NPL coverage.

FNB commercial stage 3 coverage (excluding the government-guaranteed loan scheme) increased to 67.5% (2021: 58.1%) mainly due to large clients with low coverage in agric and property finance that cured or settled.

RMB CIB (excluding broader Africa) stage 3 coverage increased to 60.2% (2021: 45.9%). This increase was driven by the migration of a high-coverage significant exposure into stage 3 in the lending book. This migration had a minimal impact given prior year provisioning.

Stage 3 coverage in broader Africa increased from 55.8% to 58.6% as the average time of exposures in the stage 3 portfolio increased.

Stage 3 coverage in the UK operations increased from 30.2% to 37.3%. The stage 3 coverage increased across all portfolios but was more pronounced in commercial and MotoNovo given their growth. Further, in commercial, the increase was driven by an individually significant counterparty migrating to stage 3.
In MotoNovo, the increase was driven by the affected collection and write-off processes (given the NOSIA operational event).

Credit continued

Impairment charge

The group credit loss ratio continued to reduce, despite judgemental out-of-model adjustments recognised across various portfolios. This reflects the positive trend in the performance of most portfolios and the significant reduction in stage 3 advances due to curing and strong collections and thereby lower write-offs as well in the year under review.

ANALYSIS OF IMPAIRMENT CHARGE

	Year ended 30 June		
R million	**2022**	2021	% change
Performing book provisions	**(730)**	(1 565)	(53)
NPL provision	**(2 154)**	2 803	(>100)
Credit provision (decrease)/increase	**(2 884)**	1 238	(>100)
Modification loss	**679**	642	6
Gross write-off and other*	**15 034**	17 576	(14)
Interest suspended on stage 3 advances	**(2 993)**	(3 369)	(11)
Post write-off recoveries	**(2 756)**	(2 427)	14
Total impairment charge	**7 080**	13 660	(48)
Credit loss ratio (%) – core lending advances**	**0.56**	1.10	
Credit loss ratio excluding UK operations (%) – core lending advances**	**0.61**	1.33	

* *Write-off of gross balances excluding prior year provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

** *Prior years have been restated. Calculated on core lending advances.*

The reduction in the FNB SA retail CLR to 1.37% (2021: 2.21%) was underpinned by a strong operational performance and a decrease in stage 3 advances. The decrease in stage 3 advances was a result of lower new inflows from the performing portfolio, the continued curing of the relief book and the resultant release of the related provisions. Similarly, advances that did not receive relief performed better than expected, as customers continued to benefit from improved economic conditions and low interest rates for a significant portion of the financial year.

The WesBank VAF CLR decreased to 1.42% (2021: 1.86%). This reflected a significant improvement in arrears as the risk profile of the book and collections improved, offset by higher levels of write-offs as the backlog caused by Covid-19-related economic and court disruptions continued.

The FNB commercial CLR of 0.35% (2021: 1.22%) reflects proactive provisioning in previous periods and improved staging of the overall book. Balance sheet provisions were retained given uncertainty in the operating environment.

The core lending CLR for RMB CIB (excluding HQLA) decreased from a charge of 0.50% to a net release of 0.14% (release of R420 million). This can be attributed to the improved credit risk profile of the overall portfolio, with a reduction in stage 2 exposures due to a combination of settlement and positive migrations.

The CLR for the UK operations increased from 0.35% to 0.39%. This was primarily driven by the ongoing growth of the MotoNovo book, the downward shift in the economic outlook over the last quarter of the financial year and the impact of the operational event. The retail and commercial portfolios reflected improved CLRs, with the decrease in commercial (0.24% release from 0.32% charge at June 2021) driven by stage migrations from stage 3 to stage 2.

The short-term stress scenario applied in the past two financial years resulted in provisions of R372 million at June 2022, down from R483 million at June 2021.The decrease in the weightings for the stress scenario benefited the impairment charge for the year, further aided by a release of provisions on stage 3 advances. In addition, the nature of the provision, risk and uncertainties for which these provisions were raised also contributed to this change.

The table on the next page analyses the income statement components based on total balance sheet movements. Below are the definitions and key drivers of the income statement components.

INCOME STATEMENT COMPONENTS

Income statement component	Definition	Key drivers
Volume change in stage 1	Determined by using the same stage 1 coverage as in the prior year applied to the movement between prior and current year stage 1 advances.	Increase in stage 1 volume reflects advances growth, particularly in residential mortgages, unsecured lending, and the corporate and commercial portfolios as well as the UK operations (MotoNovo).
Change in stage 1 coverage	Calculated as the difference in coverage year-on-year multiplied by the 30 June 2022 stage 1 advances.	The decrease in stage 1 coverage was driven by FNB commercial and the corporate portfolio. The credit quality of these portfolios improved significantly during the current year. These decreases were offset by increases in stage 1 coverage in the UK operations, driven by MotoNovo and Aldermore retail portfolios reflecting the impact of deteriorating FLIs over the last quarter of the financial year. The impact of FLIs had a more pronounced impact on the UK operations.
Volume change in stage 2	Determined by using the stage 2 coverage in the prior year applied to the movement between prior and current year stage 2 advances.	The decrease in stage 2 volumes was driven by unsecured lending, corporate and commercial, broader Africa which reflect positive migrations and settlements. This decrease was offset by an increase in the UK operations, driven by the MotoNovo and Aldermore retail portfolios following strong advances growth, positive migrations from stage 3 and more accounts migrating to stage 2 due to model refinements.
Change in stage 2 coverage	Calculated as the difference in coverage year-on-year multiplied by the 30 June 2021 stage 2 advances.	The decrease in stage 2 coverage was driven by commercial, corporate and UK operations. In the commercial and corporate portfolios, these changes were driven by an improvement in the quality of the overall book, whilst the UK operations reflect migrations from stage 1 that have a lower coverage ratio portfolios than the rest of the stage 2 portfolio (i.e. migrations driven by SICR rather than arrears). This was somewhat offset by an increase in stage 2 coverage in the secured portfolio driven by WesBank VAF. WesBank VAF stage 2 coverage increased during the year due to changes in model and increased LGDs as the average time of exposures in the stage 2 portfolio increased.
Change in stage 3 provisions	Difference between current and prior year NPLs. Includes the movements in interest suspended on stage 3 advances.	The decrease in stage 3 provisions was a consequence of the continued contraction in NPLs in the South African retail portfolios due to curing of debt relief accounts and the focus on lower-risk origination and strong collections. In corporate, the increase was driven largely by the migration of a highly covered counterparty to stage 3. The UK operations increased provisions for long-outstanding NPLs that were impacted by the lingering effect of the ban on repossession and operational challenges.
Write-offs and other	Gross advances written off and other movements (foreign exchange movements, acquisition and disposal of advances and transfers to non-current assets held for sale) less interest suspended on stage 3 advances.	Gross write-offs, excluding ISP and other, decreased by R1 billion, largely benefiting from strong collections and the lower-risk origination strategy. The prior year included write-offs relating to clearing the backlog from the court process and clean-up of long-outstanding NPLs in broader Africa.

Credit continued

INCOME STATEMENT ANALYSIS

R million	Year ended 30 June 2022 Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage
SA retail	435	2	(174)	79
– Secured	93	(71)	58	303
– Unsecured	212	178	(369)	(88)
– Temporary stress scenario	130	(105)	137	(136)
Commercial	180	(203)	(67)	(319)
Corporate	389	(713)	(226)	(620)
Broader Africa	129	(86)	(124)	59
UK operations	207	373	439	(484)
Centre	(335)	334	(25)	20
Total	**1 005**	**(293)**	**(177)**	**(1 265)**

R million	Year ended 30 June 2021 Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage
SA retail	(306)	199	354	(322)
– Secured	(38)	121	178	(341)
– Unsecured	(268)	(53)	176	(141)
– Temporary stress scenario	–	131	–	160
Commercial#	193	(436)	178	42
Corporate†	(194)	236	(1 275)	1 021
Broader Africa	(128)	113	381	(421)
UK operations	79	(539)	(626)	(20)
Centre†	(162)	61	20	(13)
Total†	(518)	(366)	(968)	287

* *Interest suspended on stage 3 core lending advances of R2 993 million (2021: R3 369 million) is deducted from write-off and other.*

** *Write-off of gross balances excluding prior year provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.

† *Restated to exclude assets under agreements to resell.*

Year ended 30 June 2022					
Change in stage 3 provisions	Credit provision decrease	Modi-fication loss	Gross write-off and other*,**	Post write-off recoveries	Total
(2 839)	(2 497)	683	9 688	(2 068)	5 806
(1 057)	(674)	136	2 414	(415)	1 461
(1 738)	(1 805)	547	7 274	(1 653)	4 363
(44)	(18)	–	–	–	(18)
(369)	(778)	(4)	1 285	(137)	366
829	(341)	–	(69)	(10)	(420)
(23)	(45)	–	519	(299)	175
248	783	–	619	(242)	1 160
–	(6)	–	(1)	–	(7)
(2 154)	(2 884)	679	12 041	(2 756)	7 080

Year ended 30 June 2021					
Change in stage 3 provisions	Credit provision increase	Modi-fication loss	Gross write-off and other*,**	Post write-off recoveries	Total
1 182	1 107	610	9 090	(1 932)	8 875
457	377	169	2 240	(312)	2 474
681	395	441	6 850	(1 620)	6 066
44	335	–	–	–	335
354	331	(8)	1 185	(95)	1 413
1 112	900	–	534	(6)	1 428
(677)	(732)	–	1 761	(144)	885
1 014	(92)	40	1 334	(252)	1 030
(182)	(276)	–	303	2	29
2 803	1 238	642	14 207	(2 427)	13 660

Credit continued

Update on Covid-19 relief

The SA retail and commercial relief arrangements terminated in September 2020, with extended relief periods terminating in March 2021. At 30 June 2022, no customers were still receiving relief. Retail and commercial customers, however, remain classified as in relief until settlement of the full relief amount granted (payment holidays or liquidity facilities). As such, balances are shown for open accounts which have not yet been settled or written off. The advances for which relief was provided declined 36% year-on-year.

Refer to pages 102 to 109 for more information on advances where relief was provided. Seventeen per cent of retail Covid-19 advances that received relief are in stage 2 and 14% in stage 3 (16% in both stage 2 and stage 3 at June 2021), indicating that the relief book is stable and performing in line with expectation. Six per cent of commercial advances that received relief are in stage 2 and 3% are in stage 3. Nineteen per cent of retail and 8% of commercial stage 3 Covid-19 relief advances are paying customers who have not yet qualified for migration to stage 2 due to the 12-month curing rule. This is a decrease from the 43% in retail and 29% in commercial at June 2021, following a noticeable number of cures during the year. Additional information on paying stage 3 relief advances is provided on pages 114 and 115.

NUMBER OF CUSTOMERS WHO UTILISED COVID-19 RELIEF

	As at 30 June 2022				
	Number of customers (thousands)	Number of accounts (thousands)	Underlying core lending advances for which relief was provided (R million)	Total portfolio* (core lending advances) (R million)	% of portfolio under relief
Retail#	143.3	414.0	43 769	482 368	9
Commercial	13.7	19.1	15 284	152 951	10
Corporate**	–	–	–	347 920	–
UK operations	55.8	55.8	48 555	303 846	16
– Active relief	–	–	–		
– Closed relief	55.8	55.8	48 555		
Total group**	212.8	488.9	107 608	1 311 441	8

* *Total group portfolio includes Centre advances.*

** *Restated. Calculated on core lending advances.*

\# *Includes FNB broader Africa core banking customers.*

† *Fewer than 100.*

In the corporate portfolio, relief was provided largely in the form of covenant waivers, facility increases or new advances. The Covid-19 relief book has steadily decreased over the financial year, with the relief portfolio reducing from c. R19 billion (33 active counters) at June 2021 to R7.6 billion (17 active counters) at December 2021. At 30 June 2022, there were no counters receiving Covid-19 relief as these exposures either cured or their relief was made permanent within risk appetite.

In the UK, the last payment holidays were granted in March 2021. The advances for which relief was provided reduced 25% (in pound terms).

The table below unpacks the number of customers who utilised Covid-19 relief.

As at 30 June 2021				
Number of customers (thousands)	Number of accounts (thousands)	Underlying core lending advances for which relief was provided (R million)	Total portfolio** (core lending advances) (R million)	% of portfolio under relief
199.5	676.1	61 406	462 925	13
17.3	31.1	22 627	138 107	16
†	†	19 084	294 497	6
76.2	76.2	63 946	283 616	23
8.8	8.8	1 880		
67.4	67.4	62 066		
293.0	783.4	167 063	1 208 468	13

Credit continued

Supplementary credit information

Note 1: Analysis of advances

SEGMENTAL ANALYSIS OF ADVANCES

	Advances					
	As at 30 June			As at 30 June		
				2022		
R million	2022	2021	% change	Stage 1	Stage 2	Stage 3
SA RETAIL	**429 462**	412 438	4	**356 175**	**43 364**	**29 923**
Retail – secured	**342 111**	325 768	5	**293 394**	**30 712**	**18 005**
Residential mortgages	**242 757**	225 666	8	**211 306**	**19 649**	**11 802**
WesBank VAF	**99 354**	100 102	(1)	**82 088**	**11 063**	**6 203**
Retail – unsecured	**87 351**	86 670	1	**65 469**	**9 964**	**11 918**
FNB card	**32 821**	31 249	5	**26 914**	**2 229**	**3 678**
Personal loans	**40 173**	39 709	1	**27 342**	**6 557**	**6 274**
– FNB and DirectAxis	**38 210**	36 574	4	**26 016**	**6 209**	**5 985**
– Covid-19 relief	**1 963**	3 135	(37)	**1 326**	**348**	**289**
Retail other	**14 357**	15 712	(9)	**11 213**	**1 178**	**1 966**
Temporary stress scenario	**–**	–	–	**(2 688)**	**2 688**	**–**
SA CORPORATE AND COMMERCIAL	**486 530**	422 738	15	**440 782**	**36 031**	**9 717**
FNB commercial**	**107 823**	97 092	11	**95 638**	**7 558**	**4 627**
– FNB commercial**	**106 532**	95 493	12	**94 550**	**7 428**	**4 554**
– SME government-guaranteed loan scheme	**1 291**	1 599	(19)	**1 218**	**–**	**73**
– Temporary stress scenario	**–**	–	–	**(130)**	**130**	**–**
WesBank corporate*	**45 128**	41 015	10	**39 417**	**4 808**	**903**
RMB corporate and investment banking*,#	**318 573**	267 782	19	**290 721**	**23 665**	**4 187**
– Lending	**310 317**	260 161	19	**286 218**	**21 285**	**2 814**
– Loans to private equity investee companies	**8 256**	7 621	8	**4 503**	**2 380**	**1 373**
HQLA corporate advances#,†	**15 006**	16 849	(11)	**15 006**	**–**	**–**
BROADER AFRICA‡	**67 247**	60 353	11	**58 082**	**5 847**	**3 318**
FNB	**52 906**	50 487	5	**44 344**	**5 244**	**3 318**
RMB (corporate and investment banking)	**14 341**	9 866	45	**13 738**	**603**	**–**
Centre (INCLUDING GROUP TREASURY)†	**24 356**	29 323	(17)	**24 313**	**43**	**–**
Securitisation notes	**23 358**	25 363	(8)	**23 358**	**–**	**–**
Other	**998**	3 960	(75)	**955**	**43**	**–**
Total core lending advances excluding UK operations‡	**1 007 595**	924 852	9	**879 352**	**85 285**	**42 958**
UK operations (£ million)	**15 232**	14 381	6	**13 464**	**1 372**	**396**
Aldermore retail	**7 265**	7 345	(1)	**6 325**	**712**	**228**
Aldermore commercial	**3 630**	3 165	15	**3 268**	**314**	**48**
Total MotoNovo^	**4 337**	3 871	12	**3 871**	**346**	**120**
UK operations (R million)	**303 846**	283 616	7	**268 553**	**27 365**	**7 928**
Total core lending advances including UK operations‡	**1 311 441**	1 208 468	9	**1 147 905**	**112 650**	**50 886**
Assets under agreements to resell	**70 617**	65 584	8	**70 617**	**–**	**–**
Total advances	**1 382 058**	1 274 052	8	**1 218 522**	**112 650**	**50 886**
Total advances excluding currency impact of UK operations and RMB cross-border◊	**1 371 521**	1 274 052	8	**1 208 899**	**111 827**	**50 795**
Of which:						
Amortised cost book	**1 284 777**	1 177 722	9	**1 124 857**	**109 916**	**50 004**
Fair value book	**97 281**	96 330	1	**93 665**	**2 734**	**882**

Advances			
As at 30 June			% composition 2022
2021*			
Stage 1	Stage 2	Stage 3	
334 086	41 013	37 339	**31**
273 889	28 612	23 267	**25**
196 375	15 935	13 356	**18**
77 514	12 677	9 911	**7**
61 409	11 189	14 072	**6**
24 553	2 662	4 034	**2**
25 176	6 987	7 546	**3**
22 993	6 450	7 131	**3**
2 183	537	415	**–**
11 680	1 540	2 492	**1**
(1 212)	1 212	–	**–**
371 355	40 512	10 871	**35**
83 131	8 163	5 798	**8**
81 659	8 064	5 770	**8**
1 571	–	28	**–**
(99)	99	–	**–**
35 561	4 060	1 394	**3**
235 814	28 289	3 679	**23**
231 214	26 533	2 414	**22**
4 600	1 756	1 265	**1**
16 849	–	–	**1**
49 976	6 850	3 527	**5**
41 497	5 463	3 527	**4**
8 479	1 387	–	**1**
29 272	51	–	**2**
25 363	–	–	**2**
3 909	51	–	**–**
784 689	88 426	51 737	**73**
12 761	1 165	455	
6 514	593	238	
2 694	364	107	
3 553	208	110	
251 676	22 972	8 968	**22**
1 036 365	111 398	60 705	**95**
65 584	–	–	**5**
1 101 949	111 398	60 705	**100**
1 101 949	111 398	60 705	
1 009 147	108 055	60 520	**93**
92 802	3 343	185	**7**

* Prior year has been restated. Core lending advances exclude assets under agreements to resell. Refer to page 81 for details of the change in presentation.

** Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.

\# Corporate and investment banking, HQLA and RMB broader Africa core lending advances of R347.9 billion (2021: R294.5 billion).

† Managed by the Group Treasurer.

‡ Represents the in-country balance sheet excluding Group Treasury.

^ Includes MotoNovo front book core lending advances of £4.1 billion (2021: £3.1 billion), with the back book decreasing to £265 million (now 6% of book) from £768 million (20% of book).

◊ If the exchange rate had remained unchanged from 30 June 2021.

Credit continued

CIB ADVANCES BREAKDOWN

	Advances			
	As at 30 June			% composition
R million	2022	2021	% change	2022
RMB corporate and investment banking core lending advances	**318 573**	267 782	19	**81**
– South Africa	**264 686**	229 078	16	**67**
– Cross-border (broader Africa) – $ million	**3 284**	2 715	21	
– Cross-border (broader Africa)	**53 887**	38 704	39	**14**
HQLA corporate advances*	**15 006**	16 849	(11)	**4**
RMB broader Africa (in-country)	**14 341**	9 866	45	**4**
CIB total core lending advances	**347 920**	294 497	18	**88**
CIB total lending advances	**339 664**	286 876	18	**86**
CIB shareholder loans to private equity investing companies	**8 256**	7 621	8	**2**
CIB total core lending advances	**347 920**	294 497	18	**88**
CIB core advances – South Africa**	**279 692**	245 927	14	**71**
CIB core advances – broader Africa#	**68 228**	48 570	40	**17**
CIB total core lending advances	**347 920**	294 497	18	**88**
Assets under agreements to resell	**47 217**	58 677	(20)	**12**
CIB total advances	**395 137**	353 174	12	**100**
Total advances excluding currency impact of RMB cross-border†	**46 826**	38 704	21	

* *Managed by the Group Treasurer.*

** *CIB core lending advances – South Africa is the sum of RMB CIB core lending advances and HQLA corporate advances.*

\# *CIB core lending advances – broader Africa is the sum of RMB CIB cross-border core lending advances and RMB broader Africa in-country core lending advances.*

† *If the exchange rate had remained unchanged from 30 June 2021.*

CENTRE (INCLUDING GROUP TREASURY) ADVANCES BREAKDOWN

	Advances			
	As at 30 June			% composition
R million	2022	2021	% change	2022
Core lending advances	**24 356**	29 323	(17)	**51**
Assets under agreements to resell	**23 400**	6 907	>100	**49**
Total advances	**47 756**	36 230	32	**100**

SECTOR AND GEOGRAPHICAL ANALYSIS OF ADVANCES

	Advances			
	As at 30 June			
R million	**2022**	2021	% change	**% composition 2022**
Sector analysis				
Agriculture	**52 102**	44 062	18	**4**
Banks	**48 384**	42 931	13	**4**
Financial institutions*	**160 606**	160 715	–	**12**
Building and property development	**80 398**	73 988	9	**6**
Government, Land Bank and public authorities	**30 027**	22 928	31	**2**
Individuals	**655 802**	632 731	4	**46**
Manufacturing and commerce	**164 324**	130 911	26	**12**
Mining	**8 045**	9 048	(11)	**1**
Transport and communication	**40 141**	29 238	37	**3**
Other services	**142 229**	127 500	12	**10**
Total advances including UK operations	**1 382 058**	1 274 052	8	**100**
Geographical analysis				
South Africa	**918 509**	837 912	10	**66**
Broader Africa	**106 647**	89 937	19	**8**
UK	**321 624**	323 861	(1)	**23**
Other Europe	**23 763**	12 039	97	**2**
North America	**4 268**	2 760	55	**–**
South America	**2**	2	–	**–**
Australasia	**88**	89	(1)	**–**
Asia	**7 157**	7 452	(4)	**1**
Total advances including UK operations	**1 382 058**	1 274 052	8	**100**

* *Investment holding companies are included in the financial institutions sector.*

Credit continued

Distribution of advances between relief provided and no relief provided

The tables that follow provide additional information on Covid-19 relief provided to customers. They detail:

> Advances for which no relief was provided.

> Advances which received relief.

RETAIL ADVANCES FOR WHICH NO RELIEF WAS PROVIDED

	30 June 2022			
		Stage of underlying gross advances		
R million	**Underlying gross advances**	**Stage 1**	**Stage 2**	**Stage 3/ NPLs**
Retail	385 725	325 892	36 121	23 712
Residential mortgages	216 908	192 046	15 621	9 241
WesBank VAF	91 876	77 505	9 308	5 063
FNB card	28 844	24 108	1 788	2 948
Personal loans	35 962	25 156	5 822	4 984
Retail other	12 135	7 077	3 582	1 476

RETAIL ADVANCES WHICH RECEIVED RELIEF

	30 June 2022			
		Stage of underlying gross advances		
R million	**Underlying gross advances**	**Stage 1**	**Stage 2**	**Stage 3/ NPLs**
Retail	43 737	30 283	7 243	6 211
Residential mortgages	25 849	19 260	4 028	2 561
WesBank VAF	7 478	4 570	1 768	1 140
FNB card	3 977	2 806	441	730
Personal loans	2 248	860	387	1 001
Personal loans – Covid-19 relief*	1 963	1 326	348	289
Retail other	2 222	1 461	271	490
Total retail advances	429 462	356 175	43 364	29 923

* *Coverage based on exposure at default (EAD).*

30 June 2022				
Balance sheet impairments			Coverage	
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Performing coverage	Stage 3
20 609	9 070	11 539	2.51	48.7
3 565	1 387	2 178	0.67	23.6
4 718	1 997	2 721	2.30	53.7
3 553	1 500	2 053	5.79	69.6
6 534	3 046	3 488	9.83	70.0
2 239	1 140	1 099	10.70	74.5

30 June 2022						
Balance sheet impairments			Coverage		Liquidity facility	
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Performing coverage	Stage 3	Utilised	Committed undrawn
3 815	1 015	2 800	2.70	45.1	1 963	–
519	161	358	0.69	14.0	365	–
724	196	528	3.09	46.3	230	–
808	250	558	7.70	76.4	470	–
871	130	741	10.43	74.0	373	–
403	153	250	9.14	86.5	–	–
490	125	365	7.22	74.5	525	–
24 424	10 085	14 339	2.52	47.9		

Credit continued

COMMERCIAL ADVANCES FOR WHICH NO RELIEF WAS PROVIDED

	30 June 2022			
		Stage of underlying gross advances		
R million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs
FNB commercial	98 542	87 356	6 880	4 306
Overdrafts	20 013	16 009	2 149	1 855
Agricultural	38 064	33 839	3 248	977
Specialised finance	12 136	11 773	189	174
Commercial property finance	21 214	19 920	593	701
SME government-guaranteed loan scheme	1 291	1 218	–	73
Other	5 824	4 597	701	526
WesBank corporate	39 125	33 711	4 643	771
Total commercial	137 667	121 067	11 523	5 077

COMMERCIAL ADVANCES WHICH RECEIVED RELIEF

	30 June 2022			
		Stage of underlying gross advances		
R million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs
FNB commercial	9 281	8 282	678	321
Overdrafts	140	118	10	12
Agricultural	548	510	21	17
Specialised finance	756	636	50	70
Commercial property finance	7 568	6 751	595	222
Other	269	267	2	–
WesBank corporate	6 003	5 706	165	132
Total commercial	15 284	13 988	843	453
Total commercial advances	152 951	135 055	12 366	5 530

30 June 2022				
Balance sheet impairments			Coverage	
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Performing coverage	Stage 3
5 132	2 100	3 032	2.23	70.4
2 644	986	1 658	5.43	89.4
580	245	335	0.66	34.3
239	113	126	0.94	72.4
589	258	331	1.26	47.2
107	34	73	2.79	100.0
973	464	509	8.76	96.8
699	341	358	0.89	46.4
5 831	2 441	3 390	1.84	66.8

30 June 2022							
Balance sheet impairments			Coverage		SME government-guaranteed loan scheme		
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Performing coverage	Stage 3	Drawn	Undrawn	Total balance sheet provisions
160	47	113	0.52	35.2	1 291	–	107
14	4	10	3.13	83.3	–	–	–
4	3	1	0.56	5.9	–	–	–
74	4	70	0.58	100.0	249	–	20
66	35	31	0.48	14.0	–	–	–
2	1	1	0.37	–	1 042	–	87
96	38	58	0.65	43.9	–	–	–
256	85	171	0.57	37.8	1 291	–	107

6 087	2 526	3 561	1.71	64.4

Credit continued

BROADER AFRICA ADVANCES FOR WHICH NO RELIEF WAS PROVIDED

	30 June 2022			
		Stage of underlying gross advances		
R million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs
Broader Africa	67 215	58 064	5 834	3 317
FNB	52 874	44 326	5 231	3 317
RMB	14 341	13 738	603	–

BROADER AFRICA ADVANCES WHICH RECEIVED RELIEF

	30 June 2022			
		Stage of underlying gross advances		
R million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs
Broader Africa	32	18	13	1
FNB	32	18	13	1
RMB	–	–	–	–
Total broader Africa	67 247	58 082	5 847	3 318

	30 June 2022				
	Balance sheet impairments			Coverage	
	Total balance sheet provisions	Portfolio impair-ments	Stage 3	Performing coverage	Stage 3
	3 854	1 910	1 944	2.99	58.6
	3 540	1 596	1 944	3.22	58.6
	314	314	–	2.19	–

	30 June 2022							
	Balance sheet impairments			Coverage		Relief provided		
	Total balance sheet provisions	Portfolio impair-ments	Stage 3	Performing coverage	Stage 3	New money	Relaxed payments	Covenant waivers
	2	1	1	3.23	100.0	–	–	–
	2	1	1	3.23	100.0	–	–	–
	–	–	–	–	–	–	–	–
	3 856	1 911	1 945	2.99	58.6	–	–	–

Credit continued

UK OPERATIONS ADVANCES FOR WHICH NO RELIEF WAS PROVIDED

	30 June 2022			
		Stage of underlying gross advances		
£ million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs
UK operations	12 798	11 701	941	156
Aldermore retail	5 457	4 983	402	72
Aldermore commercial	3 175	2 911	240	24
Total MotoNovo	4 166	3 807	299	60

UK OPERATIONS ADVANCES WHICH RECEIVED RELIEF

	30 June 2022			
		Stage of underlying gross advances		
£ million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs
UK operations	2 434	1 763	431	240
Aldermore retail	1 808	1 342	310	156
Aldermore commercial	455	357	74	24
Total MotoNovo	171	64	47	60
Total UK operations	15 232	13 464	1 372	396

30 June 2022				
Balance sheet impairments			Coverage	
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Performing coverage	Stage 3
197	120	77	0.94	44.4
39	24	15	0.44	19.7
39	29	10	0.94	43.2
119	67	52	1.61	59.4

30 June 2022				
Balance sheet impairments			Coverage	
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Performing coverage	Stage 3
89	18	71	0.82	29.5
23	9	14	0.51	8.9
16	6	10	1.41	42.0
50	3	47	3.15	78.1
286	138	148	0.92	37.3

Credit continued

Note 2: Analysis of balance sheet impairments (stage 1 and 2)

	Total portfolio impairments				
	As at 30 June			As at 30 June	
				2022	
R million	2022	2021	% change	Stage 1	Stage 2
SA RETAIL	10 085	9 743	4	5 147	4 938
Retail – secured	3 694	3 311	12	1 411	2 283
Residential mortgages	1 548	1 487	4	609	939
WesBank VAF	2 146	1 824	18	802	1 344
Retail – unsecured	6 074	6 141	(1)	3 580	2 494
FNB card	1 750	1 515	16	1 130	620
Personal loans	3 329	3 333	–	1 785	1 544
– FNB and DirectAxis	3 176	3 077	3	1 719	1 457
– Covid-19 relief	153	256	(40)	66	87
Retail other	995	1 293	(23)	665	330
Temporary stress scenario	317	291	9	156	161
SA CORPORATE AND COMMERCIAL	7 071	8 650	(18)	2 718	4 353
FNB commercial**	2 147	2 530	(15)	1 056	1 091
– FNB commercial**	2 058	2 306	(11)	999	1 059
– SME government-guaranteed loan scheme	34	76	(55)	34	–
– Temporary stress scenario	55	148	(63)	23	32
WesBank corporate**	379	405	(6)	186	193
RMB corporate and investment banking*	4 545	5 715	(20)	1 476	3 069
– Lending*	3 581	4 626	(23)	1 415	2 166
– Loans to private equity investee companies	964	1 089	(11)	61	903
BROADER AFRICA#	1 911	1 933	(1)	1 035	876
FNB	1 597	1 659	(4)	875	722
RMB (corporate and investment banking)	314	274	15	160	154
Centre (INCLUDING GROUP TREASURY)*	617	623	(1)	463	154
Securitisation notes	21	24	(13)	21	–
Other	596	599	(1)	442	154
Total portfolio impairments excluding UK operations*	19 684	20 949	(6)	9 363	10 321
UK operations	2 728	2 193	24	1 800	928
Aldermore retail	646	422	53	434	212
Aldermore commercial	711	703	1	529	182
Total MotoNovo†	1 371	1 068	28	837	534
Total portfolio impairments including UK operations*	22 412	23 142	(3)	11 163	11 249

* *Prior year performing book coverage ratios have been restated. Calculated on core lending advances.*

** *Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

Represents the in-country balance sheet excluding Group Treasury.

† *Includes MotoNovo front book portfolio impairments of R1.3 billion (2021: R0.9 billion).*

Total portfolio impairments							
As at 30 June		Performing book coverage ratios (% of performing core lending advances)					
2021		As at 30 June					
Stage 1	Stage 2	**2022**	**Stage 1**	**Stage 2**	2021*	Stage 1*	Stage 2
4 710	5 033	**2.52**	**1.45**	**11.39**	2.60	1.41	12.27
1 389	1 922	**1.14**	**0.48**	**7.43**	1.09	0.51	6.72
646	841	**0.67**	**0.29**	**4.78**	0.70	0.33	5.28
743	1 081	**2.30**	**0.98**	**12.15**	2.02	0.96	8.53
3 190	2 951	**8.05**	**5.47**	**25.03**	8.46	5.19	26.37
861	654	**6.00**	**4.20**	**27.82**	5.57	3.51	24.57
1 611	1 722	**9.82**	**6.53**	**23.55**	10.36	6.40	24.65
1 520	1 557	**9.86**	**6.61**	**23.47**	10.45	6.61	24.14
91	165	**9.14**	**4.98**	**25.00**	9.41	4.17	30.73
718	575	**8.03**	**5.93**	**28.01**	9.78	6.15	37.34
131	160	**–**	**–**	**–**	–	–	–
3 065	5 585	**1.48**	**0.62**	**12.08**	2.10	0.83	13.79
1 068	1 462	**2.08**	**1.10**	**14.44**	2.77	1.28	17.91
868	1 438	**2.02**	**1.06**	**14.26**	2.57	1.06	17.83
76	–	**2.79**	**2.79**	**–**	4.84	4.84	–
124	24	**–**	**–**	**–**	–	–	–
197	208	**0.86**	**0.47**	**4.01**	1.02	0.55	5.12
1 800	3 915	**1.45**	**0.51**	**12.97**	2.16	0.76	13.84
1 718	2 908	**1.16**	**0.49**	**10.18**	1.79	0.74	10.96
82	1 007	**14.01**	**1.35**	**37.94**	17.13	1.78	57.35
992	941	**2.99**	**1.78**	**14.98**	3.40	1.98	13.74
882	777	**3.22**	**1.97**	**13.77**	3.53	2.13	14.22
110	164	**2.19**	**1.16**	**25.54**	2.78	1.30	11.82
464	159	**2.53**	**1.90**	**358.14**	2.12	1.59	311.76
24	–	**0.09**	**0.09**	**–**	0.09	0.09	–
440	159	**59.72**	**46.28**	**358.14**	15.13	11.26	311.76
9 231	11 718	**2.04**	**1.06**	**12.10**	2.40	1.18	13.25
1 220	973	**0.92**	**0.67**	**3.39**	0.80	0.48	4.24
233	189	**0.46**	**0.34**	**1.49**	0.30	0.18	1.62
415	288	**1.00**	**0.81**	**2.91**	1.17	0.78	4.02
572	496	**1.63**	**1.08**	**7.74**	1.44	0.82	12.08
10 451	12 691	**1.78**	**0.97**	**9.99**	2.02	1.01	11.39

Credit continued

Note 3: Analysis of stage 3/NPLs

SEGMENTAL ANALYSIS OF STAGE 3/NPLs

	Stage 3/NPLs				Stage 3/NPLs as a % of core lending advances	
	As at 30 June			% com-position	As at 30 June	
R million	**2022**	2021	% change	**2022**	**2022**	2021*
SA RETAIL	**29 923**	37 339	(20)	**58**	**6.97**	9.05
Retail – secured	**18 005**	23 267	(23)	**35**	**5.26**	7.14
Residential mortgages	**11 802**	13 356	(12)	**23**	**4.86**	5.92
WesBank VAF	**6 203**	9 911	(37)	**12**	**6.24**	9.90
Retail – unsecured	**11 918**	14 072	(15)	**23**	**13.64**	16.24
FNB card	**3 678**	4 034	(9)	**7**	**11.21**	12.91
Personal loans	**6 274**	7 546	(17)	**12**	**15.62**	19.00
– FNB and DirectAxis	**5 985**	7 131	(16)	**11**	**15.66**	19.50
– Covid-19 relief	**289**	415	(30)	**1**	**14.72**	13.24
Retail other	**1 966**	2 492	(21)	**4**	**13.69**	15.86
SA CORPORATE AND COMMERCIAL	**9 717**	10 871	(11)	**19**	**2.00**	2.57
FNB commercial**	**4 627**	5 798	(20)	**9**	**4.29**	5.97
– FNB commercial**	**4 554**	5 770	(21)	**9**	**4.27**	6.04
– SME government-guaranteed loan scheme	**73**	28	>100	**–**	**5.65**	1.75
WesBank corporate**	**903**	1 394	(35)	**2**	**2.00**	3.40
RMB corporate and investment banking*	**4 187**	3 679	14	**8**	**1.31**	1.37
– Lending*	**2 814**	2 414	17	**5**	**0.91**	0.93
– Loans to private equity investee companies	**1 373**	1 265	9	**3**	**16.63**	16.60
BROADER AFRICA#	**3 318**	3 527	(6)	**7**	**4.93**	5.84
FNB	**3 318**	3 527	(6)	**7**	**6.27**	6.99
RMB (corporate and investment banking)	**–**	–	–	**–**	**–**	–
Centre (INCLUDING GROUP TREASURY)*	**–**	–	–	**–**	**–**	–
Securitisation notes	**–**	–	–	**–**	**–**	–
Other	**–**	–	–	**–**	**–**	–
Total stage 3/NPLs excluding UK operations*	**42 958**	51 737	(17)	**84**	**4.26**	5.59
UK operations	**7 928**	8 968	(12)	**16**	**2.61**	3.16
Aldermore retail	**4 563**	4 688	(3)	**9**	**3.15**	3.24
Aldermore commercial	**963**	2 096	(54)	**2**	**1.33**	3.36
Total MotoNovo†	**2 402**	2 184	10	**5**	**2.78**	2.86
Total stage 3/NPLs including UK operations*	**50 886**	60 705	(16)	**100**	**3.88**	5.02
Of which:						
Amortised cost book	**50 004**	60 520	(17)	**98**	**3.89**	5.14
Fair value book	**882**	185	>100	**2**	**0.91**	0.19

* *Prior year ratios have been restated. Calculated on core lending advances.*

** *Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

Represents the in-country balance sheet excluding Group Treasury.

† *Includes MotoNovo front book stage 3/NPLs of R1.5 billion (2021: R1.0 billion).*

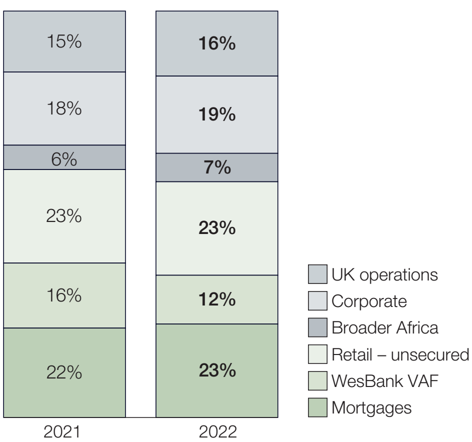
SECTOR AND GEOGRAPHICAL ANALYSIS OF NPLs

	Stage 3/NPLs				Stage 3/NPLs as % of gross advances	
	As at 30 June			% composition	As at 30 June	
R million	**2022**	2021	% change	**2022**	**2022**	2021
Sector analysis						
Agriculture	**2 473**	1 982	25	**5**	**4.75**	4.50
Financial institutions*,**	**338**	473	(29)	**1**	**0.21**	0.29
Building and property development	**1 430**	1 839	(22)	**3**	**1.78**	2.49
Government, Land Bank and public authorities	**191**	826	(77)	**–**	**0.64**	3.60
Individuals	**37 212**	43 609	(15)	**72**	**5.67**	6.89
Manufacturing and commerce	**4 353**	5 013	(13)	**9**	**2.65**	3.83
Mining	**103**	111	(7)	**–**	**1.28**	1.23
Transport and communication	**880**	1 396	(37)	**2**	**2.19**	4.77
Other services**	**3 906**	5 456	(28)	**8**	**2.75**	4.28
Total stage 3/NPLs including UK operations	**50 886**	60 705	(16)	**100**	**3.68**	4.76
Geographical analysis						
South Africa	**39 416**	47 879	(18)	**77**	**4.29**	5.71
Broader Africa	**3 447**	3 682	(6)	**7**	**3.23**	4.09
UK	**7 930**	8 969	(12)	**16**	**2.47**	2.77
Other Europe	**5**	4	25	**–**	**0.02**	0.03
North America	**1**	1	–	**–**	**0.02**	0.04
Australasia	**83**	85	(2)	**–**	**94.32**	95.51
Asia	**4**	85	(95)	**–**	**0.06**	1.14
Total stage 3/NPLs including UK operations	**50 886**	60 705	(16)	**100**	**3.68**	4.76

* *Investment holding companies are included in the financial institutions sector.*

** *Reclassification error corrected for June 2021 relating to real estate institutions incorrectly classified under financial institutions.*

NPL distribution



Credit continued

The tables below provide an overview of operational and paying NPLs.

R million	Operational NPLs*	Covid-19 relief paying NPLs**	Other paying NPLs#	Total NPLs
June 2022				
Residential mortgages	7 654	752	3 396	11 802
WesBank VAF	3 990	107	2 106	6 203
FNB card	3 036	29	613	3 678
Personal loans	4 782	285	1 207	6 274
Retail other	1 695	27	244	1 966
Total SA retail NPLs	21 157	1 200	7 566	29 923
FNB commercial	4 440	5	182	4 627
WesBank corporate	683	29	191	903
Total SA commercial	5 123	34	373	5 530
Total SA retail and commercial	26 280	1 234	7 939	35 453

* *Include core lending advances that received Covid-19 relief, other core lending advances and debt-review advances ≥90 days in arrears.*

** *Include Covid-19 relief loans <90 days in arrears and still subject to curing criteria.*

\# *Include debt-review and other advances <90 days in arrears and still subject to curing criteria.*

R million	Operational NPLs*	Covid-19 relief paying NPLs**	Other paying NPLs#	Total NPLs
June 2021				
Residential mortgages	8 031	1 362	3 963	13 356
WesBank VAF	5 718	1 356	2 837	9 911
FNB card	3 139	237	658	4 034
Personal loans	5 675	895	976	7 546
Retail other	2 053	171	268	2 492
Total SA retail NPLs	24 616	4 021	8 702	37 339
FNB commercial†	5 343	29	426	5 798
WesBank corporate†	830	140	424	1 394
Total SA commercial	6 173	169	850	7 192
Total SA retail and commercial	30 789	4 190	9 552	44 531

* *Include core lending advances that received Covid-19 relief, other core lending advances and debt-review advances ≥90 days in arrears.*

** *Include Covid-19 relief loans <90 days in arrears and still subject to curing criteria.*

\# *Include debt-review and other advances <90 days in arrears and still subject to curing criteria.*

† *Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

Credit continued

SECURITY AND RECOVERABLE AMOUNTS BY PORTFOLIO

	As at 30 June 2022			As at 30 June 2021		
R million	**Stage 3/ NPLs**	**Security held and expected recoveries**	**Specific impairment**	Stage 3/ NPLs	Security held and expected recoveries	Specific impairment
SA RETAIL	**29 923**	**15 584**	**14 339**	37 339	20 161	17 178
Retail – secured	**18 005**	**12 219**	**5 786**	23 267	16 424	6 843
Residential mortgages	**11 802**	**9 266**	**2 536**	13 356	10 539	2 817
WesBank VAF	**6 203**	**2 953**	**3 250**	9 911	5 885	4 026
Retail – unsecured	**11 918**	**3 365**	**8 553**	14 072	3 781	10 291
FNB card	**3 678**	**1 067**	**2 611**	4 034	866	3 168
Personal loans	**6 274**	**1 795**	**4 479**	7 546	2 249	5 297
– FNB and DirectAxis	**5 985**	**1 756**	**4 229**	7 131	2 172	4 959
– Covid-19 relief	**289**	**39**	**250**	415	77	338
Retail other	**1 966**	**503**	**1 463**	2 492	666	1 826
Temporary stress scenario	**–**	**–**	**–**	–	(44)	44
SA CORPORATE AND COMMERCIAL	**9 717**	**3 637**	**6 080**	10 871	5 251	5 620
FNB commercial*	**4 627**	**1 482**	**3 145**	5 798	2 419	3 379
– FNB commercial*	**4 554**	**1 482**	**3 072**	5 770	2 419	3 351
– SME government-guaranteed loan scheme	**73**	**–**	**73**	28	–	28
WesBank corporate*	**903**	**487**	**416**	1 394	843	551
RMB corporate and investment banking	**4 187**	**1 668**	**2 519**	3 679	1 989	1 690
– Lending	**2 814**	**1 660**	**1 154**	2 414	1 935	479
– Loans to private equity investee companies	**1 373**	**8**	**1 365**	1 265	54	1 211
BROADER AFRICA**	**3 318**	**1 373**	**1 945**	3 527	1 559	1 968
FNB	**3 318**	**1 373**	**1 945**	3 527	1 559	1 968
RMB (corporate and investment banking)	**–**	**–**	**–**	–	–	–
Centre (INCLUDING GROUP TREASURY)	**–**	**–**	**–**	–	–	–
Securitisation notes	**–**	**–**	**–**	–	–	–
Other	**–**	**–**	**–**	–	–	–
Total excluding UK operations	**42 958**	**20 594**	**22 364**	51 737	26 971	24 766
UK operations	**7 928**	**4 970**	**2 958**	8 968	6 258	2 710
Aldermore retail	**4 563**	**4 000**	**563**	4 688	4 153	535
Aldermore commercial	**963**	**553**	**410**	2 096	1 467	629
Total MotoNovo#	**2 402**	**417**	**1 985**	2 184	638	1 546
Total including UK operations	**50 886**	**25 564**	**25 322**	60 705	33 229	27 476

* *Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

** *Represents the in-country balance sheet excluding Group Treasury.*

Includes MotoNovo front book specific impairments of R1.0 billion (2021: R0.6 billion).

	Stage 3/ NPLs % change	Specific impairment % change	Coverage ratios (% of stage 3/NPLs) As at 30 June 2022	2021
	(20)	(17)	**47.9**	46.0
	(23)	(15)	**32.1**	29.4
	(12)	(10)	**21.5**	21.1
	(37)	(19)	**52.4**	40.6
	(15)	(17)	**71.8**	73.1
	(9)	(18)	**71.0**	78.5
	(17)	(15)	**71.4**	70.2
	(16)	(15)	**70.7**	69.5
	(30)	(26)	**86.5**	81.4
	(21)	(20)	**74.4**	73.3
	–	(100)	**–**	–
	(11)	8	**62.6**	51.7
	(20)	(7)	**68.0**	58.3
	(21)	(8)	**67.5**	58.1
	>100	>100	**100.0**	100.0
	(35)	(25)	**46.1**	39.5
	14	49	**60.2**	45.9
	17	>100	**41.0**	19.8
	9	13	**99.4**	95.7
	(6)	(1)	**58.6**	55.8
	(6)	(1)	**58.6**	55.8
	–	–	**–**	–
	–	–	**–**	–
	–	–	**–**	–
	–	–	**–**	–
	(17)	(10)	**52.1**	47.9
	(12)	9	**37.3**	30.2
	(3)	5	**12.3**	11.4
	(54)	(35)	**42.6**	30.0
	10	28	**82.6**	70.8
	(16)	(8)	**49.8**	45.3

Credit continued

Note 4: Analysis of balance sheet total impairments

	Balance sheet impairments					
	As at 30 June			As at 30 June		
				2022		
R million	2022	2021	% change	Stage 1	Stage 2	Stage 3
SA RETAIL	**24 424**	26 921	(9)	**5 147**	**4 938**	**14 339**
Retail – secured	**9 480**	10 154	(7)	**1 411**	**2 283**	**5 786**
Residential mortgages	**4 084**	4 304	(5)	**609**	**939**	**2 536**
WesBank VAF	**5 396**	5 850	(8)	**802**	**1 344**	**3 250**
Retail – unsecured	**14 627**	16 432	(11)	**3 580**	**2 494**	**8 553**
FNB card	**4 361**	4 683	(7)	**1 130**	**620**	**2 611**
Personal loans	**7 808**	8 630	(10)	**1 785**	**1 544**	**4 479**
– FNB and DirectAxis	**7 405**	8 036	(8)	**1 719**	**1 457**	**4 229**
– Covid-19 relief	**403**	594	(32)	**66**	**87**	**250**
Retail other	**2 458**	3 119	(21)	**665**	**330**	**1 463**
Temporary stress scenario	**317**	335	(5)	**156**	**161**	**–**
SA CORPORATE AND COMMERCIAL	**13 151**	14 270	(8)	**2 718**	**4 353**	**6 080**
FNB commercial*	**5 292**	5 909	(10)	**1 056**	**1 091**	**3 145**
– FNB commercial*	**5 130**	5 657	(9)	**999**	**1 059**	**3 072**
– SME government-guaranteed loan scheme	**107**	104	3	**34**	**–**	**73**
– Temporary stress scenario	**55**	148	(63)	**23**	**32**	**–**
WesBank corporate*	**795**	956	(17)	**186**	**193**	**416**
RMB corporate and investment banking	**7 064**	7 405	(5)	**1 476**	**3 069**	**2 519**
– Lending	**4 735**	5 105	(7)	**1 415**	**2 166**	**1 154**
– Loans to private equity investee companies	**2 329**	2 300	1	**61**	**903**	**1 365**
BROADER AFRICA**	**3 856**	3 901	(1)	**1 035**	**876**	**1 945**
FNB	**3 542**	3 627	(2)	**875**	**722**	**1 945**
RMB (corporate and investment banking)	**314**	274	15	**160**	**154**	**–**
Centre (INCLUDING GROUP TREASURY)	**617**	623	(1)	**463**	**154**	**–**
Securitisation notes	**21**	24	(13)	**21**	**–**	**–**
Other	**596**	599	(1)	**442**	**154**	**–**
Total impairments excluding UK operations	**42 048**	45 715	(8)	**9 363**	**10 321**	**22 364**
UK operations	**5 686**	4 903	16	**1 800**	**928**	**2 958**
Aldermore retail	**1 209**	957	26	**434**	**212**	**563**
Aldermore commercial	**1 121**	1 332	(16)	**529**	**182**	**410**
Total MotoNovo#	**3 356**	2 614	28	**837**	**534**	**1 985**
Total impairments including UK operations	**47 734**	50 618	(6)	**11 163**	**11 249**	**25 322**

* *Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

** *Represents the in-country balance sheet excluding Group Treasury.*

Includes MotoNovo front book total balance sheet impairments of R2.3 billion (2021: R1.5 billion).

Balance sheet impairments		
As at 30 June		
2021		
Stage 1	Stage 2	Stage 3
4 710	5 033	17 178
1 389	1 922	6 843
646	841	2 817
743	1 081	4 026
3 190	2 951	10 291
861	654	3 168
1 611	1 722	5 297
1 520	1 557	4 959
91	165	338
718	575	1 826
131	160	44
3 065	5 585	5 620
1 068	1 462	3 379
868	1 438	3 351
76	–	28
124	24	–
197	208	551
1 800	3 915	1 690
1 718	2 908	479
82	1 007	1 211
992	941	1 968
882	777	1 968
110	164	–
464	159	–
24	–	–
440	159	–
9 231	11 718	24 766
1 220	973	2 710
233	189	535
415	288	629
572	496	1 546
10 451	12 691	27 476

Credit continued

Note 5: Analysis of income statement credit impairments

	Total impairment charge		
	Year ended 30 June		
R million	2022	2021	% change
SA RETAIL	**5 806**	8 875	(35)
Retail – secured	**1 461**	2 474	(41)
Residential mortgages	**46**	577	(92)
WesBank VAF	**1 415**	1 897	(25)
Retail – unsecured	**4 363**	6 066	(28)
FNB card	**1 070**	1 428	(25)
Personal loans	**2 354**	3 600	(35)
– FNB and DirectAxis	**2 193**	2 999	(27)
– Covid-19 relief	**161**	601	(73)
Retail other	**939**	1 038	(10)
Temporary stress scenario	**(18)**	335	(>100)
SA CORPORATE AND COMMERCIAL	**(54)**	2 841	(>100)
FNB commercial**	**354**	1 177	(70)
– FNB commercial**	**446**	973	(54)
– SME government-guaranteed loan scheme	**1**	56	(98)
– Temporary stress scenario	**(93)**	148	(>100)
WesBank corporate**	**12**	236	(95)
RMB corporate and investment banking	**(420)**	1 428	(>100)
– Lending	**(368)**	925	(>100)
– Loans to private equity investee companies	**(52)**	503	(>100)
BROADER AFRICA#	**175**	885	(80)
FNB	**168**	865	(81)
RMB (corporate and investment banking)	**7**	20	(65)
Centre (INCLUDING GROUP TREASURY)*	**(7)**	29	(>100)
Securitisation notes	**(3)**	5	(>100)
Other	**(4)**	24	(>100)
Total impairment charge excluding UK operations*	**5 920**	12 630	(53)
UK operations	**1 160**	1 030	13
Aldermore retail	**270**	334	(19)
Aldermore commercial	**(166)**	218	(>100)
Total MotoNovo†	**1 056**	478	>100
Total impairment charge including UK operations*	**7 080**	13 660	(48)
Of which:			
Portfolio impairments charge	**(206)**	2 435	(>100)
Specific impairments charge	**7 286**	11 225	(35)

* *Prior year ratios have been restated. Calculated on core lending advances.*

** *Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

Represents the in-country balance sheet excluding Group Treasury.

† *Includes MotoNovo front book total impairment charge of R1.1 billion (2021: R0.5 billion).*

As a % of average core lending advances	
Year ended 30 June	
2022	2021*
1.38	2.14
0.44	0.76
0.02	0.26
1.42	1.86
5.01	6.91
3.34	4.65
5.89	8.83
5.86	7.88
6.32	22.00
6.25	6.40
–	–
(0.01)	0.64
0.35	1.22
0.44	1.02
0.07	5.76
–	–
0.03	0.58
(0.14)	0.50
(0.13)	0.33
(0.66)	6.36
0.27	1.40
0.32	1.63
0.06	0.20
(0.03)	0.09
(0.01)	0.02
(0.16)	0.50
0.61	1.33
0.39	0.35
0.19	0.22
(0.25)	0.33
1.30	0.62
0.56	1.10
(0.02)	0.20
0.58	0.90

Credit continued

TOTAL TEMPORARY STRESS SCENARIO

	As at June 2022						Year ended 30 June 2022
	Core lending advances	Balance sheet impairments					
R million	Migration from stage 1 to 2	Total	Total portfolio	Stage 1	Stage 2	Stage 3	Impairment charge
Total temporary stress scenario	2 818	372	372	179	193	–	(111)
Total retail	2 688	317	317	156	161	–	(18)
Residential mortgages	2 354	142	142	64	78	–	46
WesBank VAF	13	46	47	24	23	(1)	(25)
FNB card	193	58	58	29	29	–	(10)
Personal loans	99	52	52	31	21	–	(14)
– FNB and DirectAxis	99	51	51	31	20	–	(7)
– Covid-19 relief	–	1	1	–	1	–	(7)
Retail other	29	19	18	8	10	1	(15)
FNB commercial	130	55	55	23	32	–	(93)

As at 30 June 2021						Year ended 30 June 2021
Core lending advances	Balance sheet impairments					
Migration from stage 1 to 2	Total	Total portfolio	Stage 1	Stage 2	Stage 3	Impairment charge
1 311	483	439	255	184	44	483
1 212	335	291	131	160	44	335
735	96	59	20	39	37	96
111	71	65	25	40	6	71
88	68	68	37	31	–	68
248	66	66	29	37	–	66
248	58	58	24	34	–	58
–	8	8	5	3	–	8
29	34	33	20	13	1	34
99	148	148	124	24	–	148

Credit continued

CREDIT OVERVIEW – TOTAL UK OPERATIONS

£ million	Total UK operations	Aldermore retail	Aldermore commercial	Total MotoNovo
Year ended 30 June 2022				
Total gross advances	15 232	7 265	3 630	4 337
– Stage 1	13 464	6 325	3 268	3 871
– Stage 2	1 372	712	314	346
– Stage 3/NPLs	396	228	48	120
Stage 3/NPLs as a % of advances*	2.61	3.15	1.33	2.78
Total impairments	286	62	55	169
– Portfolio impairments	138	33	35	70
– Stage 1	91	22	26	43
– Stage 2	47	11	9	27
– Stage 3 impairments	148	29	20	99
Coverage ratios				
Performing book coverage ratio (%)*	0.92	0.46	1.00	1.63
– Stage 1 (%)*	0.67	0.34	0.81	1.09
– Stage 2 (%)*	3.39	1.50	2.90	7.73
Specific coverage ratio (%)*	37.3	12.3	42.6	82.6
Income statement analysis				
Impairment charge	57	13	(8)	52
Credit loss ratio (%)*	0.39	0.18	(0.24)	1.27
Year ended 30 June 2021				
Total gross advances	14 381	7 345	3 165	3 871
– Stage 1	12 761	6 514	2 694	3 553
– Stage 2	1 165	593	364	208
– Stage 3/NPLs	455	238	107	110
Stage 3/NPLs as a % of advances*	3.16	3.24	3.36	2.86
Total impairments	248	48	68	132
– Portfolio impairments	110	21	36	53
– Stage 1	61	12	21	28
– Stage 2	49	9	15	25
– Stage 3 impairments	138	27	32	79
Coverage ratios				
Performing book coverage ratio (%)*	0.80	0.30	1.17	1.44
– Stage 1 (%)*	0.48	0.18	0.78	0.82
– Stage 2 (%)*	4.24	1.62	4.02	12.08
Specific coverage ratio (%)*	30.2	11.4	30.0	70.8
Income statement analysis				
Impairment charge	50	16	11	23
Credit loss ratio (%)*	0.35	0.23	0.32	0.63

* *Ratios are calculated using actual number designated in pounds. Amounts above are rounded to the closest million pounds.*

Non-interest revenue

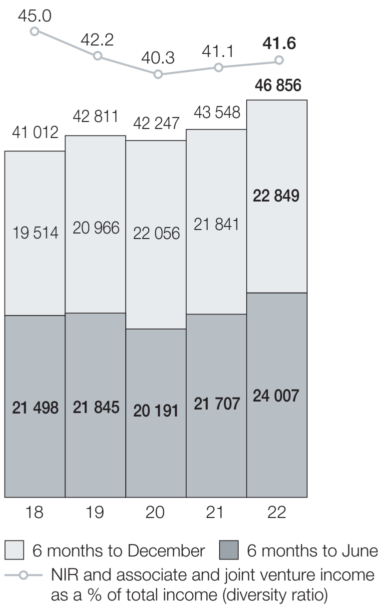
Total non-interest revenue – up 8%

Operational non-interest revenue – up 8%

Operational non-interest revenue and diversity ratio*

R million

NIR CAGR 3%



Note: 2018 figures are based on IAS 39 and 2019 to 2022 figures on IFRS 9.

ANALYSIS OF OPERATIONAL NIR*

R million	Notes	2022	2021	% change
Net fee, commission and insurance income		**37 693**	35 021	8
– Fee and commission income	1	**33 396**	31 686	5
– Insurance income	2	**4 297**	3 335	29
Trading and other fair value income	3	**5 603**	4 885	15
Investment income	4	**479**	321	49
Other non-interest revenue	5	**3 081**	3 321	(7)
Operational non-interest revenue		**46 856**	43 548	8

* *Excluding income from associates and joint ventures.*

Non-interest revenue continued

NOTE 1 – FEE AND COMMISSION INCOME – UP 5%

R million	2022	2021	% change
Bank fee and commission income	35 259	32 853	7
– Card commissions	6 169	5 069	22
– Cash deposit fees	1 812	1 798	1
– Exchange and other commissions*	3 371	3 387	–
– Bank charges	23 907	22 599	6
– Commitment fees	1 662	1 500	11
– Other bank charges**	22 245	21 099	5
Knowledge-based fees	1 161	1 118	4
Management and fiduciary fees	2 571	2 526	2
– Investment management fees	1 637	1 611	2
– Management fees from associates and joint ventures	768	752	2
– Other management and brokerage fee income	166	163	2
Other non-bank commissions	976	965	1
Gross fee and commission income	39 967	37 462	7
Fee and commission expenditure	(6 571)	(5 776)	14
– Transaction-related fees	(1 735)	(1 369)	27
– Commission paid	(311)	(302)	3
– Customer loyalty programmes	(2 162)	(1 874)	15
– Cash sorting, handling and transportation charges	(1 173)	(1 090)	8
– Card-related	(392)	(485)	(19)
– Other	(798)	(656)	22
Net fee and commission income	**33 396**	**31 686**	**5**

* *The description has been updated to more appropriately reflect the nature of income earned. This line was previously titled "Electronic transaction fees". The amount reported in the prior year has not changed.*

** *Other bank charges include annual and monthly administrative fees, fees for customer transaction processing (e.g. SASwitch fees), cash withdrawal fees, debit order charges, internet banking fees and utilisation of other banking services.*

KEY DRIVERS

Fee and commission income growth of 5% benefited from 7% growth in fee and commission income, however, expenditure increased 14%, driven by higher transaction-related fees and the cost of the customer loyalty programme.

> FNB fee and commission grew 8%, reflecting higher transaction volumes and 5% growth in active customers, which was partly offset by below-inflation fee increases and c. R870 million of certain fee reductions.

> FNB transaction volumes increased 14% overall. Electronic platform logins grew 14% across all interfaces, whilst manual volumes declined 1%. Branch and cash centre transaction volumes decreased 33% and 8%, respectively.

> Card issuing (swipe) volumes increased 14% reflecting the rebound in overall customer activity to pre-pandemic levels, contributing to the 22% overall growth in card commissions.

> RMB's fee income was supported by resilient origination activities, providing an uplift to both structuring and commitment fee income. This was, however, partly offset by the non-repeat of material advisory fees reported in the prior year.

> RMB's domestic transactional fee income was impacted by reduced pricing on certain products for strategic clients and higher association fees, despite increased volumes in areas such as merchant services. EFT revenues declined as volumes decreased. Broader Africa NIR was affected by lower volumes and pricing pressures.

> Knowledge-based fees increased 4%, benefiting from increased deals in the current year despite the tough operating environment.

> The group's management and fiduciary fee income was driven by 4% growth in AUM and offset by a switch by customers to new-generation products with lower fees, as well as outflows from maturing funds.

Non-interest revenue continued

NOTE 2 – INSURANCE INCOME – UP 29%

R million	2022	2021	% change
Commissions, brokerage and cell captives	**1 500**	1 478	1
Insurance risk related income	**2 797**	1 857	51
– Insurance premiums received	**5 416**	4 848	12
– Reinsurance expenses	**(642)**	(368)	74
– Insurance benefits and claims paid	**(2 596)**	(2 387)	9
– Reinsurance recoveries	**484**	217	>100
– Transfers to policyholder liabilities (gross)	**(136)**	(631)	(78)
– Transfer from policyholder liabilities (reinsurance)	**271**	178	52
Total insurance income	**4 297**	3 335	29

KEY DRIVERS

> The 29% increase in insurance income reflects strong new business APE growth of 23%, resulting in 14% growth in the in-force insurance book. Overall income was positively impacted by a reduction in claims and claims reserves, and an increase in reinsurance recoveries in the life business.

> Premium income increased 12%, driven by good growth in core life products and credit life products. This was further supported by growth in the commercial and short-term insurance books. The start-up short-term business is scaling well off a low base, with new business APE more than doubling on the back of the build-out of a comprehensive product offering.

> The growth in the insurance books resulted in claims and benefits increasing 9%. Mortality claims continued but trended downwards post the third Covid-19 wave and a less severe fourth wave.

> Future claims provisions are reported at c. R380 million (2021: R1.3 billion) following ongoing releases driven by lower claims and lapses. However, because FirstRand does not recognise the insurance margin asset (i.e. zerorising the negative liability), neither the recognition of the liability nor any releases impact the income statement or balance sheet.

> Commissions, brokerage and cell captive income is derived from all other insurance businesses and arrangements entered into by WesBank, MotoVantage, various cell captives and the group's subsidiaries in broader Africa. Cell-captive income increased marginally, reflecting reduced claims paid and reserves raised by insurance partners, and was affected by certain books having entered a run-off profile as the group builds out its own products.

NOTE 3 – TRADING AND OTHER FAIR VALUE INCOME – UP 15%

R million	2022	2021	% change
Trading income	**5 153**	4 943	4
– Equities	**81**	49	65
– Commodities	**663**	446	49
– Fixed income	**2 212**	2 315	(4)
– Currencies	**2 197**	2 133	3
Other fair value income	**450**	(58)	(>100)
– RMB banking activities and other	**386**	434	(11)
– UK operations fair value hedge	**155**	(10)	(>100)
– Group Treasury economic hedges and other	**(91)**	(482)	(81)
Total trading and other fair value income	**5 603**	4 885	15

KEY DRIVERS

The 15% growth in trading and fair value income was driven by solid trading income in RMB and lower Group Treasury fair value losses.

> Trading income was supported by:

- the currency desk benefiting from exchange rate volatility, offset by a decline in fixed income and credit trading, impacted by the inflationary risks and the start of an interest rate hiking cycle in the latter part of the year;
- strong client flow and pricing opportunities in hard commodities, coupled with soft commodities reflecting market-making activities; and
- the equity desk benefiting from increased market volumes and values traded, as well as improved corporate activity.

> RMB's principal investments produced resilient realisation income, albeit at lower levels than in the prior year.

> Group Treasury fair value income improved, driven by the net open foreign exchange position (the rand weakened this year whereas it strengthened in the prior year).

> The UK operations fair value hedge portfolio reported a profit of £7.6 million, compared to a £0.5 million loss in the prior year. This improvement is due to rising interest rates impacting the interest rate hedges.

Non-interest revenue continued

NOTE 4 – INVESTMENT INCOME – UP 49%

R million	2022	2021	% change
Private equity realisations and dividends received	**34**	8	>100
– Profit on realisation of private equity investments	**1**	–	100
– Dividends received	**29**	8	>100
– Other private equity income	**4**	–	100
Other investment income	**445**	313	42
– Profit on assets held against employee liabilities	**102**	209	(51)
– Other investment income	**343**	104	>100
Total investment income	**479**	321	49

KEY DRIVERS

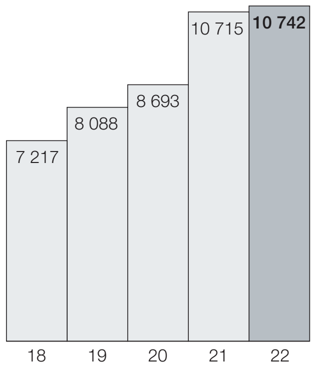
- Current year investments amounted to c. R960 million was invested (2021: R260 million). Given the more positive business environment, the unrealised value increased to R5.9 billion (2021: R4.4 billion).
- There were no significant private equity realisations in the current year, the prior year realisations were reflected in associate income.
- The overall performance of the group's post-retirement employee liability asset portfolio reduced from the prior year, as 2021 included the benefit of the rebound from the 2020 pandemic base.
- Other investment income includes profits arising from the sale of bonds that were near their maturity date through the National Treasury bond switch programme.

NOTE 5 – OTHER NON-INTEREST REVENUE – DOWN 7%

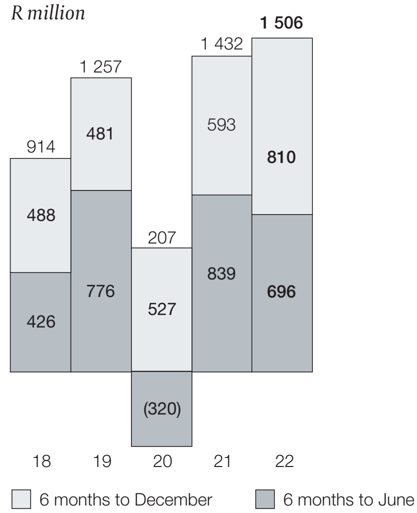
KEY DRIVERS

- Rental income reduced 7% largely due to the decline in speedpoint rentals, from lower pricing and reduced FML rentals arising from the wind-down of two large partnerships.
- Rental income represents 55% (2021: 55%) of other NIR.

Shares of profits from associates and joint ventures – up 5%



Note: 2018 figures are based on IAS 39 and 2019 to 2022 figures on IFRS 9.



SHARE OF PROFITS FROM ASSOCIATES AND JOINT VENTURES

R million	2022	2021	% change
Private equity associates and joint ventures	**1 339**	1 245	8
– Equity-accounted income	**1 380**	1 324	4
– Impairments	**(41)**	(79)	(48)
Other operational associates and joint ventures	**718**	707	2
– Toyota Financial Services (TFS)	**265**	168	58
– VWFS	**193**	250	(23)
– RMB Morgan Stanley	**205**	157	31
– Other	**55**	132	(58)
Share of profits from associates and joint ventures before tax	**2 057**	1 952	5
Tax on profits from associates and joint ventures	**(551)**	(520)	6
Share of profits from associates and joint ventures after tax	**1 506**	1 432	5

KEY DRIVERS

> With the investments made over the years and the post-pandemic economic recovery, the annuity share of profits from associates and joint ventures from the RMB private equity portfolio grew >30%, however, total income does reflect lower levels of one-off income compared to the prior year, hence an overall 4% increase.

> TFS's performance reflects the improved trading environment and advances growth. Expenses growth was contained, and impairments were subdued in line with the credit experience in WesBank VAF.

> VWFS had a challenging trading year, given stock issues, which led to a declining book. Lower-risk business led to margin compression and lower impairments. Expenses increased on the back of ongoing investment in capacity.

> RMB Morgan Stanley's performance benefited from improved market and corporate activity during the year.

Non-interest revenue continued

Total income from private equity activities (private equity division and other private equity-related activities)

RMB earns private equity-related income primarily from its private equity business, however, other areas in RMB also engage in or hold private equity-related investments (as defined in *Circular 01/2021 – Headline Earnings*), which are not reported as part of RMB private equity's results.

The underlying nature of the various private equity-related income streams (pre-credit impairments) are reflected below.

PRIVATE EQUITY-RELATED INCOME

R million	2022	2021	% change
RMB private equity division	**1 373**	1 253	10
Income from associates and joint ventures	**1 339**	1 245	8
– Equity-accounted income*	**1 380**	1 324	4
– Impairments*	**(41)**	(79)	(48)
Realisations and dividends**	**30**	8	>100
Other private equity income**	**4**	–	–
Other business units	**(62)**	(38)	63
Income from associates and joint ventures and other investments	**1**	(2)	(>100)
– Equity-accounted income*	**(62)**	(85)	(27)
– (Impairments)/reversals of impairments*,#	**(27)**	39	(>100)
– Other investment income**	**90**	44	>100
Consolidated other income#	**(63)**	(36)	75
Private equity activities before tax	**1 311**	1 215	8
Tax on equity-accounted private equity investments	**(331)**	(322)	3
Private equity activities after tax	**980**	893	10

* *Refer to analysis of income from associates and joint ventures on page 131.*

** *Refer to investment income analysis on page 130.*

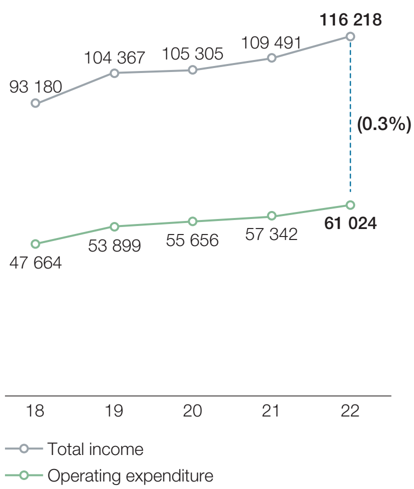
Included in NII, credit impairment charge and other NIR, depending on the underlying nature of the item.

Operating expenses

Operating expenses – up 6%

Operating jaws

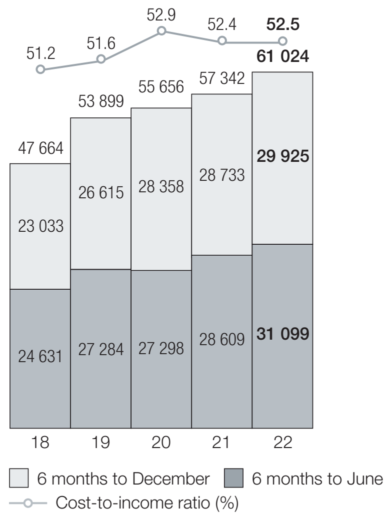
R million



Note: 2018 figures are based on IAS 39 and 2019 to 2022 figures on IFRS 9.

Operating efficiency

R million



Operating expenses continued

OPERATING EXPENSES – UP 6%

R million	2022	2021	% change
Staff expenditure	**37 081**	34 311	8
– Direct staff expenditure	**27 319**	26 037	5
– Variable staff expenditure	**6 986**	5 739	22
– Short-term incentive payments*	**5 220**	4 418	18
– Share-based incentive payments*	**1 766**	1 321	34
– Other staff-related expenditure	**2 776**	2 535	10
Depreciation of property and equipment	**3 996**	4 310	(7)
Amortisation of intangible assets	**831**	916	(9)
Advertising and marketing	**1 827**	1 566	17
Insurance	**115**	109	6
Lease charges	**560**	472	19
Professional fees	**3 053**	2 328	31
Audit fees	**537**	544	(1)
Computer expenses	**4 199**	4 296	(2)
Repairs and maintenance	**1 425**	1 313	9
Telecommunications	**568**	621	(9)
Property	**1 187**	1 126	5
Business travel	**240**	108	>100
Assets costing less than R7 000	**209**	306	(32)
Stationery and printing	**127**	132	(4)
Donations	**342**	258	33
Loss on Tanzania exit	**30**	208	(86)
Legal fees	**861**	933	(8)
Other expenditure	**3 836**	3 485	10
Total operating expenses	**61 024**	57 342	6

* *Certain staff expenses relating to the Covid-19 retention scheme award have been reclassified from short-term incentives to share price-linked incentives, as the nature of these payments is more closely aligned to share price-linked incentive payments. Deferred bonus scheme costs are also included in the share price-linked incentives.*

IT spend

The group's income statement is presented on a nature basis, however, to better illustrate the composition of IT spend, the table below reflects the breakdown on a functional basis.

FUNCTIONAL PRESENTATION OF IT SPEND

R million	2022	2021	% change
IT-related staff cost	**5 241**	4 839	8
Non-staff IT-related costs	**8 199**	8 193	–
– Computer expenses	**4 199**	4 296	(2)
– Professional fees	**1 485**	1 127	32
– Repairs and maintenance	**480**	453	6
– Depreciation of equipment	**1 170**	1 182	(1)
– Amortisation of software	**280**	377	(26)
– Other expenditure	**585**	758	(23)
Total IT spend	**13 440**	13 032	3

Operating expenses continued

KEY DRIVERS

The cost increase of 6% was driven by 8% growth in overall staff expenditure, driven by increases in variable remuneration.

> Staff costs represent 61% (2021: 60%) of the group's operating expenses.

	% change	Reasons
Direct staff costs	5	Annual salary increases averaged 4% (unionised staff at 4.5%), with a year-on-year increase of 1% in headcount (excluding FirstJob employees).
Variable staff expenditure	22	
Short-term incentive payments	18	With the improvement in NIACC (the group's measure of economic profit) and earnings growth of 23%, the overall short-term incentive pool increased 26%. This was slightly higher than earnings growth, given that the group surpassed the 2019 earnings level and the base effect of the removal of the prior year penalty on the pool. Growth was further affected by certain accounting-related timing differences, including the point in time at which deferred payments are expensed and included under share-based payments.
Share price-related incentive payments	34	The 2019 long-term incentive (LTI) awards did not vest in the current year, however, the net release was offset by the first tranche of the Covid-19 retention scheme award and other revaluations. This creates a distortion in the year-on-year growth, combined with the inclusion of the bonus deferral linked to the FirstRand share price.
Other staff-related costs	10	Other staff costs include the skills development levy (the 2021 levy was suspended) and Unemployment Insurance Fund (UIF) contributions, which are linked to headcount growth.

> Accelerated amortisation and depreciation as a result of a revision to the useful lives of certain assets in the prior year led to a 9% decline in amortisation of intangible assets and a 7% reduction in depreciation.

> Advertising and marketing costs increased 17% given the improvement in economic activity, which resulted in an acceleration in FNB's digital marketing activities and sport sponsorships, which were reinstated after restrictions were lifted.

> Lease charges increased 19%, mainly due to connectivity infrastructure implementation costs for client-facing employees and an increase in points of presence.

> Professional fees increased mainly due to additional resourcing required for platform-related projects.

> The decrease in audit fees reflect the non-repeat of certain prior year audit requirements especially those that were necessary given Covid-19.

> Computer expenses declined 2%, reflecting the benefit of elevated costs in the prior year (software write-off) as well as a reduction in IT expenditure towards professional fees.

> Business travel increased as borders reopened and most restrictions were lifted.

> The 33% increase in donations was a result of payments made to the Solidarity Fund and the FNB Philanthropy Trust, in addition to the usual contribution to the FirstRand Foundation linked to increased profitability.

> Other expenditure includes various items such as entertainment, bank charges, insurance-related acquisition costs, subscriptions and membership fees.

financial resource management

Economic view of the balance sheet

One of the group's key financial resource management objectives is to protect and enhance FirstRand's financial performance through the holistic management of the balance sheet and its income streams within the context of the macro environment. This includes the relative positioning of the balance sheet through strategic tilts related to long-term trends, and tactical tilts associated with the current point in the cycle.

The structure of the balance sheet reflects the group's long-term strategy to increase resilience, diversify credit exposures across sectors and segments, increase asset marketability, and optimise use of institutional funding.

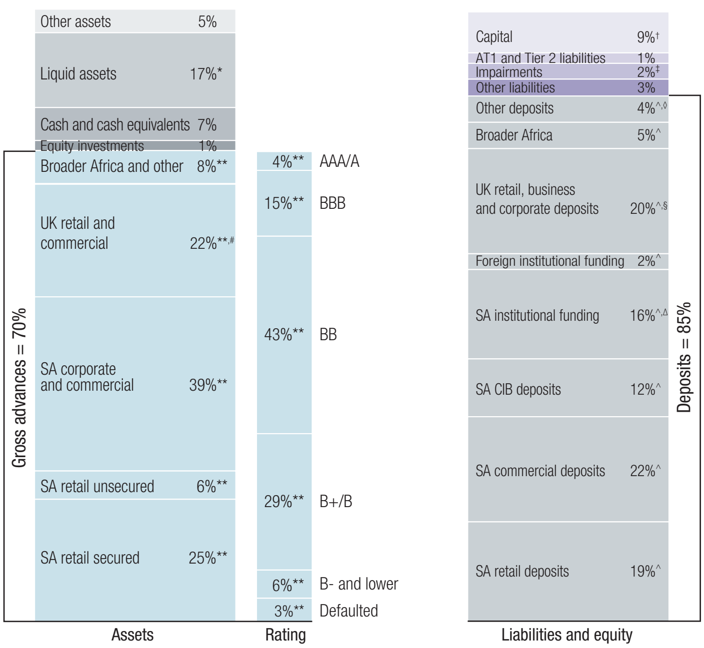
When assessing the underlying risk in the balance sheet, the group's asset profile reflects a diversified advances portfolio, which constitutes 70% of total assets. The composition of the gross advances portfolio consists of SA retail secured (25%), SA retail unsecured (6%), SA corporate and commercial (39%), UK retail and commercial (22%), and broader Africa and other (8%). At June 2022, the group reported total NPLs of R50 886 million (3.88% of core lending advances) and a credit loss ratio of 56 bps.

Cash and cash equivalents, and liquid assets represent 7% and 17%, respectively, of total assets. The group's equity investments primarily relate to RMB's private equity activities.

FirstRand has continued to successfully enhance its risk-adjusted funding profile through optimised use of Group Treasury funding and growing its deposit franchise. The weighted average remaining term of domestic institutional funding was 39 months at June 2022 (2021: 41 months). The reduction reflects a marginal increase in money market issuances relative to the longer-dated Tier 2 capital refinancing and senior debt issuances.

The group remained strongly capitalised with a CET1 ratio of 13.9%, a Tier 1 ratio of 14.5% and a total capital adequacy ratio of 16.7%. Gearing decreased to 12.2 times (2021: 13.0 times), driven by 9% growth in average total equity, while average total assets increased 3%.

Economic view of the balance sheet



* Includes government securities and treasury bills.

** As a proportion of gross advances.

\# Include advances originated in MotoNovo, Aldermore and the London branch.

† Includes ordinary equity, non-controlling interests and NCNR preference shares.

‡ Include IFRS 9 impairment of advances and investment securities.

^ As a proportion of deposits.

◊ Consist of liabilities relating to other SPVs and securitisations.

§ Deposits raised in Aldermore and Guernsey branch (FNB Channel Islands).

Δ Includes CIB institutional funding.

Note: Non-recourse deposits have been netted off against assets. Derivative, securities lending and short trading position assets and liabilities have been netted off.

Funding and liquidity

Funding and liquidity management approach

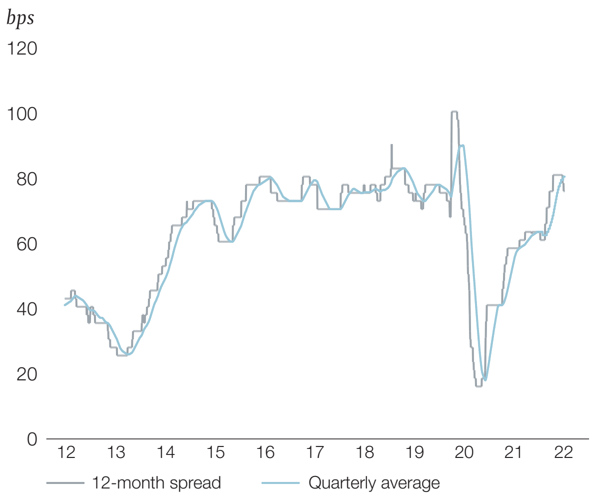
A comprehensive overview of the group's funding and liquidity management approach is provided in the Basel Pillar 3 disclosure for the year ended June 2022, which is available at www.firstrand.co.za/investors/basel-pillar-3-disclosure/.

Funding conditions

The normalisation of market conditions in the first half of the financial year gave way to elevated inflation and global recession risks in the second half of the period. Despite the current macroeconomic headwinds, there has been limited impact on funding access and liquidity availability for the group in both rand and hard currency. Furthermore, improved market stability allowed the SARB to further withdraw the liquidity support measures introduced during the Covid-19 crisis.

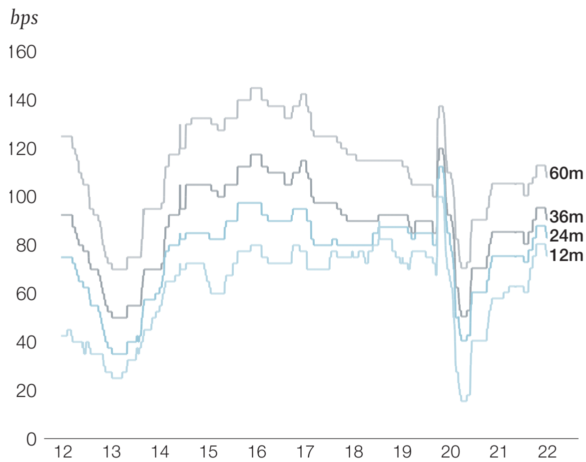
The spread to JIBAR paid on 12-month money market instruments is most representative of bank funding costs in the money markets. During the year under review institutional funding spreads returned to pre-pandemic levels. The period under review is also marked with renewed economic activity and credit demand that has fuelled funding demand. Through its customer franchises, the group has continued to grow customer deposits and more selectively incorporate institutional funding, where required, with money market and debt issuances.

12-month mid-market funding spread



Sources: Bloomberg (RMBP screen) and Reuters.

Long-term funding spreads



Sources: Bloomberg (RMBP screen) and Reuters.

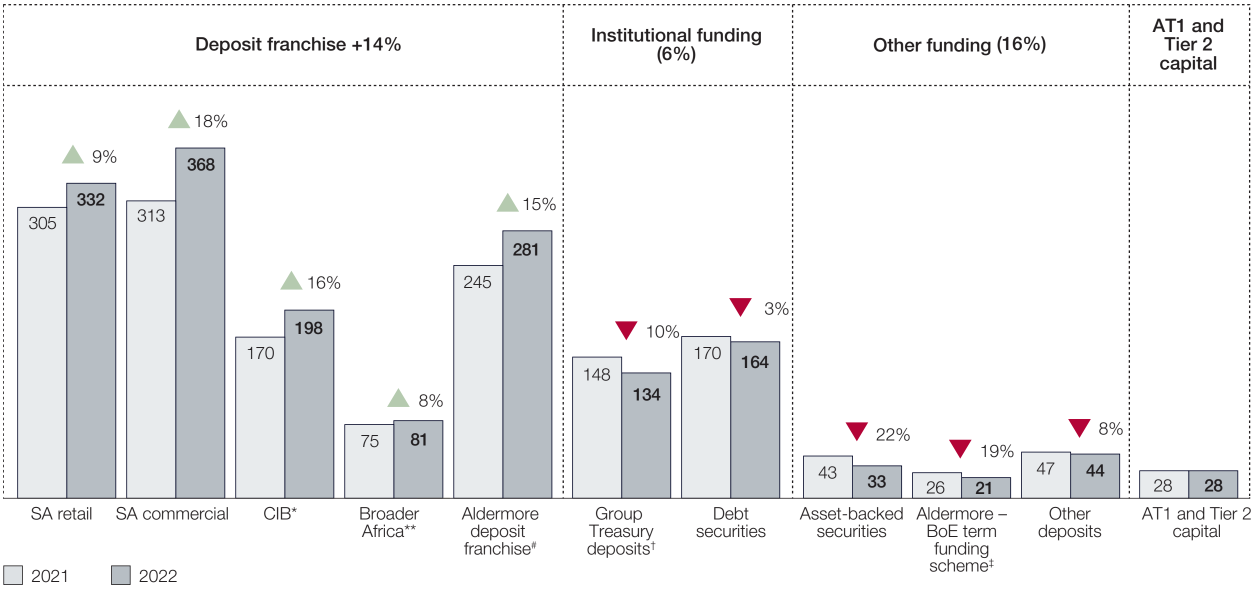
Funding and liquidity continued

Funding measurement and activity

The following graph provides a segmental analysis of the group's funding base.

Funding portfolio growth

R billion



Note 1: Percentage change is based on actual underlying numbers rather than the rounded figures shown in the bar graphs above.

Note 2: Asset-backed securities include Aldermore's securitisation transactions.

* *Includes South Africa and the London branch.*

** *Broader Africa deposits include CIB deposits related to the broader Africa subsidiaries.*

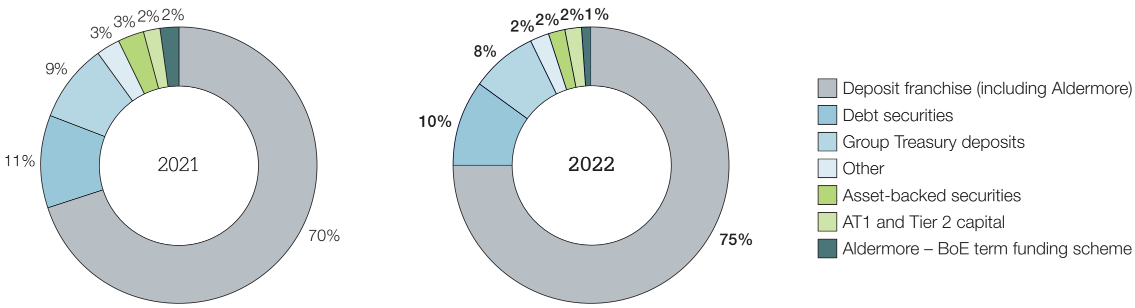
The Aldermore savings deposit franchise increased 14% to £14 billion.

† *Group Treasury deposit include the SARB funding facility related to the South African Covid-19 government-guaranteed loan scheme.*

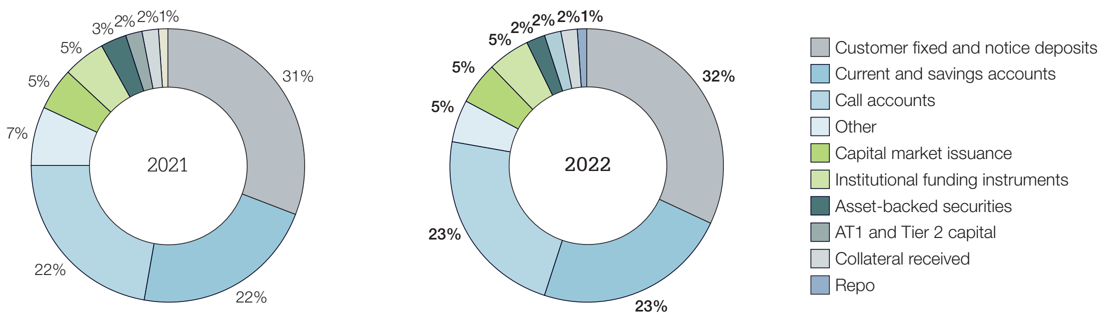
‡ *Aldermore's utilisation of the BoE term funding scheme decreased 19% to £1.1 billion.*

The group's funding mix has improved, with further growth in deposits relative to institutional funding sources year-on-year.

Funding mix



Funding by instrument type



Funding and liquidity continued

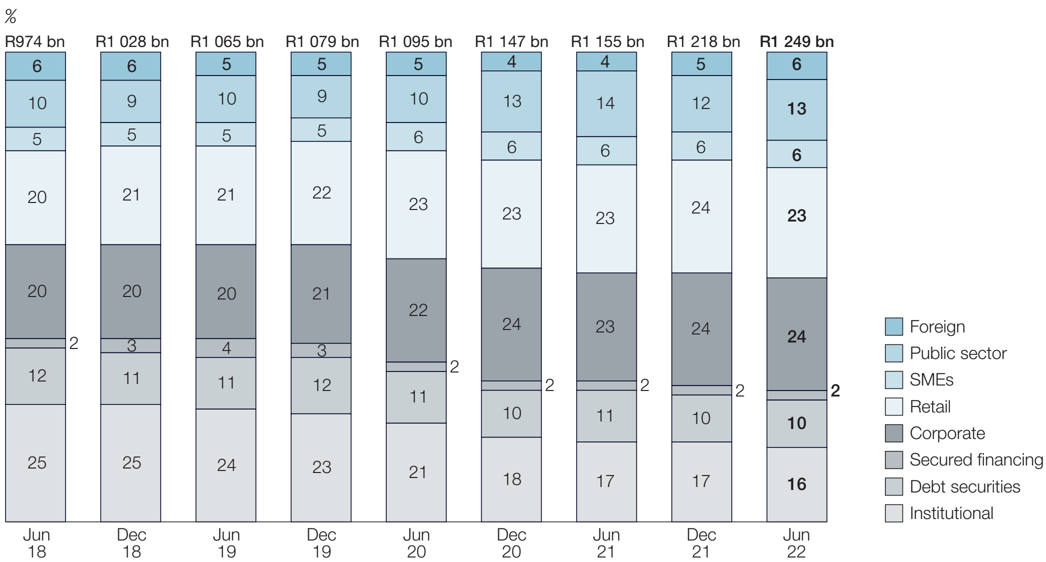
The group's focus on growing main-banked transactional accounts naturally results in a significant proportion of contractually short-dated funding. Although these deposits fluctuate depending on each customer's individual transactional and savings requirement, when viewed in aggregate the overall funding portfolio is more stable, resulting in an improved liquidity risk profile.

BANK* COUNTERPARTY FUNDING ANALYSIS

	As at 30 June				
	2022				2021
% of funding liabilities	Total	Short term	Medium term	Long term	Total
Institutional	**15.5**	**8.5**	**2.4**	**4.6**	17.3
ZAR	**15.2**	**8.2**	**2.4**	**4.6**	17.0
FX	**0.3**	**0.3**	**–**	**–**	0.3
Debt securities	**9.9**	**0.2**	**0.8**	**8.9**	10.6
Secured financing	**1.8**	**0.9**	**0.2**	**0.7**	2.0
Corporate	**24.3**	**22.4**	**1.7**	**0.2**	23.3
ZAR	**22.6**	**20.7**	**1.7**	**0.2**	21.9
FX	**1.7**	**1.7**	**–**	**–**	1.4
Retail	**23.5**	**18.3**	**3.2**	**2.0**	23.4
ZAR	**22.9**	**17.7**	**3.2**	**2.0**	22.8
FX	**0.6**	**0.6**	**–**	**–**	0.6
SMEs	**6.1**	**5.1**	**0.7**	**0.3**	5.9
Public sector	**12.7**	**11.2**	**1.1**	**0.4**	13.4
Foreign	**6.2**	**3.3**	**1.7**	**1.2**	4.1
Total	**100.0**	**69.9**	**11.8**	**18.3**	100.0

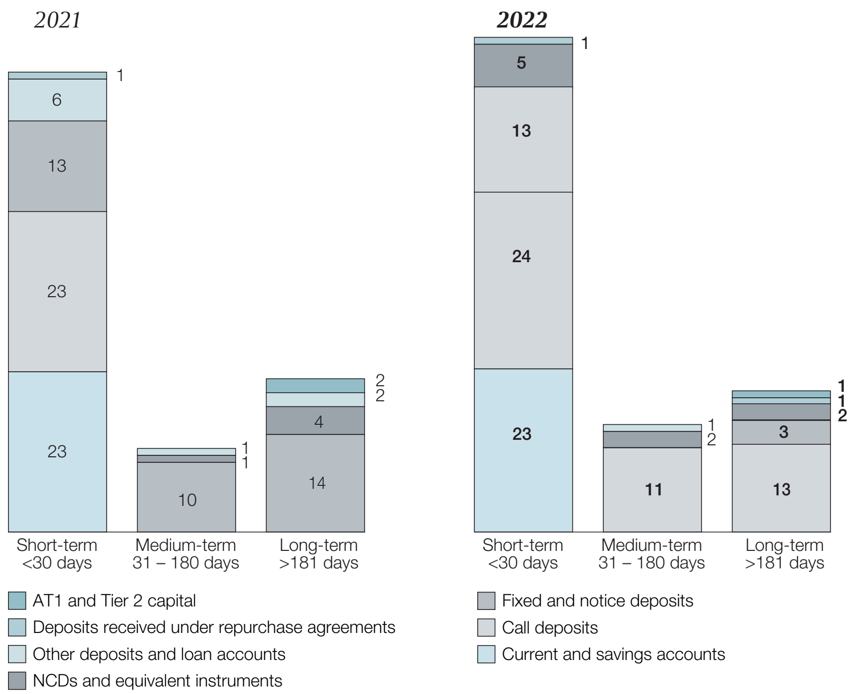
* *Excludes foreign branches*

Bank* funding analysis by source



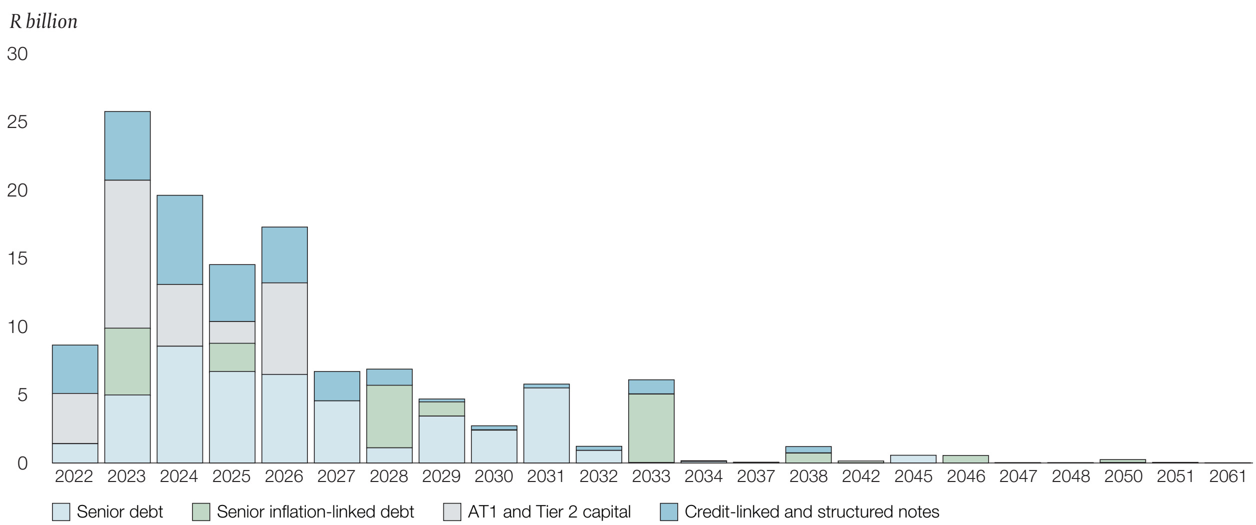
* *Excluding foreign branches.*

Funding liabilities by instrument type and term



The maturity profile of the bank's capital market instruments is depicted in the following chart. The bank does not have significant instrument-specific concentration risk in any one year and seeks to issue across benchmark tenors, taking pricing and investor demand into consideration. Finalisation of regulations regarding flac and financial conglomerates will influence future issuance considerations.

Maturity profile of the bank's* capital market instruments



* *Including foreign branches.*

Funding and liquidity continued

Foreign currency balance sheet

The active management of foreign currency liquidity risk remains a focus given the group's operations in the UK and in broader Africa.

Aldermore

Aldermore has a diversified and flexible funding strategy and is predominantly funded by retail, business and corporate deposits. These account for approximately 87% of total funding, with the savings deposit franchise totalling over £14 billion at June 2022.

Aldermore's funding strategy is complemented by its continued access to institutional funding, looking to the capital markets as and when opportunities arise to optimise its funding profile and cost of funds.

Aldermore's liquid asset composition remains prudent with an LCR well in excess of the regulatory minimum, and a liquidity risk position managed to stringent internal parameters. Aldermore has maintained a diverse portfolio of HQLA, which has been managed within risk appetite throughout the year.

MotoNovo

MotoNovo has been fully integrated with Aldermore and is supported by Aldermore's funding platform, with new business funded via a combination of on-balance sheet deposits and institutional and structured funding, including market securitisations and warehouses.

MotoNovo's back book (originated prior to May 2019) forms part of the bank's London branch and remains funded through existing funding mechanisms. This book continues to run down.

Liquidity risk position

The following table summarises the group's available sources of liquidity.

COMPOSITION OF LIQUID ASSETS

	As at 30 June	
R billion	**2022**	2021
Cash and deposits with central banks	**60**	51
Short-term liquidity instruments	**119**	91
Long-term investment securities	**128**	127
Other liquid assets	**34**	44
Total liquid assets	**341**	313

Liquidity ratios for the group and bank at June 2022 are summarised below.

LIQUIDITY RATIOS

	Group*		Bank*	
%	**LCR****	**NSFR**	**LCR****	**NSFR**
Regulatory minimum#	**100**	**100**	**100**	**100**
Actual	**121**	**123**	**124**	**120**

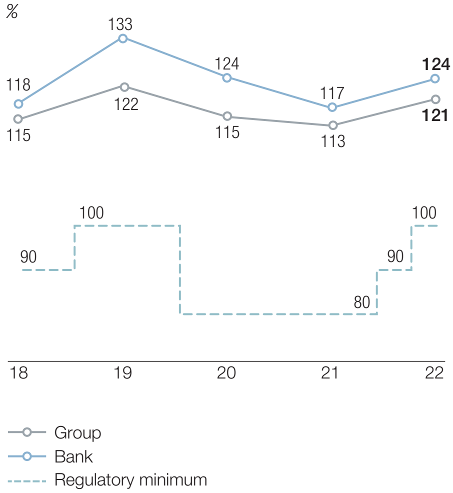
* *The group's LCR and NSFR include the bank's operations in South Africa, and all registered banks and foreign branches in the group. The bank's LCR and NSFR reflect South African operations only.*

** *The group LCR is calculated as a simple average of 91 days of daily observations over the period ended 30 June 2022 for FirstRand Bank South Africa, the London branch, FNB Botswana and FNB Namibia. The remaining banking entities, including Aldermore and the India and FNB Channel Island branches, are based on the quarter-end values. The bank LCR is calculated as a simple average of 91 days of daily observations over the period ended 30 June 2022 for FirstRand Bank South Africa.*

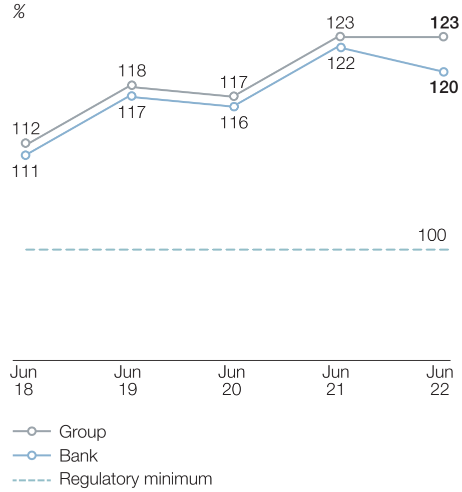
The temporary reduction of the LCR requirement from 100% to 80%, which came into effect on 1 April 2020, has been effectively withdrawn with Directive 8 of 2021 where the LCR requirement increased to 90% as at 1 January 2022, with a further increase in LCR requirement to 100% as at 1 April 2022. There were no changes to the NSFR minimum requirement.

The graphs below provide a historical view of the prudential liquidity ratios for both the group and the bank.

LCR



NSFR



Capital

Capital management approach

A comprehensive overview of the group's capital management approach is provided in the Basel Pillar 3 disclosure for the year ended 30 June 2022, which is available at: www.firstrand.co.za/investors/basel-pillar-3-disclosure/.

Year under review

During the year under review the group maintained strong capital and leverage ratios in excess of regulatory minimums and internal targets.

CAPITAL ADEQUACY AND LEVERAGE POSITIONS

	Capital			Leverage
%	**CET1**	**Tier 1**	**Total**	**Total**
Regulatory minimum*	8.5	10.8	13.0	4.0
Internal target	11.0 – 12.0	>12.0	>14.25	>5.5
Actual – including unappropriated profits**				
2022	**13.9**	**14.5**	**16.7**	**8.0**
2021	13.5	14.1	16.3	7.7

* *Excluding the individual capital requirement (Pillar 2B). The domestic systemically important bank (D-SIB) requirement for the group is 1.5%. The group's countercyclical buffer requirement remained at 0%.*

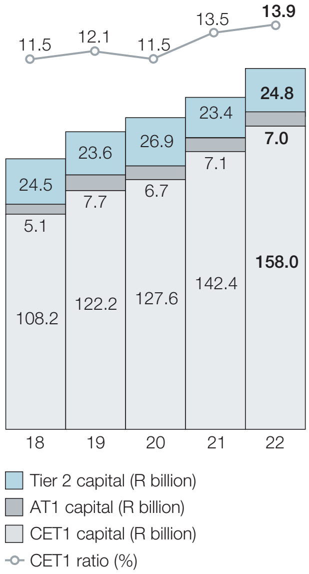
** *Refer to the Basel Pillar 3 report at www.firstrand.co.za/investors/basel-pillar-3-disclosure/ for ratios excluding unappropriated profits.*

The PA published *Directive 5 of 2021*, *Capital framework for South Africa based on the Basel III framework*, which reinstated the Pillar 2A requirement of 1% on 1 January 2022. The group's internal targets remain appropriate as these are aligned to end-state capital requirements and consider other stakeholder requirements. There is ongoing focus on optimising the overall level and mix of capital across the group and its regulated subsidiaries.

The group continues to enhance the use of economic capital by facilitating risk-based decisions, including capital allocation. The assessment of economic risk aligns with FirstRand's economic capital framework to ensure the group remains solvent at a confidence interval of 99.93%, and that it can deliver on its commitments to stakeholders over a one-year horizon. Regular reviews of the economic capital position are carried out across businesses, enabling efficient portfolio optimisation with respect to financial resource management and portfolio behaviour. For the year under review, the group continued to meet its economic capital requirements and reported an economic capital multiple (loss-absorbing capital/economic capital requirement) of 1.7 times on a post-diversified basis.

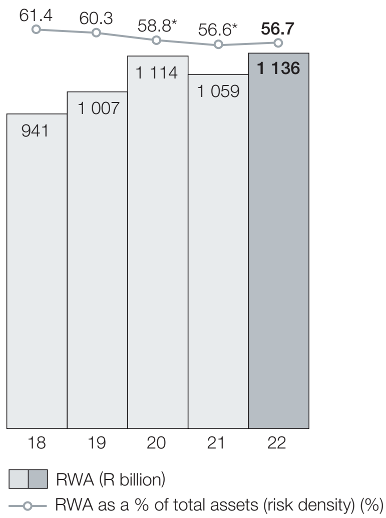
The graphs below provide a five-year view of the group's capital adequacy, RWA and leverage positions.

Capital adequacy*



* *Including unappropriated profits.*

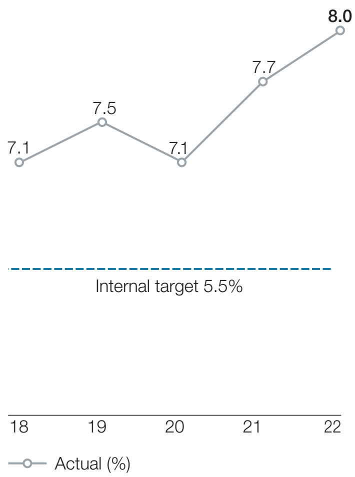
RWA history



* *Total assets restated for derivatives, see pages 160 and 161 for details.*

The slight increase in the group's risk density reflects changes in the balance sheet mix.

Leverage*



* *Including unappropriated profits.*

Note: Periods after 1 July 2018 are reported on an IFRS 9 basis.

The Basel III leverage ratio is a supplementary measure to the risk-based capital ratios and is a function of Tier 1 capital, and total on- and off-balance sheet exposures. The increase in the leverage ratio to June 2022 mainly relates to the increase in Tier 1 capital, partly offset by an increase in total exposures.

Capital continued

Supply of capital

COMPOSITION OF CAPITAL*

R million	As at 30 June 2022	2021
CET1 capital	**157 988**	142 436
Additional Tier 1 capital	**7 040**	7 091
Tier 1 capital	**165 028**	149 527
Tier 2 capital	**24 834**	23 440
Total qualifying capital	**189 862**	172 967

* *Including unappropriated profits. Refer to the Basel Pillar 3 report at www.firstrand.co.za/investors/basel-pillar-3-disclosure/ for additional detail on the composition of capital.*

KEY DRIVERS

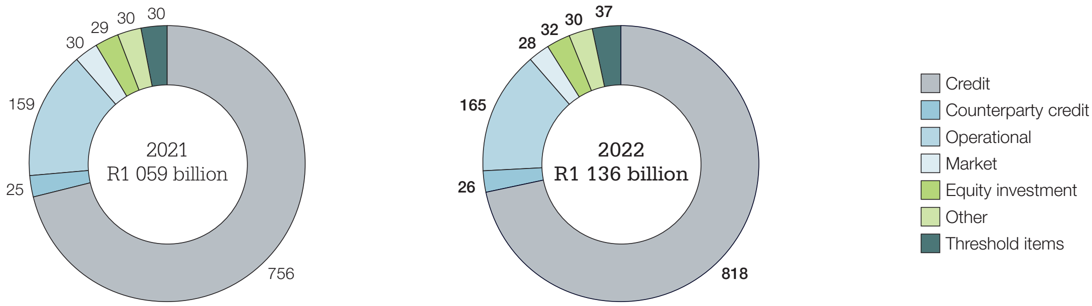
June 2022 vs June 2021

CET 1 capital	▲	> Positive earnings generation with the ROE at 20.6% partly offset by the payment of dividends and the final transitional impact of IFRS 9. > Increase in the foreign currency translation reserve given rand depreciation.
AT1 capital	▼	> Final 10% haircut on the group's NCNR preference shares.
Tier 2 capital	▲	> Foreign exchange movements given rand depreciation against the dollar. > Tier 2 issuance in November 2021 (R2.5 billion) to replace rollover of instruments.

Additional detail on the group's capital instruments is included on page 224.

Demand for capital

RWA analysis



KEY DRIVERS

June 2022 vs June 2021

Credit	▲	> Increased advances growth, rand depreciation, risk migration and model refinement.
Counterparty credit	▲	> Increased risk positions and mark-to-market movements on the back of global market volatility, notably in commodity prices.
Operational	▲	> Recalibration of operational risk scenarios and additional losses for entities on the advanced measurement approach, as well as changes in gross income for entities on basic approaches (basic indicator and standardised approaches).
Market	▼	> Overall risk reduction in the markets business on the back of liquidity constraints and the market volatility induced by the tightening of monetary policy from central banks globally.
Equity investment	▲	> Fair value movements and new investments.
Threshold items	▲	> Increase in the deferred income tax assets, and investments in financial and banking entities.

Capital continued

Capital adequacy position for the group and its regulated entities

CAPITAL ADEQUACY POSITIONS OF FIRSTRAND AND ITS REGULATED ENTITIES

	As at 30 June		
	2022		2021
	Total minimum requirement‡	Total capital adequacy	Total capital adequacy
Banking (%)			
Basel III (PA regulations)			
FirstRand*	13.0	16.7	16.3
FirstRand Bank*,**	13.0	17.7	17.8
FirstRand Bank South Africa*	13.0	17.4	17.6
FirstRand Bank London	13.0	21.6	22.0
FirstRand Bank India	13.0	>100	82.9
FirstRand Bank Guernsey	13.0	43.0	27.5
Basel III (local regulations)			
Aldermore Bank	12.6	17.7	18.1
FNB Namibia	10.0	20.4	19.5
Basel II (local regulations)			
FNB Botswana	12.5	17.9	18.0
RMB Nigeria	10.0	35.7	49.4
FNB Eswatini	8.0	23.2	20.4
First National Bank Ghana	13.0	34.1	38.4
FNB Mozambique	12.0	28.7	23.7
Basel I (local regulations)			
FNB Zambia	10.0	34.0	27.3
FNB Lesotho	8.0	19.9	16.5
FNB Tanzania#	14.5	47.9	60.1
Insurance (times)†			
FirstRand Life Assurance (FNB Life)	1.0	1.9	1.7
FirstRand STI	1.0	1.9	3.3
FRISCOL	1.0	1.8	1.0

* *Including unappropriated profits.*

** *Including foreign branches.*

\# *No longer a registered bank from 7 July 2022.*

† *Solvency capital requirements as per quarterly returns as at 30 June 2022.*

‡ *Excluding any confidential bank-specific requirements.*

Performance measurement

The group aims to deliver sustainable returns to its shareholders. Each business unit is evaluated on shareholder value created. The group's specific performance measures are economic profit (NIACC) and returns (ROE).

Targeted hurdle rates are set for the business units and capital is allocated to each business unit based on its risk profile. The capital allocation process is based on internal assessment of the capital requirements.

In the year under review, NIACC increased due to the growth in normalised earnings of 23%. Average shareholders' equity increased 9%. The group's ROE improved from 18.4% to 20.6%, above the group's cost of equity (COE) of 14.25%.

NIACC AND ROE

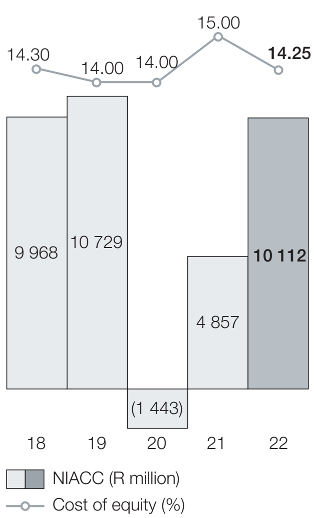
	Year ended 30 June		
R million	**2022**	2021	% change
Normalised earnings attributable to ordinary shareholders	**32 663**	26 551	23
Capital charge*	**(22 551)**	(21 694)	4
NIACC**	**10 112**	4 857	>100
Average ordinary shareholders' equity and reserves	**158 252**	144 627	9
ROE (%)	**20.6**	18.4	
Cost of equity (%)#	**14.25**	15.00	
Return on average RWA	**2.98**	2.44	

* *Capital charge based on cost of equity.*

** *NIACC = normalised earnings less capital charge (cost of equity x average ordinary shareholders' equity and reserves).*

\# *The group's cost of equity is calculated using the capital asset pricing model. The risk-free rate of 9.3% (2021: 10.0%) is determined through a fair value assessment of the South African risk-free rate with the calculations referencing the global risk-free yield and the country risk premium as well as expected inflation adjusted for potential future inflation uncertainty. The risk premium of 4.95% (2021: 5.0%) is determined using the FirstRand beta and equity risk premium.*

NIACC and cost of equity



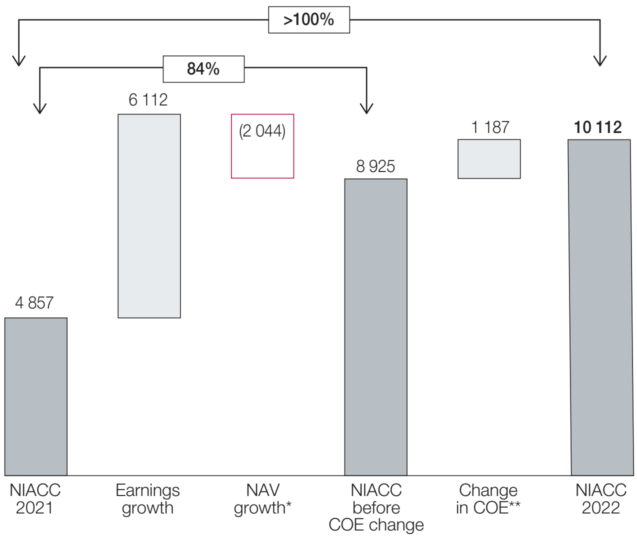
The 2018 figures are based on IAS 39 and 2019 onwards on IFRS 9.

Performance measurement continued

The graph below provides an analysis of the change in NIACC from 2021 to 2022:

NIACC change year-on-year

R million



* *NAV growth at prior year COE.*

** *Change in COE from 15% to 14.25%.*

Shareholder value creation

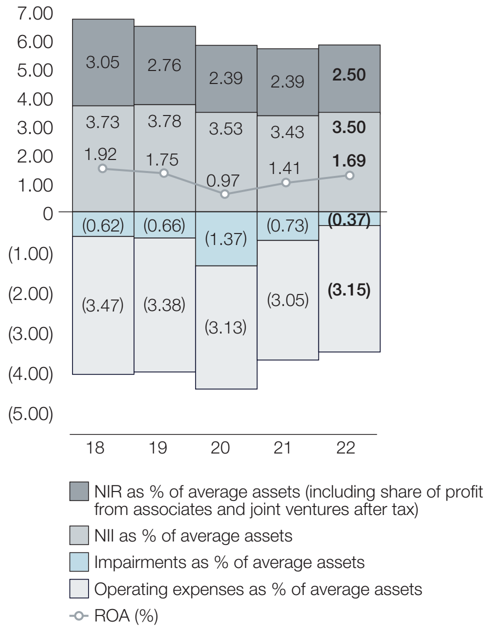
The decomposition of the ROE in the table below indicates that the improvement in ROE was largely driven by an improvement in return on assets (ROA) despite a reduction in gearing.

	Year ended 30 June				
	2022	2021	2020	2019	2018
ROA (%)	**1.69**	1.41	0.97	1.75	1.92
Gearing*	**12.2**	13.0	13.3	13.0	12.0
ROE (%)	**20.6**	18.4	12.9	22.8	23.0

* *Gearing = average total assets/average equity.*

The following graph provides a summary of the drivers of the ROA over time. The increase in ROA from 1.41% at 30 June 2021 to 1.69% at 30 June 2022 was primarily driven by the increase in revenue and a lower impairment charge for the year. Average total assets increased 3%.

ROA analysis



Note: The graph shows each item before tax and non-controlling interests as a percentage of average assets.
ROA is calculated as normalised earnings (after tax and non-controlling interests) as a percentage of average assets.

The 2018 figures are based on IAS 39 and 2019 onwards on IFRS 9.

Performance measurement continued

Operating business performance

The tables below provide a summary of performance of the group's operating businesses.

ROE AND NORMALISED EARNINGS PER BUSINESS

	Year ended 30 June			
	2022		2021	
R million	Normalised earnings*	ROE %	Normalised earnings*,**	ROE %**
Retail and commercial	**21 240**	**37.2**	17 396	30.6
– FNB	**19 636**	**40.6**	16 090	33.7
– WesBank	**1 604**	**18.6**	1 306	14.4
Corporate and institutional – RMB	**8 196**	**22.1**	6 913	18.7
UK operations#	**2 981**	**11.8**	2 687	11.1
Centre (including Group Treasury)†	**246**	**0.6**	(445)	(1.7)
FirstRand group	**32 663**	**20.6**	26 551	18.4
Broader Africa‡	**2 892**	**16.5**	2 614	14.5

* *Include the allocation of other capital costs and, therefore, differ from business normalised earnings in the segment report on pages 42 to 49.*

** *Comparatives were restated for segmentation changes and to align to current capital allocation approaches.*

Aldermore and MotoNovo (front and back books). In the segment report on pages 42 to 49, the MotoNovo back book is included in the Centre. Normalised earnings include the return on capital and cost of other capital instruments allocated to the MotoNovo back book. ROEs are calculated in pound terms.

† *Includes the unallocated capital.*

‡ *Comprises in-country as well as cross-border deals booked on the South Africa, London branch and RMB Mauritius balance sheets where the deal originated in a broader Africa jurisdiction.*

BUSINESS ROAs

	ROA	
	Year ended 30 June	
%	**2022**	2021*
Retail and commercial	**3.36**	2.82
– FNB	**4.03**	3.41
– WesBank	**1.11**	0.91
Corporate and institutional – RMB	**1.35**	1.12
UK operations**	**0.82**	0.76
Centre (including Group Treasury)	**0.07**	(0.15)
FirstRand group	**1.69**	1.41

* *Comparatives were restated for segmentation changes.*

** *Aldermore and MotoNovo front and back books. ROAs are calculated in pound terms.*

The table below provides a geographical analysis of capital allocated.

GEOGRAPHICAL ANALYSIS OF AVERAGE CAPITAL ALLOCATED

	Year ended 30 June		
R million	2022	2021	% change
South Africa and other*	**116 014**	102 578	13
Broader Africa**	**17 496**	17 995	(3)
UK operations#	**24 742**	24 054	3
FirstRand group	**158 252**	144 627	9

* *Exclude cross-border deals.*

** *Comprises in-country as well a cross-border deals booked on the South Africa, London branch and RMB Mauritius balance sheets, where the deal originated in a broader Africa jurisdiction.*

\# *Aldermore and MotoNovo front and back books. UK operations' year-end capital in pound sterling was converted to rand using the year-end closing exchange rates.*

The table below provides a geographical ROE analysis.

GEOGRAPHICAL ROE ANALYSIS

	Year ended 30 June	
%	2022	2021
South Africa and other *	**23.1**	20.7
Broader Africa **	**16.5**	14.5
UK operations #	**11.8**	11.1
FirstRand group	**20.6**	18.4

* *Exclude cross-border deals.*

** *Comprises in-country as well as cross-border deals booked on the South Africa, London branch and RMB Mauritius balance sheets, where the deal originated in a broader Africa jurisdiction.*

\# *Aldermore and MotoNovo front and back books. ROEs are calculated in pound terms.*

IFRS information

Presentation

Basis of presentation

The summary consolidated financial statements contained in this *Analysis of financial results* booklet are prepared in accordance with the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The JSE Listings Requirements require provisional reports to be prepared in accordance with:

> framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS);
> SAICA Financial Reporting Guides as issued by the Accounting Practices Committee;
> Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council; and
> as a minimum contain the information required by IAS 34.

The directors take full responsibility for the preparation of the summary consolidated financial statements and confirm that this information has been correctly extracted from the consolidated financial statements from which the summary consolidated financial statements were derived.

The summary consolidated financial statements contained in this *Analysis of financial results* booklet have been correctly extracted from the underlying audited consolidated annual financial statements, where applicable, for the year ended 30 June 2022, which are available at www.firstrand.co.za/investors/annual-reporting/.

Accounting policies

The accounting policies and other methods of computation applied in the preparation of the consolidated financial statements, from which the consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements.

The consolidated financial statements, from which these summary consolidated financial statements are extracted, are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

There were no new or amended IFRS standards that became effective for the year ended 30 June 2022.

Auditors' report

These summary consolidated financial statements for the year ended 30 June 2022 contained in this booklet have been audited by PricewaterhouseCoopers Inc. and Deloitte & Touche, who expressed an unmodified opinion thereon. Refer to page 162.

The auditors also expressed an unmodified opinion on the annual consolidated financial statements from which the summary consolidated financial statements were derived. Unless the financial information is specifically stated as audited, it should be assumed that it is unaudited.

The auditors' report does not necessarily report on all of the information contained in these summary consolidated financial statements. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditors' engagement, they should review the auditors' report together with the accompanying consolidated financial statements.

The full audit opinion, including any key audit matters, is available at www.firstrand.co.za/investors/annual-reporting/ as part of the group's annual financial statements, which have been released in conjunction with these results.

Normalised results

The group believes normalised earnings more accurately reflect operational performance. Consequently, headline earnings have been adjusted to take into account non-operational and accounting anomalies, which, in terms of the JSE Listings Requirements, constitute *pro forma* financial information.

All normalised entries, as included and described in the *Analysis of financial results* for the year ended 30 June 2022 remained unchanged.

This *pro forma* financial information, which is the responsibility of the group's directors, has been prepared for illustrative purposes to more accurately reflect operational performance. Due to its nature it may not fairly present, in terms of IFRS, the group's financial position, changes in equity, and results of operations or cash flows. Details of the nature of these adjustments and the reasons therefor can be found below in this *Analysis of financial results* booklet. The *pro forma* financial information should be read in conjunction with the unmodified Deloitte & Touche and PricewaterhouseCoopers Inc. independent reporting accountants' report, in terms of International Standard on Assurance Engagements (ISAE 3420), on pages 163 and 164.

Description of difference between normalised and IFRS results

Consolidated private equity subsidiaries

In accordance with IFRS, operating costs of consolidated private equity subsidiaries are included in profit or loss as part of operating expenses. When calculating normalised results, these operating costs are reclassified to NIR, where income earned from these entities is included. This presentation of net income earned from consolidated private equity subsidiaries more accurately reflects the underlying economic substance of the group's relationship with these entities.

FirstRand shares held for client trading activities

The group invests in FirstRand shares to offset its exposure as a result of client trading positions. Depending on the nature of the client trading position and resulting risks, FirstRand shares may be held long or sold short by the group.

In terms of IAS 32, FirstRand shares held by the group are deemed to be treasury shares for accounting purposes. For the statement of financial position, the cost price of FirstRand shares held long is deducted from equity and the consideration received from selling FirstRand shares short is added back to equity. All gains and losses on FirstRand shares are reversed to profit or loss.

In addition, one of the group's joint ventures also holds FirstRand shares for client trading activities. In terms of IAS 32, profits or losses cannot be recognised on an entity's own equity instruments. The group's portion of the fair value change in the FirstRand shares is, therefore, deducted from equity-accounted earnings and the carrying value of the investment recognised using the equity-accounted method. The shares held by the joint venture are not deducted from equity.

Changes in the fair value of FirstRand shares and dividends declared on these shares affect the fair value of client trading positions reflected in the statement of financial position, unless the client trading position is itself an equity instrument. The change in the fair value of client trading positions is recognised in profit or loss. However, because of the rules relating to treasury shares and the elimination of upstream and downstream profits, when equity accounting is applied the corresponding fair value changes (or the group's portion of the fair value changes) in the FirstRand shares held to match client trading positions are reversed or eliminated. This results in a mismatch in the overall equity and profit or loss of the group.

For purposes of calculating normalised results, the adjustments described above are reversed and FirstRand shares held for client trading positions are treated as issued to parties external to the group.

Where the client trading position is itself an equity instrument, then neither gains nor losses on client trading positions or FirstRand shares held to hedge these are reflected in profit or loss or on the statement of financial position.

Margin-related items included in fair value income

In terms of IFRS the group has elected to measure certain financial assets and liabilities at fair value through profit or loss. In terms of the group's IFRS accounting policies, the gains or losses on these assets and liabilities are included in fair value income within NIR. This results in NIR including gains or losses that are related to lending, borrowing and economic interest rate hedges. In order to reflect the economic substance of these amounts, the amount of fair value income that relates to margin is presented in NII in the normalised results.

The amount reclassified from NIR to NII includes the following items:

- the margin on the component of the wholesale advances book in RMB that is measured at fair value through profit or loss;
- fair value gains on derivatives that are used as interest rate hedges, but which do not qualify for hedge accounting; and
- currency translations and associated costs inherent to the USD funding and liquidity pool.

IAS 19 remeasurement of plan assets

In terms of IAS 19, interest income is recognised on the plan assets and offset against staff costs in the income statement. All other remeasurements of plan assets are recognised in other comprehensive income. In instances where the plan asset is a qualifying insurance policy, which has a limit of indemnity, the fair value of the plan asset is limited to that limit of indemnity. The limit of indemnity continually reduces as payments are made in terms of the insurance policy. After the recognition of interest income on the plan asset, any further adjustment required to revalue the plan asset to the limit of indemnity is recognised in other comprehensive income. To the extent, therefore, that interest income on plan assets results in an increase in the fair value of the plan asset above the limit of indemnity, a downward fair value measurement is recognised in other comprehensive income. Economically, the value of the plan asset has simply reduced with claims paid. Normalised results are adjusted to reflect this by increasing staff costs for the value of the interest on the plan assets and increasing other comprehensive income.

Presentation continued

Realisation on the sale of private equity subsidiaries

In terms of *Circular 01/2021 – Headline Earnings*, gains or losses from the sale of subsidiaries are excluded from headline earnings.

The circular includes specific industry rules. Rule 1 allows entities to include in headline earnings gains or losses associated with private equity investments that are associates or joint ventures, which form part of trading or operating activities. The industry rule, however, does not apply to gains or losses associated with private equity investments that are subsidiaries. The group includes gains or losses on the sale of private equity subsidiaries in normalised results to reflect the nature of these investments.

Cash-settled share-based payments and the economic hedge

The group entered into various total returns swaps (TRSs) with external parties to economically hedge itself against the exposure to changes in the FirstRand share price associated with the group's share-based awards.

In accordance with IFRS 2, the expense resulting from these option schemes is recognised over the vesting period of the schemes. This leads to a mismatch in the recognition of the profit or loss of the hedge and the share-based payment expense.

When calculating normalised results, the group defers the recognition of the fair value gain or loss on the hedging instrument for the specific reporting period to the period in which the IFRS 2 impact will manifest in the group's results. This reflects the economic substance of the hedge and associated IFRS 2 impact for the group regarding the share schemes that are not hedge accounted.

In addition, the portion of the share-based payment expense which relates to the remeasurement of the liability arising from changes in the share price is reclassified from operating expenses into NIR in accordance with the economics of the transaction. The share-based payment expense included in operating expenses is equal to the grant date fair value of the awards given.

Headline earnings adjustments

All adjustments required by *Circular 01/2021 – Headline Earnings* in calculating headline earnings are included in normalised earnings on a line-by-line basis based on the nature of the adjustment.

The description and the amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 172.

Restatement of prior year numbers

The group has made the following changes to the presentation of derivative assets and derivative liabilities.

Description of restatements

During the financial year, the group obtained a legal opinion which confirmed the group's legal right to set off positions held with the London Clearing House (LCH), of which FirstRand Securities, a subsidiary of FirstRand International, is a clearing member. The group restated its financial statements to appropriately reflect the net presentation of derivative assets and derivative liabilities with the LCH in the comparative information.

The change in presentation has no impact on the profit or loss or net asset value of the group and only affects the presentation of derivative assets and derivative liabilities on the statement of financial position.

Restated consolidated statement of financial position

as at 30 June

R million	As previously reported 2020	Offsetting	Restated 2020	As previously reported 2021	Offsetting	Restated 2021
ASSETS						
Cash and cash equivalents	136 002	–	136 002	135 059	–	135 059
Derivative financial instruments	147 515	(31 919)	115 596	82 728	(16 267)	66 461
Commodities	21 344	–	21 344	18 641	–	18 641
Investment securities	297 469	–	297 469	368 187	–	368 187
Advances	1 261 715	–	1 261 715	1 223 434	–	1 223 434
– Advances to customers*	1 191 281	–	1 191 281	1 152 956	–	1 152 956
– Marketable advances	70 434	–	70 434	70 478	–	70 478
Other assets	11 256	–	11 256	9 216	–	9 216
Current tax asset	598	–	598	409	–	409
Non-current assets and disposal groups held for sale	3 065	–	3 065	565	–	565
Reinsurance assets	240	–	240	387	–	387
Investments in associates	6 882	–	6 882	8 644	–	8 644
Investments in joint ventures	1 749	–	1 749	2 116	–	2 116
Property and equipment	21 369	–	21 369	20 190	–	20 190
Intangible assets	11 638	–	11 638	9 932	–	9 932
Investment properties	722	–	722	659	–	659
Defined benefit post-employment asset	–	–	–	9	–	9
Deferred income tax asset	4 975	–	4 975	6 104	–	6 104
Total assets	1 926 539	(31 919)	1 894 620	1 886 280	(16 267)	1 870 013
EQUITY AND LIABILITIES						
Liabilities						
Short trading positions	5 062	–	5 062	18 945	–	18 945
Derivative financial instruments	162 193	(31 919)	130 274	84 436	(16 267)	68 169
Creditors, accruals and provisions	21 038	–	21 038	22 765	–	22 765
Current tax liability	499	–	499	1 280	–	1 280
Liabilities directly associated with disposal groups held for sale	1 427	–	1 427	613	–	613
Deposits	1 535 015	–	1 535 015	1 542 078	–	1 542 078
Employee liabilities	8 820	–	8 820	11 319	–	11 319
Other liabilities	8 203	–	8 203	7 741	–	7 741
Policyholder liabilities	6 430	–	6 430	7 389	–	7 389
Tier 2 liabilities	24 614	–	24 614	20 940	–	20 940
Deferred income tax liability	1 318	–	1 318	887	–	887
Total liabilities	1 774 619	(31 919)	1 742 700	1 718 393	(16 267)	1 702 126
Equity						
Ordinary shares	56	–	56	56	–	56
Share premium	8 008	–	8 008	7 973	–	7 973
Reserves	129 465	–	129 465	143 588	–	143 588
Capital and reserves attributable to equityholders of the group	137 529	–	137 529	151 617	–	151 617
Other equity instruments	10 245	–	10 245	11 645	–	11 645
Non-controlling interests	4 146	–	4 146	4 625	–	4 625
Total equity	151 920	–	151 920	167 887	–	167 887
Total equity and liabilities	1 926 539	(31 919)	1 894 620	1 886 280	(16 267)	1 870 013

* *Included in advances to customers are assets under agreements to resell of R70 617 million (2021: R65 584 million; 2020: R26 964 million).*

Independent auditors' report on the summary consolidated financial statements

To the Shareholders of FirstRand Limited

Opinion

The summary consolidated financial statements of FirstRand Limited, set out on page 158 and pages 165 to 172 and 181 to 216 of the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 30 June 2022, the summary consolidated income statement, the summary consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of FirstRand Limited for the year ended 30 June 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the basis of presentation to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditors' report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 14 September 2022. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the basis of presentation to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche ~ Registered auditor
Per Partner: Kevin Black

Johannesburg, South Africa

14 September 2022

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc. ~ Registered auditor
Director: Johannes Grosskopf

Johannesburg, South Africa

14 September 2022

Independent Reporting Accountants' Assurance Report on the Compilation of Pro Forma Financial Information Included in the Analysis of Financial Results for the year ended 30 June 2022

To the Directors of FirstRand Limited

Report on the Assurance Engagement in respect of the Compilation of Pro Forma Financial Information included in the Analysis of Financial Results for the year ended 30 June 2022

We have completed our assurance engagement to report on the compilation of the pro forma financial information (the "Pro Forma Financial Information") of FirstRand Limited (the "Group") by the directors of the Group. The Pro Forma Financial Information, as set out on pages 173 to 180 of the Analysis of Financial Results, consist of:

> Reconciliation from headline to normalised earnings for the year ended 30 June 2022; and

> Reconciliation of normalised to IFRS summary consolidated income statement for the year ended 30 June 2022; and

> Reconciliation of normalised to IFRS summary consolidated statement of financial position as at 30 June 2022.

The applicable criteria based on which the directors have compiled the Pro Forma Financial Information are specified in the JSE Listings Requirements and described in the description of difference between normalised and IFRS results and financial position sections and headline and normalised section of the Analysis of Financial Results.

The Pro Forma Financial Information has been compiled by the directors to illustrate the impact of non-operational items and accounting anomalies, on the Group's financial performance and financial position for the year ended 30 June 2022. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's financial statements for the year ended 30 June 2022, on which an unmodified audit report was issued on 14 September 2022.

Directors' responsibility for the Pro Forma Financial Information

The directors of the Group are responsible for compiling the Pro Forma Financial Information based on the applicable criteria specified in the JSE Listings Requirements and described in the description of difference between normalised and IFRS results and financial position sections and headline and normalised section of the Analysis of Financial Results for the year ended 30 June 2022.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards). The firms apply International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the Pro Forma Financial Information has been compiled, in all material respects, by the directors based on the applicable criteria specified in the JSE Listings Requirements and described in the description of difference between normalised and IFRS results and financial position sections and headline and normalised section of the Analysis of Financial Results based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, during this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

Independent reporting accountants' assurance report on the compilation of pro forma financial information included in the analysis of financial results for the year ended 30 June 2022 continued

The purpose of Pro Forma Financial Information is solely to illustrate the impact of a significant event or transaction, non-operational items and accounting anomalies on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been compiled, in all material respects, based on the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Pro Forma Financial Information is reasonable for the basis of presenting the financial information on a pro forma basis, and to obtain sufficient appropriate evidence about whether:

> The related pro forma adjustments give appropriate effect to those criteria; and

> The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the illustrative purpose in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Financial Information has been compiled, in all material respects, based on the applicable criteria specified by the JSE Listings Requirements and described in the description of difference between normalised and IFRS results and financial position sections and headline and normalised section of the Analysis of Financial Results.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche ~ Registered auditor
Per Partner: Kevin Black

Johannesburg, South Africa

14 September 2022

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc. ~ Registered auditor
Director: Johannes Grosskopf

Johannesburg, South Africa

14 September 2022

Summary consolidated income statement – IFRS (audited)

for the year ended 30 June

R million	2022	2021	% change
Interest income calculated using effective interest rate	107 515	103 912	3
Interest on other financial instruments and similar income	1 452	2 023	(28)
Interest and similar income	**108 967**	105 935	3
Interest expense and similar charges	(42 592)	(42 645)	–
Net interest income before impairment of advances	**66 375**	63 290	5
Impairment and fair value of credit on advances	(7 080)	(13 660)	(48)
– Impairment on amortised cost advances	(6 539)	(13 400)	(51)
– Fair value of credit on advances	(541)	(260)	>100
Net interest income after impairment of advances	**59 295**	49 630	19
Non-interest revenue	48 248	45 195	7
– Net fee and commission income	33 396	31 686	5
– Fee and commission income	39 967	37 462	7
– Fee and commission expense	(6 571)	(5 776)	14
– Insurance income	4 297	3 335	29
– Fair value income	6 835	6 574	4
– Fair value gains or losses	12 790	10 900	17
– Interest expense on fair value activities	(5 955)	(4 326)	38
– Gains less losses from investing activities	515	271	90
– Other non-interest revenue	3 205	3 329	(4)
Income from operations	**107 543**	94 825	13
Operating expenses	(60 769)	(57 556)	6
Net income from operations	**46 774**	37 269	26
Share of profit of associates after tax	895	1 133	(21)
Share of profit of joint ventures after tax	596	405	47
Income before indirect tax	**48 265**	38 807	24
Indirect tax	(1 433)	(1 516)	(5)
Profit before tax	**46 832**	37 291	26
Income tax expense	(12 193)	(8 981)	36
Profit for the year	**34 639**	28 310	22
Attributable to			
Ordinary equityholders	32 761	26 743	23
Other equity instrument holders	838	777	8
Equityholders of the group	**33 599**	27 520	22
Non-controlling interests	1 040	790	32
Profit for the year	**34 639**	28 310	22
Earnings per share (cents)			
– Basic	584.3	476.9	23
– Diluted	584.3	476.9	23
Headline earnings per share (cents)			
– Basic	585.3	480.5	22
– Diluted	585.3	480.5	22

Summary consolidated statement of other comprehensive income – IFRS (audited)

for the year ended 30 June

R million	2022	2021	% change
Profit for the year	**34 639**	28 310	22
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	**(3 712)**	(640)	>100
(Losses)/gains arising during the year	**(2 138)**	968	(>100)
Reclassification adjustments for amounts included in profit or loss	**(2 972)**	(1 891)	57
Deferred income tax	**1 398**	283	>100
FVOCI debt reserve	**(50)**	392	(>100)
(Losses)/gains arising during the year	**(65)**	584	(>100)
Reclassification adjustments for amounts included in profit or loss	**(15)**	(34)	(56)
Deferred income tax	**30**	(158)	(>100)
Exchange differences on translating foreign operations	**2 007**	(5 872)	(>100)
Gains/(losses) arising during the year	**1 997**	(5 830)	(>100)
Deferred income tax	**10**	(42)	(>100)
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interest	**13**	90	(86)
Items that may not subsequently be reclassified to profit or loss			
FVOCI equity reserve	**4**	(271)	(>100)
Gains/(losses) arising during the year	**10**	(351)	(>100)
Deferred income tax	**(6)**	80	(>100)
Remeasurements on defined benefit post-employment plans	**41**	(177)	(>100)
Gains/(losses) arising during the year	**59**	(252)	(>100)
Deferred income tax	**(18)**	75	(>100)
Other comprehensive loss for the year	**(1 697)**	(6 478)	(74)
Total comprehensive income for the year	**32 942**	21 832	51
Attributable to			
Ordinary equityholders	**31 037**	20 408	52
Other equity instrument holders	**838**	777	8
Equityholders of the group	**31 875**	21 185	50
Non-controlling interests	**1 067**	647	65
Total comprehensive income for the year	**32 942**	21 832	51

Summary consolidated statement of financial position – IFRS (audited)

as at 30 June

R million	2022	2021*	2020*
ASSETS			
Cash and cash equivalents	**143 636**	135 059	136 002
Derivative financial instruments	**65 667**	66 461	115 596
Commodities	**17 580**	18 641	21 344
Investment securities	**382 149**	368 187	297 469
Advances	**1 334 324**	1 223 434	1 261 715
– Advances to customers**	**1 262 083**	1 152 956	1 191 281
– Marketable advances	**72 241**	70 478	70 434
Other assets	**9 597**	9 216	11 256
Current tax asset	**624**	409	598
Non-current assets and disposal groups held for sale	**1 501**	565	3 065
Reinsurance assets	**583**	387	240
Investments in associates	**8 178**	8 644	6 882
Investments in joint ventures	**2 618**	2 116	1 749
Property and equipment	**19 725**	20 190	21 369
Intangible assets#	**9 459**	9 932	11 638
Investment properties	**698**	659	722
Defined benefit post-employment asset	**35**	9	–
Deferred income tax asset	**8 028**	6 104	4 975
Total assets	**2 004 402**	1 870 013	1 894 620
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**14 623**	18 945	5 062
Derivative financial instruments	**64 547**	68 169	130 274
Creditors, accruals and provisions	**35 761**	22 765	21 038
Current tax liability	**803**	1 280	499
Liabilities directly associated with disposal groups held for sale	**824**	613	1 427
Deposits	**1 655 972**	1 542 078	1 535 015
Employee liabilities	**13 862**	11 319	8 820
Other liabilities	**8 248**	7 741	8 203
Policyholder liabilities	**7 424**	7 389	6 430
Tier 2 liabilities	**20 937**	20 940	24 614
Deferred income tax liability	**692**	887	1 318
Total liabilities	**1 823 693**	1 702 126	1 742 700
Equity			
Ordinary shares	**56**	56	56
Share premium	**7 905**	7 973	8 008
Reserves	**156 820**	143 588	129 465
Capital and reserves attributable to equityholders of the group	**164 781**	151 617	137 529
Other equity instruments	**11 645**	11 645	10 245
Non-controlling interests	**4 283**	4 625	4 146
Total equity	**180 709**	167 887	151 920
Total equities and liabilities	**2 004 402**	1 870 013	1 894 620

* *Restated, refer to pages 160 and 161 for details.*

** *Included in advances to customers are assets under agreements to resell of R70 617 million (2021: R65 584 million; 2020: R26 964 million).*

Include net goodwill of R7 722 million (2021: R7 726 million).

Summary consolidated statement of cash flows – IFRS (audited)

for the year ended 30 June

R million	2022	2021
Cash flows from operating activities		
Interest and fee commission receipts	150 467	131 715
– Interest received	113 464	97 326
– Fee and commission received	39 967	37 462
– Insurance income received	3 607	2 703
– Fee and commission paid	(6 571)	(5 776)
Trading and other income	3 539	3 238
Interest payments	(37 778)	(36 499)
Other operating expenses	(45 355)	(43 677)
Dividends received	3 065	2 929
Dividends paid	(18 228)	(6 947)
Dividends paid to non-controlling interest	(1 026)	(489)
Taxation paid	(14 984)	(10 698)
Cash generated from operating activities	39 700	39 572
Movement in operating assets and liabilities	(29 899)	(30 434)
– Liquid assets and trading securities	(200)	(75 198)
– Advances	(92 260)	(44 458)
– Deposits	61 655	82 663
– Other assets	(194)	2 472
– Creditors	6 930	864
– Employee liabilities	(5 241)	(4 079)
– Total other liabilities	(589)	7 302
– Other operating liabilities*	(428)	6 490
– Reinsurance assets	(196)	(147)
– Policyholder liabilities	35	959
Net cash generated from operating activities	9 801	9 138

* *Other operating liabilities consist of various operating liabilities. The most significant balances relate to short trading positions and derivative financial instruments.*

Summary consolidated statement of cash flows – IFRS (audited) continued

for the year ended 30 June

R million	2022	2021
Cash flows from investing activities		
Acquisition of investments in associates	**(236)**	(93)
Proceeds on disposal of investments in associates	**1**	37
Acquisition of investments in joint ventures	**(92)**	(45)
Proceeds on disposal of investments in joint ventures	**40**	–
Acquisition of investments in subsidiaries	**21**	(31)
Proceeds on disposal of subsidiaries	**–**	(2)
Acquisition of property and equipment	**(3 265)**	(3 160)
Proceeds on disposal of property and equipment	**617**	539
Acquisition of intangible assets and investment properties	**(409)**	(257)
Proceeds on disposal of non-current assets held for sale	**25**	–
Net cash outflow from investing activities	**(3 298)**	(3 012)
Cash flows from financing activities		
Proceeds on the issue of other financial liabilities	**1 067**	1 306
Redemption of other financial liabilities	**(842)**	(1 110)
Principal payments towards lease liabilities	**(1 030)**	(1 053)
Proceeds from issue of Tier 2 liabilities	**2 742**	3 111
Capital repaid on Tier 2 liabilities	**(3 577)**	(4 903)
Acquisition of additional interest in subsidiaries from non-controlling interest	**(866)**	(139)
Proceeds from issue of AT1 equity instruments	**–**	1 400
Net cash outflow from financing activities	**(2 506)**	(1 388)
Net increase in cash and cash equivalents	**3 997**	4 738
Cash and cash equivalents at the beginning of the year	**135 059**	136 002
Effect of exchange rate changes on cash and cash equivalents	**4 631**	(5 594)
Transfer to non-current assets held for sale	**(51)**	(87)
Cash and cash equivalents at the end of the year	**143 636**	135 059
Mandatory reserve balances included above*	**34 521**	39 627

* *Banks are required to deposit a minimum average balance, calculated monthly with the central bank, which is available for use by the group subject to certain restrictions and limitations levelled by the central banks within the countries of operation. The deposit bears no or low interest. Money at short notice constitutes amounts withdrawable in 32 days or less.*

Summary consolidated statement of changes in equity – IFRS (audited)

for the year ended 30 June

	Ordinary share capital and ordinary equityholders' funds				
R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 1 July 2020	56	8 008	**8 064**	(420)	1 995
Net proceeds of issue of share capital	–	–	**–**	–	–
Disposal of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the year	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Transfer to/(from) general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Movement in treasury shares	–	(35)	**(35)**	–	–
Total comprehensive income for the year	–	–	**–**	(177)	(640)
– Profit for the year	–	–	**–**	–	–
– Other comprehensive income for the year	–	–	**–**	(177)	(640)
Balance as at 30 June 2021	56	7 973	**8 029**	(597)	1 355
Net proceeds of issue of share capital	–	–	**–**	–	–
Disposal of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the year	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Transfer (from)/to general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Movement in treasury shares	–	(68)	**(68)**	–	–
Total comprehensive income for the year	–	–	**–**	41	(3 712)
– Profit for the year	–	–	**–**	–	–
– Other comprehensive income for the year	–	–	**–**	41	(3 712)
Balance as at 30 June 2022	56	7 905	**7 961**	(556)	(2 357)

* *Other reserves include the FVOCI reserve.*

** *Other equity instruments at 30 June 2022 include R4 519 million (2021: R4 519 million) of non-cumulative, non-refundable preference shares and R7 126 million (2021: R7 126 million) of AT1 instruments.*

Ordinary share capital and ordinary equityholders' funds							
Share-based payment reserve	Foreign currency translation reserve	Other reserves*	Retained earnings	Reserves attributable to ordinary equity-holders	Other equity instruments**	Non-controlling interests	Total equity
24	8 486	790	118 590	**129 465**	**10 245**	**4 146**	**151 920**
–	–	–	–	**–**	**–**	**(2)**	**(2)**
–	–	–	–	**–**	**–**	**376**	**376**
–	–	–	–	**–**	**1 400**	**–**	**1 400**
20	–	131	(148)	**3**	**–**	**3**	**6**
–	–	–	(6 170)	**(6 170)**	**–**	**(489)**	**(6 659)**
–	–	–	–	**–**	**(777)**	**–**	**(777)**
–	–	60	(60)	**–**	**–**	**–**	**–**
–	–	–	(134)	**(134)**	**–**	**(56)**	**(190)**
–	–	–	16	**16**	**–**	**–**	**(19)**
–	(5 713)	195	26 743	**20 408**	**777**	**647**	**21 832**
–	–	–	26 743	**26 743**	**777**	**790**	**28 310**
–	(5 713)	195	–	**(6 335)**	**–**	**(143)**	**(6 478)**
44	2 773	1 176	138 837	**143 588**	**11 645**	**4 625**	**167 887**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	203	(278)	**(75)**	**–**	**29**	**(46)**
–	–	–	(17 390)	**(17 390)**	**–**	**(1 026)**	**(18 416)**
–	–	–	–	**–**	**(838)**	**–**	**(838)**
–	–	(55)	55	**–**	**–**	**–**	**–**
–	–	–	(364)	**(364)**	**–**	**(412)**	**(776)**
–	–	–	24	**24**	**–**	**–**	**(44)**
–	1 993	(46)	32 761	**31 037**	**838**	**1 067**	**32 942**
–	–	–	32 761	**32 761**	**838**	**1 040**	**34 639**
–	1 993	(46)	–	**(1 724)**	**–**	**27**	**(1 697)**
44	4 766	1 278	153 645	**156 820**	**11 645**	**4 283**	**180 709**

Statement of headline earnings – IFRS (audited)

for the year ended 30 June

R million	2022	2021	% change
Profit for the year (refer to page 165)	**34 639**	28 310	22
Other equity instrument holders	**(838)**	(777)	8
Non-controlling interests	**(1 040)**	(790)	32
Earnings attributable to ordinary equityholders	**32 761**	26 743	23
Adjusted for	**56**	207	(73)
Gain on disposal of non-private equity associates	**–**	(40)	(100)
Impairment of non-private equity associates	**25**	1	>100
(Gain)/loss on disposal of investments in subsidiaries	**(56)**	3	(>100)
(Gain)/loss on disposal of property and equipment	**(8)**	17	(>100)
Compensation from third parties for impaired/lost property and equipment	**(109)**	–	(>100)
Fair value movement on investment properties	**19**	89	(79)
Transfer from foreign currency translation reserve	**–**	8	(100)
Loss on disposal of investments in joint ventures	**–**	7	(100)
Impairment of goodwill	**60**	112	(46)
Impairment of assets in terms of IAS 36	**136**	43	>100
Gain from a bargain purchase	**–**	(1)	(100)
Other	**(3)**	(4)	(25)
Tax effects of adjustments	**5**	(22)	(>100)
Non-controlling interest adjustments	**(13)**	(6)	>100
Headline earnings	**32 817**	26 950	22

Reconciliation from headline to normalised earnings

for the year ended 30 June

R million	2022	2021	% change
Headline earnings	**32 817**	26 950	22
Adjusted for	**(154)**	(399)	(61)
TRS and IFRS 2 liability remeasurement*	**(58)**	(213)	(73)
Treasury shares**	**2**	(66)	(>100)
IAS 19 adjustment	**(104)**	(102)	2
Private equity-related#	**6**	(18)	(>100)
Normalised earnings	**32 663**	26 551	23

* *The group uses various TRSs with external parties to economically hedge itself against the exposure to changes in the FirstRand share price associated with the group's share-based incentive schemes. A TRS is accounted for as a derivative in terms of IFRS with the fair value change recognised in NIR unless it qualifies for hedge accounting. In the current year, FirstRand's share price increased R8.78 and increased R15.53 during the prior year.*

This results in mark-to-market volatility year-on-year being included in the group's IFRS attributable earnings. The normalised results reflect the adjustment to normalise this year-on-year IFRS fair value volatility from the TRS, as described in more detail on page 160.

** *Include FirstRand shares held for client trading activities.*

\# *Realisation of private equity subsidiaries net of private equity-related goodwill and other asset impairments.*

Reconciliation of normalised to IFRS summary consolidated income statement

for the year ended 30 June 2022

R million	Normalised	Private equity expenses	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	**67 856**	–	–	(1 716)
Impairment charge	**(7 080)**	–	–	–
Net interest income after impairment of advances	**60 776**	–	–	(1 716)
Total non-interest revenue	**48 362**	3	(3)	1 716
– Operational non-interest revenue	**46 856**	3	(13)	1 716
– Share of profit of associates and joint ventures after tax	**1 506**	–	10	–
Income from operations	**109 138**	3	(3)	–
Operating expenses	**(61 024)**	(9)	–	–
Income before indirect tax	**48 114**	(6)	(3)	–
Indirect tax	**(1 433)**	–	–	–
Profit before tax	**46 681**	(6)	(3)	–
Income tax expense	**(12 127)**	–	1	–
Profit for the year	**34 554**	(6)	(2)	–
Attributable to				
Other equity instrument holders	**(838)**	–	–	–
Non-controlling interests	**(1 053)**	–	–	–
Ordinary equityholders	**32 663**	(6)	(2)	–
Headline and normalised earnings adjustments	**–**	6	2	–
Normalised earnings attributable to ordinary equityholders of the group	**32 663**	–	–	–

* *FirstRand shares held for client trading activities.*

	IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
	–	–	235	**66 375**
	–	–	–	**(7 080)**
	–	–	235	**59 295**
	–	132	(471)	**49 739**
	–	157	(471)	**48 248**
	–	(25)	–	**1 491**
	–	132	(236)	**109 034**
	144	(196)	316	**(60 769)**
	144	(64)	80	**48 265**
	–	–	–	**(1 433)**
	144	(64)	80	**46 832**
	(40)	(5)	(22)	**(12 193)**
	104	(69)	58	**34 639**
	–	–	–	**(838)**
	–	13	–	**(1 040)**
	104	(56)	58	**32 761**
	(104)	56	(58)	**(98)**
	–	–	–	**32 663**

Reconciliation of normalised to IFRS summary consolidated income statement

for the year ended 30 June 2021

R million	Normalised	Private equity expenses	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	**64 511**	–	–	(1 433)
Impairment charge	**(13 660)**	–	–	–
Net interest income after impairment of advances	**50 851**	–	–	(1 433)
Total non-interest revenue	**44 980**	36	92	1 433
– Operational non-interest revenue	**43 548**	36	(15)	1 433
– Share of profit of associates and joint ventures after tax	**1 432**	–	107	–
Income from operations	**95 831**	36	92	–
Operating expenses	**(57 342)**	(12)	–	–
Income before indirect tax	**38 489**	24	92	–
Indirect tax	**(1 516)**	–	–	–
Profit before tax	**36 973**	24	92	–
Income tax expense	**(8 849)**	(6)	(26)	–
Profit for the year	**28 124**	18	66	–
Attributable to				
Other equity instrument holders	**(777)**	–	–	–
Non-controlling interests	**(796)**	–	–	–
Ordinary equityholders	**26 551**	18	66	–
Headline and normalised earnings adjustments	**–**	(18)	(66)	–
Normalised earnings attributable to ordinary equityholders of the group	**26 551**	–	–	–

* *FirstRand shares held for client trading activities.*

IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
–	–	212	**63 290**
–	–	–	**(13 660)**
–	–	212	**49 630**
–	(79)	271	**46 733**
–	(78)	271	**45 195**
–	(1)	–	**1 538**
–	(79)	483	**96 363**
142	(156)	(188)	**(57 556)**
142	(235)	295	**38 807**
–	–	–	**(1 516)**
142	(235)	295	**37 291**
(40)	22	(82)	**(8 981)**
102	(213)	213	**28 310**
–	–	–	**(777)**
–	6	–	**(790)**
102	(207)	213	**26 743**
(102)	207	(213)	**(192)**
–	–	–	**26 551**

Reconciliation of normalised to IFRS summary consolidated statement of financial position

as at 30 June 2022

R million	Normalised	Treasury shares*	IFRS
ASSETS			
Cash and cash equivalents	143 636	–	143 636
Derivative financial instruments	65 667	–	65 667
Commodities	17 580	–	17 580
Investment securities	382 280	(131)	382 149
Advances	1 334 324	–	1 334 324
– Advances to customers	1 262 083	–	1 262 083
– Marketable advances	72 241	–	72 241
Other assets	9 597	–	9 597
Current tax asset	624	–	624
Non-current assets and disposal groups held for sale	1 501	–	1 501
Reinsurance assets	583	–	583
Investments in associates	8 178	–	8 178
Investments in joint ventures	2 564	54	2 618
Property and equipment	19 725	–	19 725
Intangible assets	9 459	–	9 459
Investment properties	698	–	698
Defined benefit post-employment asset	35	–	35
Deferred income tax asset	8 027	1	8 028
Total assets	2 004 478	(76)	2 004 402
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	14 623	–	14 623
Derivative financial instruments	64 547	–	64 547
Creditors, accruals and provisions	35 761	–	35 761
Current tax liability	803	–	803
Liabilities directly associated with disposal groups held for sale	824	–	824
Deposits	1 655 972	–	1 655 972
Employee liabilities	13 862	–	13 862
Other liabilities	8 248	–	8 248
Policyholder liabilities	7 424	–	7 424
Tier 2 liabilities	20 937	–	20 937
Deferred income tax liability	692	–	692
Total liabilities	1 823 693	–	1 823 693
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(151)	7 905
Reserves	156 745	75	156 820
Capital and reserves attributable to equityholders of the group	164 857	(76)	164 781
Other equity instruments	11 645	–	11 645
Non-controlling interests	4 283	–	4 283
Total equity	180 785	(76)	180 709
Total equities and liabilities	2 004 478	(76)	2 004 402

* *FirstRand shares held for client trading activities.*

Reconciliation of normalised to IFRS summary consolidated statement of financial position continued

as at 30 June 2021

R million	Normalised	Treasury shares*	IFRS**
ASSETS			
Cash and cash equivalents	135 059	–	135 059
Derivative financial instruments**	66 461	–	66 461
Commodities	18 641	–	18 641
Investment securities	368 262	(75)	368 187
Advances	1 223 434	–	1 223 434
– Advances to customers	1 152 956	–	1 152 956
– Marketable advances	70 478	–	70 478
Other assets	9 216	–	9 216
Current tax asset	409	–	409
Non-current assets and disposal groups held for sale	565	–	565
Reinsurance assets	387	–	387
Investments in associates	8 644	–	8 644
Investments in joint ventures	2 071	45	2 116
Property and equipment	20 190	–	20 190
Intangible assets	9 932	–	9 932
Investment properties	659	–	659
Defined benefit post-employment asset	9	–	9
Deferred income tax asset	6 104	–	6 104
Total assets	1 870 043	(30)	1 870 013
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	18 945	–	18 945
Derivative financial instruments**	68 169	–	68 169
Creditors, accruals and provisions	22 765	–	22 765
Current tax liability	1 280	–	1 280
Liabilities directly associated with disposal groups held for sale	613	–	613
Deposits	1 542 078	–	1 542 078
Employee liabilities	11 319	–	11 319
Other liabilities	7 741	–	7 741
Policyholder liabilities	7 389	–	7 389
Tier 2 liabilities	20 940	–	20 940
Deferred income tax liability	887	–	887
Total liabilities	1 702 126	–	1 702 126
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(83)	7 973
Reserves	143 535	53	143 588
Capital and reserves attributable to equityholders of the group	151 647	(30)	151 617
Other equity instruments	11 645	–	11 645
Non-controlling interests	4 625	–	4 625
Total equity	167 917	(30)	167 887
Total equities and liabilities	1 870 043	(30)	1 870 013

* *FirstRand shares held for client trading activities.*

** *Restated, refer to pages 160 and 161 for more detail.*

Reconciliation of normalised to IFRS summary consolidated statement of financial position

as at 30 June 2020

R million	Normalised	Treasury shares*	IFRS**
ASSETS			
Cash and cash equivalents	136 002	–	136 002
Derivative financial instruments**	115 596	–	115 596
Commodities	21 344	–	21 344
Investment securities	297 510	(41)	297 469
Advances	1 261 715	–	1 261 715
– Advances to customers	1 191 281	–	1 191 281
– Marketable advances	70 434	–	70 434
Other assets	11 256	–	11 256
Current tax asset	598	–	598
Non-current assets and disposal groups held for sale	3 065	–	3 065
Reinsurance assets	240	–	240
Investments in associates	6 882	–	6 882
Investments in joint ventures	1 811	(62)	1 749
Property and equipment	21 369	–	21 369
Intangible assets	11 638	–	11 638
Investment properties	722	–	722
Defined benefit post-employment asset	–	–	–
Deferred income tax asset	4 949	26	4 975
Total assets	1 894 697	(77)	1 894 620
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	5 062	–	5 062
Derivative financial instruments**	130 274	–	130 274
Creditors, accruals and provisions	21 038	–	21 038
Current tax liability	499	–	499
Liabilities directly associated with disposal groups held for sale	1 427	–	1 427
Deposits	1 535 015	–	1 535 015
Employee liabilities	8 820	–	8 820
Other liabilities	8 203	–	8 203
Policyholder liabilities	6 430	–	6 430
Tier 2 liabilities	24 614	–	24 614
Deferred income tax liability	1 318	–	1 318
Total liabilities	1 742 700	–	1 742 700
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(48)	8 008
Reserves	129 494	(29)	129 465
Capital and reserves attributable to equityholders of the group	137 606	(77)	137 529
Other equity instruments	10 245	–	10 245
Non-controlling interests	4 146	–	4 146
Total equity	151 997	(77)	151 920
Total equities and liabilities	1 894 697	(77)	1 894 620

* *FirstRand shares held for client trading activities.*

** *Restated, refer to pages 160 and 161 for more detail.*

Advances (audited)

Note 1 – Category analysis of advances

R million	2022	2021
Overdrafts and cash management accounts	**80 514**	67 798
Term loans	**76 436**	66 714
Card loans	**37 348**	35 025
Instalment sales, hire purchase agreements and lease payments receivable	**245 904**	233 533
Property finance	**473 300**	449 012
Personal loans	**53 068**	53 281
Preference share agreements	**40 407**	48 097
Investment bank term loans	**168 008**	143 230
Long-term loans to group associates and joint ventures	**2 841**	2 508
Other	**61 374**	38 792
Total customer advances	**1 239 200**	1 1378 990
Marketable advances	**72 241**	70 478
Assets under agreements to resell	**70 617**	65 584
Gross value of advances	**1 382 058**	1 274 052
Impairment and credit of fair value advances	**(47 734)**	(50 618)
Net advances	**1 334 324**	1 223 434
Gross advances – amortised cost	**1 284 777**	1 177 722
Impairment of advances – amortised cost	**(46 136)**	(49 612)
Net advances – amortised cost	**1 238 641**	1 128 110
Gross advances – fair value	**97 281**	96 330
Impairment of advances – fair value	**(1 598)**	(1 006)
Net advances – fair value	**95 683**	95 324
Net advances	**1 334 324**	1 223 434

Advances (audited) continued

Note 2 – Breakdown of ECL created in the reporting period

R million	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
	2022				
Current year ECL provided	**12 150**	**(740)**	**416**	**12 481**	**(7)**
Interest suspended on stage 3 advances	**(2 993)**	**–**	**–**	**(2 993)**	**–**
Current year change in ECL provided after interest on stage 3 advances	**9 157**	**(740)**	**416**	**9 488**	**(7)**
Post write-off recoveries	**(2 756)**	**–**	**–**	**(2 756)**	**–**
Modification losses	**679**	**–**	**118**	**561**	**–**
Impairment recognised in the income statement at 30 June 2022	**7 080**	**(740)**	**534**	**7 293**	**(7)**
Amortised cost	**6 539**	**(843)**	**555**	**6 834**	**(7)**
Fair value	**541**	**103**	**(21)**	**459**	**–**
	2021				
Current year ECL provided	18 814	(1 565)	3 906	16 421	52
Interest suspended on stage 3 advances	(3 369)	–	–	(3 369)	–
Current year change in ECL provided after interest on stage 3 advances	15 445	(1 565)	3 906	13 052	52
Post write-off recoveries	(2 427)	–	–	(2 427)	–
Modification losses	642	18	76	548	–
Impairment recognised in the income statement at 30 June 2021	13 660	(1 547)	3 982	11 173	52
Amortised cost	13 400	(1 558)	3 706	11 162	90
Fair value	260	11	276	11	(38)

Note 3 – Reconciliation of the gross carrying amount and loss allowance on total advances per class

Basis of preparation of the reconciliation of gross carrying amount and loss allowance on total advances per class

The basis of presentation of this reconciliation can be found in *Note 11 – Advances* in the annual financial statements available on the group's website at www.firstrand.co.za/investors/annual-reporting.

Basis for determination of classes

In determining classes of advances, the type of client is used as a primary indicator, and then the type of loans provided to that type of client is reflected as sub-classes.

Voluntary changes in presentation

Asset-based finance book

During the year the ABF advances with customers that bank with FNB were moved from FNB commercial to WesBank corporate. This change was implemented to create consistency of process and to effect business efficiencies by managing the ABF book as a single portfolio within WesBank. The group has voluntarily updated the comparative information. Details of the comparative information that has been restated are included in *Note 4 - Voluntary changes to the classes at 30 June 2021*.

Core lending advances

During the year the group updated the presentation of total advances to reflect core lending advances and assets under agreements to resell separately. The group's core lending advances consist of customer advances and marketable advances. Assets under agreements to resell are fully collateralised and are included in stage 1. All tables relating to the gross carrying amount of advances is presented for total advances and the total advances are split between core lending advances and assets under agreements to resell.

Temporary stress scenario

Given the unprecedented event-driven uncertainty in the global and South African economy and the forecasting risks of economic assumptions in existing statistical models, the additional stress scenario introduced last year was retained and updated for these uncertainties. In the prior year, the stress scenario was largely due to the uncertainty regarding the impact of future waves of the Covid-19 pandemic and increasing levels of social and political unrest in South Africa, and the resultant impact on retail and commercial customers. In the year under review, these were less relevant as Covid-19 transitioned from pandemic to endemic.

Uncertainty relating to inflation and interest rate forecasts was the main reason for retaining the stress scenario in the 2022 financial year. Russia's invasion of Ukraine poses further risk to inflation and interest rates, which will impact global and local growth. In addition, domestic constraints on electricity supply and the associated extent of load-shedding contributes to additional uncertainty of domestic economic growth.

Due to the temporary nature of this stress scenario, and consistent with 2021, the impact on the staging of the gross carrying amount and the additional ECL attributable to this scenario have been separately presented in all tables with information per class, and is shown in the line *Temporary stress scenario*.

Voluntary changes in general presentation of the advances note

The group made voluntary changes to the presentation of the reconciliations within this note. To allow the user to compare the amended comparatives to the information previously presented in this booklet and the 2021 annual financial statements, the information previously presented has been included in *Note 39 - Change in presentation of advances* in the annual financial statements available on the group's website at www.firstrand.co.za/investors/annual-reporting.

Advances (audited) continued

Note 3.1 – Reconciliation of the gross carrying amount of total advances per class

AMORTISED COST – 30 JUNE 2022

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
GCA reported as at 1 July 2021	225 666	100 102	31 249	39 709	15 712	–
– Stage 1	196 375	77 514	24 553	25 176	11 680	(1 212)
– Stage 2	15 935	12 677	2 662	6 987	1 540	1 212
– Stage 3	13 356	9 911	4 034	7 546	2 492	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
– Transfers to/(from) stage 1	(2 445)	(1 188)	(628)	(1 783)	(277)	–
Transfers into stage 1	7 678	4 421	1 171	2 005	496	–
Transfers out of stage 1	(10 123)	(5 609)	(1 799)	(3 788)	(773)	–
– Transfers to/(from) stage 2	1 711	603	(853)	(912)	(192)	–
Transfers into stage 2	10 563	5 958	860	2 735	481	–
Transfers out of stage 2	(8 852)	(5 355)	(1 713)	(3 647)	(673)	–
– Transfers to/(from) stage 3	734	585	1 481	2 695	469	–
Transfers into stage 3	3 905	2 726	1 713	3 665	699	–
Transfers out of stage 3	(3 171)	(2 141)	(232)	(970)	(230)	–
Current period movement	17 617	1 752	3 618	5 575	1 064	–
New business – changes in exposure	44 607	36 304	3 239	19 345	4 363	–
Back book – current year movement	(26 990)	(34 552)	379	(13 770)	(3 299)	–
– Exposures with a change in measurement basis from 12 months to LECL	(1 486)	(3 122)	74	(1 393)	(12)	–
– Other current year change in exposure net movement on GCA	(25 504)	(31 430)	305	(12 377)	(3 287)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	(9)	–	–	–	9	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(469)	(2 412)	(1 970)	(4 743)	(2 324)	–
Modifications that did not give rise to derecognition	(48)	(88)	(76)	(368)	(104)	–
GCA as at 30 June 2022	242 757	99 354	32 821	40 173	14 357	–
– Stage 1	211 306	82 088	26 914	27 342	11 213	(2 688)
– Stage 2	19 649	11 063	2 229	6 557	1 178	2 688
– Stage 3	11 802	6 203	3 678	6 274	1 966	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	242 757	99 354	32 821	40 173	14 357	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances at 30 June 2022	242 757	99 354	32 821	40 173	14 357	–

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
97 001	–	41 015	248 091	60 133	35 428	221 188	62 428	1 177 722
83 139	(99)	35 561	219 427	49 929	35 428	198 513	53 163	1 009 147
8 064	99	4 060	25 170	6 677	–	15 803	7 169	108 055
5 798	–	1 394	2 678	3 527	–	6 872	2 096	59 704
–	–	–	816	–	–	–	–	816
–	–	–	–	–	–	–	–	–
(1 222)	–	89	(515)	(138)	–	(4 107)	434	(11 780)
5 103	–	2 728	2 480	1 879	–	7 252	4 193	39 406
(6 325)	–	(2 639)	(2 995)	(2 017)	–	(11 359)	(3 759)	(51 186)
(564)	–	(198)	(248)	(92)	–	2 781	139	2 175
5 515	–	2 505	3 433	1 879	–	10 480	3 781	48 190
(6 079)	–	(2 703)	(3 681)	(1 971)	–	(7 699)	(3 642)	(46 015)
1 786	–	109	763	230	–	1 326	(573)	9 605
1 900	–	418	1 300	464	–	2 104	377	19 271
(114)	–	(309)	(537)	(234)	–	(778)	(950)	(9 666)
12 245	–	4 319	33 807	6 513	11 819	8 179	9 551	116 059
18 177	–	25 287	84 372	16 657	1 863	82 631	29 610	366 455
(5 932)	–	(20 968)	(50 482)	(10 144)	9 956	(74 452)	(20 059)	(250 313)
(544)	–	(1 291)	(4 577)	37	–	(5 205)	(2 828)	(20 347)
(5 388)	–	(19 677)	(45 905)	(10 181)	9 956	(69 247)	(17 231)	(229 966)
–	–	–	(83)	–	–	–	–	(83)
–	–	–	(1 614)	–	–	(93)	–	(1 707)
–	–	–	–	–	–	–	–	–
–	–	–	–	115	–	–	–	115
–	–	–	3 983	1 370	24	2 457	602	8 436
(1 540)	–	(206)	(126)	(913)	–	(294)	(172)	(15 169)
5	–	–	–	–	–	–	–	(679)
107 711	–	45 128	284 141	67 218	47 271	231 437	72 409	1 284 777
95 656	(130)	39 417	259 862	58 053	47 271	203 370	65 183	1 124 857
7 428	130	4 808	20 974	5 847	–	21 102	6 263	109 916
4 627	–	903	2 572	3 318	–	6 965	963	49 271
–	–	–	733	–	–	–	–	733
107 711	–	45 128	283 472	67 218	23 871	231 437	72 409	1 260 708
–	–	–	669	–	23 400	–	–	24 069
107 711	–	45 128	284 141	67 218	47 271	231 437	72 409	1 284 777

Advances (audited) continued

Note 3.2 – Reconciliation of the loss allowance on total advances per class

AMORTISED COST – 30 JUNE 2022

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
ECL reported as at 1 July 2021	4 304	5 850	4 683	8 630	3 119	335
– Stage 1	646	743	861	1 611	718	131
– Stage 2	841	1 081	654	1 722	575	160
– Stage 3	2 817	4 026	3 168	5 297	1 826	44
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
– Transfers to/(from) stage 1	192	238	130	(9)	21	–
Transfers into stage 1	235	292	209	272	76	–
Transfers out of stage 1	(43)	(54)	(79)	(281)	(55)	–
– Transfers to/(from) stage 2	(67)	(187)	(292)	(633)	(61)	–
Transfers into stage 2	228	216	64	347	89	–
Transfers out of stage 2	(295)	(403)	(356)	(980)	(150)	–
– Transfers to/(from) stage 3	(125)	(51)	162	642	40	–
Transfers into stage 3	160	203	283	954	126	–
Transfers out of stage 3	(285)	(254)	(121)	(312)	(86)	–
Current period provision created/(released)	249	1 958	1 648	3 921	1 663	(18)
New business – impairment charge/(release)	347	748	194	2 262	375	–
Back book – impairment charge/(release)	(98)	1 210	1 454	1 659	1 288	(18)
– Exposures with a change in measurement basis from 12 months to LECL	21	(257)	231	(73)	29	–
– Other current year impairment charge/(release)	(119)	1 467	1 223	1 732	1 259	(18)
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(469)	(2 412)	(1 970)	(4 743)	(2 324)	–
ECL as at 30 June 2022	4 084	5 396	4 361	7 808	2 458	317
– Stage 1	609	802	1 130	1 785	665	156
– Stage 2	939	1 344	620	1 544	330	161
– Stage 3	2 536	3 250	2 611	4 479	1 463	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Current period provision created/(released) per impairment stage	249	1 958	1 648	3 921	1 663	(18)
– Stage 1	(230)	(177)	140	183	(75)	25
– Stage 2	166	451	257	454	(184)	1
– Stage 3	313	1 684	1 251	3 284	1 922	(44)
– Purchased or originated credit impaired	–	–	–	–	–	–

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
5 761	148	956	6 510	3 901	512	3 571	1 332	49 612
944	124	197	1 636	992	360	805	415	10 183
1 438	24	208	3 285	941	152	685	288	12 054
3 379	–	551	1 499	1 968	–	2 081	629	27 285
–	–	–	90	–	–	–	–	90
–	–	–	–	–	–	–	–	–
192	–	149	94	41	–	57	241	1 346
332	–	169	128	110	–	117	260	2 200
(140)	–	(20)	(34)	(69)	–	(60)	(19)	(854)
(359)	–	(97)	(180)	(16)	–	(87)	(14)	(1 993)
127	–	38	31	104	–	87	83	1 414
(486)	–	(135)	(211)	(120)	–	(174)	(97)	(3 407)
167	–	(52)	86	(25)	–	30	(227)	647
255	–	21	128	40	–	109	11	2 290
(88)	–	(73)	(42)	(65)	–	(79)	(238)	(1 643)
1 016	(93)	45	(837)	641	(2)	1 475	(57)	11 609
187	–	234	695	307	(3)	1 072	263	6 681
829	(93)	(189)	(1 525)	334	1	403	(320)	4 935
230	–	(105)	(166)	6	1	(96)	(58)	(237)
599	(93)	(84)	(1 359)	328	–	499	(262)	5 172
–	–	–	(7)	–	–	–	–	(7)
(3)	–	–	(39)	–	–	(212)	–	(254)
–	–	–	–	–	–	–	–	–
–	–	–	–	9	–	–	–	9
–	–	–	68	218	–	25	18	329
(1 540)	–	(206)	(126)	(913)	–	(294)	(172)	(15 169)
5 234	55	795	5 576	3 856	510	4 565	1 121	46 136
1 030	23	186	1 200	1 035	361	1 271	529	10 782
1 059	32	193	2 420	876	149	746	182	10 595
3 145	–	416	1 873	1 945	–	2 548	410	24 676
–	–	–	83	–	–	–	–	83
1 016	(93)	45	(837)	641	(2)	1 475	(57)	11 609
(103)	(101)	(161)	(546)	(65)	(2)	406	(138)	(844)
(21)	8	82	(694)	(129)	–	143	(97)	437
1 140	–	124	410	835	–	926	178	12 023
–	–	–	(7)	–	–	–	–	(7)

Advances (audited) continued

Note 3.3 – Reconciliation of the gross carrying amount of total advances per class

FAIR VALUE 30 JUNE 2022

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury	Total
GCA reported as at 1 July 2021	91	95 217	220	802	96 330
– Stage 1	91	91 912	47	751	92 801
– Stage 2	–	3 119	173	51	3 343
– Stage 3	–	104	–	–	104
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
– Transfers to/(from) stage 1	–	–	–	8	8
Transfers into stage 1	–	–	–	8	8
Transfers out of stage 1	–	–	–	–	–
– Transfers to/(from) stage 2	–	–	–	(8)	(8)
Transfers into stage 2	–	–	–	–	–
Transfers out of stage 2	–	–	–	(8)	(8)
– Transfers to/(from) stage 3	–	–	–	–	–
Transfers into stage 3	–	–	–	–	–
Transfers out of stage 3	–	–	–	–	–
Current period movement	21	557	(191)	(775)	(388)
New business – changes in exposure	–	17 428	–	(520)	16 908
Back book – current year movement	21	(16 872)	(191)	(255)	(17 297)
– Exposures with a change in measurement basis from 12 months to LECL	–	(361)	(173)	–	(534)
– Other current year change in exposure/ net movement on GCA	21	(16 511)	(18)	(255)	(16 763)
Purchased or originated credit impaired	–	1	–	–	1
Acquisition/(disposal) of advances	–	–	–	458	458
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	881	–	–	881
Bad debts written off	–	–	–	–	–
GCA as at 30 June 2022	112	96 655	29	485	97 281
– Stage 1	112	93 082	29	442	93 665
– Stage 2	–	2 691	–	43	2 734
– Stage 3	–	799	–	–	799
– Purchased or originated credit impaired	–	83	–	–	83
Core lending advances	112	50 107	29	485	50 733
Assets under agreements to resell	–	46 548	–	–	46 548
Total GCA of advances at 30 June 2022	112	96 655	29	485	97 281

Note 3.4 – Reconciliation of the loss allowance on total advances per class

FAIR VALUE – 30 JUNE 2022

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2021	–	895	–	111	1 006
– Stage 1	–	164	–	104	268
– Stage 2	–	630	–	7	637
– Stage 3	–	19	–	–	19
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
— Transfers to/(from) stage 1	–	–	–	3	3
Transfers into stage 1	–	–	–	3	3
Transfers out of stage 1	–	–	–	–	–
— Transfers to/(from) stage 2	–	–	–	(6)	(6)
Transfers into stage 2	–	–	–	–	–
Transfers out of stage 2	–	–	–	(6)	(6)
— Transfers to/(from) stage 3	–	–	–	3	3
Transfers into stage 3	–	–	–	3	3
Transfers out of stage 3	–	–	–	–	–
Current period movement	3	545	–	(7)	541
New business– changes in exposure	–	716	–	–	716
Back book– current year movement	3	(171)	–	(7)	(175)
– Exposures with a change in measurement basis from 12 months to LECL	–	(31)	–	–	(31)
– Other current year impairment charge/(release)	3	(140)	–	(7)	(144)
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	3	3
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	48	–	–	48
Bad debts written off	–	–	–	–	–
ECL as at 30 June 2022	3	1 488	–	107	1 598
– Stage 1	3	276	–	102	381
– Stage 2	–	649	–	5	654
– Stage 3	–	481	–	–	481
– Purchased or originated credit impaired	–	82	–	–	82
Current period provision created/(released) per impairment stage	3	545	–	(7)	541
– Stage 1	3	105	–	(5)	103
– Stage 2	–	(21)	–	(2)	(23)
– Stage 3	–	461	–	-	461
– Purchased or originated credit impaired	–	–	–	–	–

Advances (audited) continued

Note 3.5 – Reconciliation of the gross carrying amount of total advances per class

AMORTISED COST – 30 JUNE 2021

R million	Retail secured		Retail unsecured			Retail secured and unsecured
	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
GCA reported as at 1 July 2020	224 404	104 014	30 210	41 874	16 732	–
– Stage 1	197 845	82 179	24 352	28 371	12 879	–
– Stage 2	14 897	11 581	2 183	6 079	1 646	–
– Stage 3	11 662	10 254	3 675	7 424	2 207	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
– Transfers to/(from) stage 1	(5 410)	(6 824)	(1 980)	(5 663)	(1 291)	–
Transfers into stage 1	7 283	2 364	1 486	1 218	565	–
Transfers out of stage 1	(12 693)	(9 188)	(3 466)	(6 881)	(1 856)	–
– Transfers to/(from) stage 2	1 792	2 594	6	1 467	254	–
Transfers into stage 2	10 988	7 616	1 960	4 277	1 104	–
Transfers out of stage 2	(9 196)	(5 022)	(1 954)	(2 810)	(850)	–
– Transfers to/(from) stage 3	3 618	4 230	1 974	4 196	1 037	–
Transfers into stage 3	5 050	5 136	2 032	4 798	1 138	–
Transfers out of stage 3	(1 432)	(906)	(58)	(602)	(101)	–
Current period movement	1 665	(1 401)	2 736	3 486	1 068	–
New business– changes in exposure	31 889	35 344	2 443	15 485	1 757	–
Back book – current year movement	(30 224)	(36 745)	293	(11 999)	(689)	–
– Exposures with a change in measurement basis from 12 months to LECL	(1 269)	(2 451)	110	(1 286)	10	–
– Other current year change in exposure net movement on GCA	(28 955)	(34 294)	183	(10 713)	(699)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	(283)	–
Transfers from/(to) other divisions	(6)	–	143	–	6	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(366)	(2 373)	(1 790)	(5 293)	(1 778)	–
Modifications that did not give rise to derecognition	(31)	(138)	(50)	(358)	(33)	–
GCA as at 30 June 2021	225 666	100 102	31 249	39 709	15 712	–
– Stage 1	196 375	77 514	24 553	25 176	11 680	(1 212)
– Stage 2	15 935	12 677	2 662	6 987	1 540	1 212
– Stage 3	13 356	9 911	4 034	7 546	2 492	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	225 666	100 102	31 249	39 709	15 712	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances at 30 June 2021	225 666	100 102	31 249	39 709	15 712	–

* *Restated for the ABF advances. Customers that bank with FNB that were moved from FNB commercial to WesBank corporate.*

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
95 083	–	39 920	280 204	66 070	35 902	234 529	71 717	1 240 659
80 879	–	36 119	245 240	56 900	35 759	206 982	58 165	1 065 670
7 631	–	2 470	32 017	4 973	–	22 429	11 990	117 896
6 573	–	1 331	2 046	4 197	143	5 118	1 562	56 192
–	–	–	901	–	–	–	–	901
–	–	–	–	–	–	–	–	–
(101)	–	(3 124)	948	(2 725)	1	266	(967)	(26 870)
4 664	–	625	8 283	1 080	1	11 380	4 618	43 567
(4 765)	–	(3 749)	(7 335)	(3 805)	–	(11 114)	(5 585)	(70 437)
(1 493)	–	2 506	(2 260)	2 042	(1)	(3 653)	(697)	2 557
4 144	–	3 358	7 335	3 323	–	9 029	4 402	57 536
(5 637)	–	(852)	(9 595)	(1 281)	(1)	(12 682)	(5 099)	(54 979)
1 594	–	618	1 312	683	–	3 387	1 664	24 313
2 201	–	823	1 312	824	–	3 752	1 915	28 981
(607)	–	(205)	–	(141)	–	(365)	(251)	(4 668)
3 525	–	1 249	(23 627)	(380)	(245)	6 216	(3 327)	(9 035)
15 459	–	12 051	68 905	13 647	(135)	62 316	21 958	281 119
(11 934)	–	(10 802)	(92 358)	(14 027)	(110)	(56 100)	(25 285)	(289 978)
1 329	–	(1 352)	2 520	(264)	–	(5 182)	(4 919)	(12 754)
(13 263)	–	(9 450)	(94 876)	(13 763)	(110)	(50 918)	(20 366)	(277 224)
–	–	–	(176)	–	–	–	–	(176)
–	–	1	(1 664)	–	–	–	–	(1 946)
–	–	–	–	–	(143)	–	–	–
–	–	–	–	464	(35)	–	–	429
–	–	–	(6 516)	(4 652)	(51)	(18 926)	(5 550)	(35 695)
(1 615)	–	(155)	(306)	(1 369)	–	(591)	(412)	(16 048)
8	–	–	–	–	–	(40)	–	(642)
97 001	–	41 015	248 091	60 133	35 428	221 188	62 428	1 177 722
83 139	(99)	35 561	219 427	49 929	35 428	198 513	53 163	1 009 147
8 064	99	4 060	25 170	6 677	–	15 803	7 169	108 055
5 798	–	1 394	2 678	3 527	–	6 872	2 096	59 704
–	–	–	816	–	–	–	–	816
97 001	–	41 015	247 792	60 133	28 521	221 188	62 428	1 170 516
–	–	–	299	–	6 907	–	–	7 206
97 001	–	41 015	248 091	60 133	35 428	221 188	62 428	1 177 722

Advances (audited) continued

Note 3.6 – Reconciliation of the loss allowance on total advances per class

AMORTISED COST – 30 JUNE 2021

R million	Retail secured: Residential mortgages	Retail secured: WesBank VAF	Retail unsecured: FNB card	Retail unsecured: Personal loans	Retail unsecured: Retail other	Retail secured and unsecured: Temporary stress scenario
ECL reported as at 1 July 2020	3 916	5 861	4 201	8 697	3 139	–
– Stage 1	731	575	917	1 812	782	–
– Stage 2	777	1 308	562	1 653	701	–
– Stage 3	2 408	3 978	2 722	5 232	1 656	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
– Transfers to/(from) stage 1	249	87	34	(399)	–	–
Transfers into stage 1	345	187	295	251	133	–
Transfers out of stage 1	(96)	(100)	(261)	(650)	(133)	–
– Transfers to/(from) stage 2	(324)	(320)	(384)	(631)	(142)	–
Transfers into stage 2	128	173	127	402	89	–
Transfers out of stage 2	(452)	(493)	(511)	(1 033)	(231)	–
– Transfers to/(from) stage 3	75	233	350	1 030	142	–
Transfers into stage 3	232	345	377	1 199	190	–
Transfers out of stage 3	(157)	(112)	(27)	(169)	(48)	–
Current period provision created/(released)	754	2 362	2 090	5 226	1 865	335
New business – impairment charge/(release)	116	943	148	1 448	150	–
Back book – impairment charge/(release)	638	1 419	1 942	3 778	1 715	335
– Exposures with a change in measurement basis from 12 months to LECL	26	(205)	174	(315)	64	–
– Other current year impairment charge/(release)	612	1 624	1 768	4 093	1 651	335
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	(41)	–
Transfers from/(to) other divisions	–	–	182	–	(66)	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(366)	(2 373)	(1 790)	(5 293)	(1 778)	–
ECL as at 30 June 2021	4 304	5 850	4 683	8 630	3 119	335
– Stage 1	646	743	861	1 611	718	131
– Stage 2	841	1 081	654	1 722	575	160
– Stage 3	2 817	4 026	3 168	5 297	1 826	44
– Purchased or originated credit impaired	–	–	–	–	–	–
Current period provision created/(released) per impairment stage	754	2 362	2 090	5 226	1 865	335
– Stage 1	(335)	80	(137)	197	6	131
– Stage 2	389	92	477	700	19	160
– Stage 3	700	2 190	1 750	4 329	1 840	44
– Purchased or originated credit impaired	–	–	–	–	–	–

* *Restated for the ABF advances. Customers that bank with FNB that were moved from FNB commercial to WesBank corporate.*

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
5 706	–	828	5 817	4 633	654	3 453	1 542	48 447
1 290	–	218	1 611	1 007	320	1 116	564	10 943
1 291	–	159	3 758	981	152	1 148	471	12 961
3 125	–	451	448	2 645	182	1 189	507	24 543
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
556	–	16	387	(28)	–	125	103	1 130
622	–	56	511	136	–	248	140	2 924
(66)	–	(40)	(124)	(164)	–	(123)	(37)	(1 794)
(790)	–	(20)	(1 161)	(228)	–	(213)	(88)	(4 301)
74	–	49	124	22	–	149	54	1 391
(864)	–	(69)	(1 285)	(250)	–	(362)	(142)	(5 692)
234	–	4	774	256	–	88	(15)	3 171
372	–	47	774	258	–	180	37	4 011
(138)	–	(43)	–	(2)	–	(92)	(52)	(840)
1 670	148	282	1 213	1 227	14	1 028	340	18 554
224	–	217	443	284	79	570	137	4 759
1 446	148	65	683	943	(65)	458	203	13 708
393	–	(58)	147	72	–	(193)	(38)	67
1 053	148	123	536	871	(65)	651	241	13 641
–	–	–	87	–	–	–	–	87
–	–	1	(4)	–	–	–	–	(44)
–	–	–	–	–	(116)	–	–	–
–	–	–	–	(9)	(35)	–	–	(44)
–	–	–	(210)	(581)	(5)	(319)	(138)	(1 253)
(1 615)	–	(155)	(306)	(1 369)	–	(591)	(412)	(16 048)
5 761	148	956	6 510	3 901	512	3 571	1 332	49 612
944	124	197	1 636	992	360	805	415	10 183
1 438	24	208	3 285	941	152	685	288	12 054
3 379	–	551	1 499	1 968	–	2 081	629	27 285
–	–	–	90	–	–	–	–	90
1 670	148	282	1 213	1 227	14	1 028	340	18 554
(927)	124	(38)	(271)	86	44	(352)	(209)	(1 601)
961	24	69	729	286	–	(186)	(66)	3 654
1 636	–	251	665	855	(30)	1 566	615	16 411
–	–	–	90	–	–	–	–	90

Advances (audited) continued

Note 3.7 – Reconciliation of the gross carrying amount of total advances per class

FAIR VALUE – 30 JUNE 2021

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2020	27	69 111	310	988	70 436
– Stage 1	27	64 561	310	945	65 843
– Stage 2	–	4 362	–	43	4 405
– Stage 3	–	61	–	–	61
– Purchased or originated credit impaired	–	127	–	–	127
Transfers between stages	–	–	–	–	–
– Transfers to/(from) stage 1	–	963	(173)	(149)	641
Transfers into stage 1	–	1 213	–	–	1 213
Transfers out of stage 1	–	(250)	(173)	(149)	(572)
– Transfers to/(from) stage 2	–	(983)	173	–	(810)
Transfers into stage 2	–	230	173	–	403
Transfers out of stage 2	–	(1 213)	–	–	(1 213)
– Transfers to/(from) stage 3	–	20	–	149	169
Transfers into stage 3	–	20	–	149	169
Transfers out of stage 3	–	–	–	–	–
Current period movement	64	27 112	(90)	1 124	28 210
New business – changes in exposure	–	5 636	–	1 230	6 866
Back book – current year movement	64	21 521	(90)	(106)	21 389
– Exposures with a change in measurement basis from 12 months to LECL	–	508	–	–	508
– Other current year change in exposure/ – net movement on GCA	64	21 013	(90)	(106)	20 881
Purchased or originated credit impaired	–	(45)	–	–	(45)
Acquisition/(disposal) of advances	–	–	–	(1 162)	(1 162)
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	– –
Exchange rate differences	–	(1 006)	–	–	(1 006)
Bad debts written off	–	–	–	(148)	(148)
GCA as at 30 June 2021	91	95 217	220	802	96 330
– Stage 1	91	91 912	47	751	92 801
– Stage 2	–	3 119	173	51	3 343
– Stage 3	–	104	–	–	104
– Purchased or originated credit impaired	–	82	–	–	82
Core lending advances	91	36 839	220	802	37 952
Assets under agreements to resell	–	58 378	–	–	58 378
Total GCA of advances at 30 June 2021	91	95 217	220	802	96 330

Note 3.8 – Reconciliation of the loss allowance on total advances per class

FAIR VALUE – 30 JUNE 2021

R million	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2020	688	–	245	933
– Stage 1	147	–	245	392
– Stage 2	411	–	–	411
– Stage 3	10	–	–	10
– Purchased or originated credit impaired	120	–	–	120
Transfers between stages	–	–	–	–
– Transfers to/(from) stage 1	17	–	(149)	(132)
Transfers into stage 1	18	–	–	18
Transfers out of stage 1	(1)	–	(149)	(150)
– Transfers to/(from) stage 2	(17)	–	–	(17)
Transfers into stage 2	1	–	–	1
Transfers out of stage 2	(18)	–	–	(18)
– Transfers to/(from) stage 3	–	–	149	149
Transfers into stage 3	–	–	149	149
Transfers out of stage 3	–	–	–	–
Current period movement	246	–	14	260
New business – changes in exposure	29	–	11	40
Back book – current year movement	255	–	3	258
– Exposures with a change in measurement basis from 12 months to LECL	(2)	–	–	(2)
– Other current year impairment charge/(release)	257	–	3	260
Purchased or originated credit impaired	(38)	–	–	(38)
Acquisition/(disposal) of advances	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–
Exchange rate differences	(39)	–	–	(39)
Bad debts written off	–	–	(148)	(148)
ECL as at 30 June 2021	895	–	111	1 006
– Stage 1	164	–	104	268
– Stage 2	630	–	7	637
– Stage 3	19	–	–	19
– Purchased or originated credit impaired	82	–	–	82
Current period provision created/(released) per impairment stage	246	–	14	260
– Stage 1	6	–	7	13
– Stage 2	268	–	7	275
– Stage 3	10	–	–	10
– Purchased or originated credit impaired	(38)	–	–	(38)

Advances (audited) continued

Note 4 – Voluntary changes to the classes previously reported at 30 June 2021

	Gross advances			Loss allowance		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
Residential mortgages	225 666	–	225 666	4 304	–	4 304
WesBank VAF	100 102	–	100 102	5 850	–	5 850
Total retail secured	325 768	–	325 768	10 154	–	10 154
FNB card	31 249	–	31 249	4 683	–	4 683
Personal loans	39 709	–	39 709	8 630	–	8 630
Retail other	15 712	–	15 712	3 119	–	3 119
Total retail unsecured	86 670	–	86 670	16 432	–	16 432
Temporary stress scenario	–	–	–	335	–	335
Total retail secured and unsecured	412 438	–	412 438	26 921	–	26 921
FNB commercial	111 121	(14 029)	97 092	6 310	(401)	5 909
– Amortised cost	111 030	(14 029)	97 001	6 162	(401)	5 761
– Fair value	91	–	91	–	–	–
– Temporary stress scenario	–	–	–	148	–	148
WesBank corporate	26 986	14 029	41 015	555	401	956
RMB corporate and investment banking	343 308	–	343 308	7 405	–	7 405
Total corporate and commercial	481 415	–	481 415	14 270	–	14 270
Broader Africa	60 353	–	60 353	3 901	–	3 901
Group Treasury and other	36 230	–	36 230	623	–	623
UK operations	283 616	–	283 616	4 903	–	4 903
Retail	221 188	–	221 188	3 571	–	3 571
Commercial	62 428	–	62 428	1 332	–	1 332
Total advances at 30 June 2021	1 274 052	–	1 274 052	50 618	–	50 618

Analysis of total advances per class (gross advances and loss allowances) – amortised cost

	Gross advances			Loss allowance		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
			Stage 1			
FNB commercial	94 617	(11 387)	83 230	1 033	(89)	944
WesBank corporate	24 174	11 387	35 561	108	89	197
			Stage 2			
FNB commercial	10 126	(2 062)	8 064	1 524	(86)	1 438
WesBank corporate	1 998	2 062	4 060	122	86	208
			Stage 3			
FNB commercial	6 378	(580)	5 798	3 605	(226)	3 379
WesBank corporate	814	580	1 394	325	226	551
			Total			
FNB commercial	111 121	(14 029)	97 092	6 162	(401)	5 761
WesBank corporate	26 986	14 029	41 015	555	401	956

Reconciliation of the ECL on advances per class – amortised cost

	FNB commercial			WesBank corporate		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
Reported as at 1 July 2020	6 028	(322)	5 706	506	322	828
– Stage 1	1 394	(104)	1 290	114	104	218
– Stage 2	1 339	(48)	1 291	111	48	159
– Stage 3	3 295	(170)	3 125	281	170	451
Acquisition/(disposal) of advances	–	–	–	1	–	1
Transfers from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(1 686)	71	(1 615)	(84)	(71)	(155)
Current period provision created/(released)	1 820	(150)	1 670	132	150	282
– Stage 1	(947)	20	(927)	(18)	(20)	(38)
– Stage 2	1 003	(42)	961	27	42	69
– Stage 3	1 764	(128)	1 636	123	128	251
Amount as at 30 June 2021	6 162	(401)	5 761	555	401	956
– Stage 1	1 033	(89)	944	108	89	197
– Stage 2	1 524	(86)	1 438	122	86	208
– Stage 3	3 605	(226)	3 379	325	226	551

Significant estimates, judgements and assumptions relating to the impairment of advances (audited)

Overview of forward-looking information included in the 30 June 2022 impairment of advances

During the year ended 30 June 2022 global economic growth continued to moderate with the sectoral composition of activity shifting from goods towards services. The invasion of Ukraine exacerbated the already elevated cost of living pressures in both developed and emerging economies. Central banks embarked on a course of interest rate hikes to stem inflation with plans to reduce fiscal stimulus, but this needs to be balanced with shielding consumers from the impacts of slowing growth and higher inflation. The complexity of these policy actions, combined with a significant increase in geopolitical risk, resulted in ongoing market volatility.

South Africa

South Africa's inflation rate lifted towards the top of the central bank's target range, resulting in an interest rate hiking cycle to lower longer-term inflation expectations. Real economic activity continued to slow – domestic household consumption in particular was impacted by the higher headline inflation. Despite the slowdown in overall activity, household data indicates that income levels among the employed have improved, following the deep contractions experienced in 2020, and retail confidence is returning. This, combined with a reduction in precautionary savings rates, underpinned household credit growth and provides some support to house prices.

With confidence slowly improving, credit demand in the corporate sector increased. Signs of positive structural reform developments included the liberalisation of energy production, confirmed private sector involvement in Transnet and the ports, and the successful completion of the 5G spectrum auction in March 2022.

United Kingdom

By the financial year end, the UK macroeconomic environment was characterised by falling consumer confidence and surging inflation. Energy and food prices continued to drive inflation higher while declining real incomes and lower confidence began to push economic activity lower. The BoE raised interest rates to control inflation. Although house prices remained elevated, signals suggested that house price growth will begin to slow given weaker economic activity and higher interest rates.

Broader Africa

General

The operating environment in the countries in broader Africa where the group operates was largely characterised by the recovery in commodity prices. Structural weaknesses in most of the countries pre-date the pandemic and will continue to constrain the recovery in the medium term – in particular Ghana and Zambia, given their distressed debt positions and further fiscal pressures in Southern African Customs Union (SACU) countries.

Namibia

Growth in Namibia began to lift gradually from its pandemic lows driven by base effects, increased mining output and an improvement in SACU revenues. These factors pose an upside to growth alongside expected investments in renewable energy infrastructure. Despite these improvements, rising inflation remained a constraint to economic activity overall. Due to the currency peg with the South African rand, Namibia's monetary policy flexibility is constrained during hiking cycles as interest rates must be on par with or above those of South Africa's in line with Namibia's official monetary policy framework. Monetary policy therefore poses further constraints on growth expectations given the country's weak consumption fundamentals, particularly as households are already highly indebted.

Botswana

During the year Botswana's economy rebounded due to a significant recovery in the mining sector. Growth in the 12 months to March 2022 expanded by 13.0% year-on-year (compared to -8.8% year-on-year at the same time last year) primarily led by improved diamond mining activities as global demand continued to recover. In the medium term, the mining sector should also be supported by the resumption of local copper mining activity. However, the disruptions caused by the war between Russia and Ukraine, along with the sanctions imposed on Russia, pose upside risks to inflation. Inflation in Botswana increased considerably during the year, due to these factors as well as higher administered prices, while a new policy rate, termed the Monetary Policy Rate, was implemented. Persistently high inflation and monetary policy risk may limit the upside to economic activity gains.

Forward-looking information

Forward-looking information has been incorporated into the expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments. The process of incorporating the forward-looking information into the expected loss estimates has not changed since 30 June 2021, but there have been changes to the probabilities assigned to the scenarios and the inputs used.

For the group's South African and broader Africa operations, three macroeconomic scenarios are utilised, namely a base scenario, an upside scenario and a downside scenario. However, given the unprecedented event-driven uncertainty in the global and South African economy and the inability of economic forecasts and existing statistical models to adequately capture these shocks, an additional stress scenario was added to the macroeconomic scenarios applied to the retail and commercial portfolios specifically as at 30 June 2021 and again at 30 June 2022. Refer to page 81 for more details. The inclusion of this forward-looking scenario is a temporary measure to capture this uncertainty. The reason for limiting the temporary stress scenario to only these portfolios is that the RMB corporate and investment portfolio already incorporates stressed scenarios for high-risk industries and the impact within broader Africa was not found to be material.

Significant estimates, judgements and assumptions relating to the impairment of advances (audited) continued

The table below sets out the most significant macroeconomic factors used to estimate the forward-looking information relating to ECL provisions. The information is forecast over a period of three years, per major economic region that the group operates in.

Scenario	Probability	Description
Baseline	54% (2021: 58%)	> Global economic growth slows towards trend level and developed market (DM) inflation remains high but does not spiral out of control. > South Africa struggles to lift the potential growth rate meaningfully over the forecast horizon. > Confidence normalises from depressed levels inducing a normalisation in credit and savings growth. > Social unrest remains elevated but does not significantly impair confidence or operating conditions. > The climate transition progresses slowly and negotiations on the detail of the climate change deal at the United Nations Climate Change conference (COP26 deal) takes a long time with lack of meaningful implementation progress. > Russia's invasion of Ukraine contributes to higher headline inflation which limits the potential upside to real disposable income growth.
Upside	14% (2021: 13%)	> Global growth remains elevated keeping commodity prices elevated through the forecast horizon. > The South African government manages the carbon transition effectively and negotiations on the detail of the COP26 deal make meaningful progress. > Social unrest abates and the inflationary impact of Russia's invasion of Ukraine moderates significantly. > Broader fiscal and economic reforms lift the potential growth rate meaningfully over the forecast horizon. > Private sector confidence and related investment lift, resulting in higher credit extension and a drawdown in precautionary savings.
Downside	32% (2021: 29%)	> The South African government experiences significant setbacks in its efforts to manage the energy transition and decarbonisation process. > The country fails to implement growth-enhancing economic reforms. > The Covid-19 epidemic resurges resulting in increased economic restrictions. > Real credit extension falls and savings lift. > Global inflation lifts above central banks' comfort levels, resulting in significant policy tightening with negative knock-on consequences for global financial conditions and risk appetite. > Russia's invasion of Ukraine drives headline inflation significantly higher and real disposable income growth significantly lower.
Temporary stress scenario		The ECL impact of the temporary stress scenario as well as its impact on staging of the GCA has been tracked separately for classes of advances within the retail and commercial portfolios, where the temporary stress scenario had a material impact. Therefore, for the retail and commercial portfolios a weighting of 8% (2021: 11%) has been attributed to the temporary scenario, 13% (2021: 11%) to the upside scenario, 29% (2021: 26%) attributed to the downside and 50% (2021: 52%) to the baseline scenario.

The following table sets out the scenarios and the probabilities assigned to each scenario at 30 June 2022, for the UK operations:

Scenario	Probability	Description
Baseline	45% (2021: 50%)	> The macroeconomic environment remains very delicate with consumer confidence collapsing and growth slowing in the face of surging inflation. > Inflation lifts considerably while energy prices present significant uncertainty to the inflation outlook. > Economic activity slows and underlying growth weakens. > Real incomes decline and noisy idiosyncrasies (e.g. additional June bank holiday) result in pockets of negative growth. > Despite the weakness, labour market conditions remain tight and inflation pressures induce the BoE to increase the bank rate in response.
Upside	5% (2021: 10%)	> A range of global and domestic headwinds such as geopolitical tensions, Covid-19-related restrictions, and supply chain and inflationary pressures abate significantly quicker than currently expected. > Inflation expectations settle at a higher level in a frictionless manner, allowing for a period of higher wage growth, confidence, household spending and business investment.
Downside	35% (2021: 25%)	> Geopolitical tensions and supply chain disruptions intensify further, triggering substantial further upside pressure in commodity, agricultural and energy prices. > Inflation and other forward-looking expectations surge, causing central banks to react aggressively to contain ‘second round’ effects. > This causes the BoE via the monetary policy committee (MPC) to raise the bank rate to 3.5%. > Coupled with an additional substantial squeeze on household and business finances and falling confidence levels, the UK falls into a mild recession with higher unemployment (7.8% peak) and falling house prices (-14% peak to trough). > The MPC then ease policy once the recovery takes hold, to support economic activity.
Severe downside	15% (2021: 15%)	> Geopolitical tensions and supply chain disruptions intensify further, triggering substantial further upside pressure in commodity, agricultural and energy prices. > Inflation and other forward-looking expectations surge, causing central banks to react aggressively to contain ‘second round’ effects. > The UK economy experiences a deep recession, for example due to the emergence of a vaccine resistant strain of Covid-19 or a severe synchronised global trade/demand shock, resulting in large permanent scarring on the UK economy. > The MPC lower the bank rate into negative territory and the UK enters a ‘lower for longer’ interest rates environment to support economic activity. > There is a record 24% fall in house prices and a sharp rise in unemployment comparable to the financial crisis. > Economic indicators struggle to recover, with a number of variables (GDP, wage growth, productivity, inflation, asset growth) growing at a rate below trend.

Significant estimates, judgements and assumptions relating to the impairment of advances (audited) continued

Significant macroeconomic factors for 30 June 2022

The table below sets out the most significant macroeconomic factors used to estimate the forward-looking information relating to ECL provisions. The information is forecast over a period of three years per major economic region that the group operates in. The information below reflects the group's forecasts for each period at 30 June.

South Africa	Upside scenario			Baseline scenario			Downside scenario		
(%)	2023	2024	2025	2023	2024	2025	2023	2024	2025
	Applicable across all portfolios								
Real GDP growth	3.50	3.20	3.10	2.00	1.60	1.60	(2.70)	(0.90)	(0.90)
CPI inflation	5.60	4.40	4.40	6.40	4.60	4.60	9.90	9.30	5.80
Repo rate	5.75	5.25	5.25	5.75	5.75	5.75	10.00	10.00	7.50
	Retail-specific								
Retail real growth	2.30	2.40	2.80	1.30	1.20	1.50	(1.70)	(0.70)	(0.90)
House price index growth*	5.90	6.40	7.00	3.40	3.20	3.60	(4.50)	(1.70)	(2.10)
Household debt to income	67.40	68.20	68.60	66.40	66.60	66.70	65.40	64.90	64.60
Employment growth	0.80	0.60	0.90	0.50	0.30	0.50	(0.60)	(0.20)	(0.30)
	Wholesale-specific								
Fixed capital formation	2.10	7.20	6.80	1.20	3.60	3.50	(1.60)	(1.90)	(2.00)
Foreign exchange rate (USD/ZAR)	13.30	13.9	14.50	15.70	16.40	17.10	23.60	23.00	20.50

* *Applicable to the secured portfolio.*

	South Africa – significant macroeconomic factors relevant to the temporary stress scenario						
(%)	Real GDP growth	CPI inflation	Repo rate	Retail real income growth	House price index growth*	Household debt to income	Employment growth
2023	(4.10)	13.10	12.50	(2.60)	(6.80)	64.80	(1.00)
2024	(2.10)	13.80	14.00	(1.60)	(4.10)	63.90	(0.40)
2025	(2.10)	11.00	12.00	(2.00)	(4.90)	63.20	(0.60)

* *Applicable to the secured portfolio.*

UK	Upside scenario			Baseline scenario			Downside scenario			Severe scenario		
(%)	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Real GDP growth	4.00	2.70	2.20	0.60	1.70	1.80	(3.00)	0.90	1.50	(3.10)	0.50	1.10
CPI inflation	4.70	2.60	2.30	4.90	1.80	1.80	7.10	1.50	2.00	2.30	0.80	1.20
BoE rate	2.00	2.00	2.00	1.50	1.50	1.50	3.00	2.25	1.75	(0.50)	(0.50)	(0.50)
Household disposable income growth	3.80	2.50	2.20	1.90	3.30	2.60	(2.00)	3.80	4.00	1.50	2.80	2.30
House price index growth*	3.10	3.00	3.00	1.10	2.00	2.20	(6.80)	1.70	2.40	(6.70)	1.10	1.60
Unemployment rate	3.40	3.40	3.40	3.90	3.90	3.90	7.80	7.20	6.80	8.80	8.50	8.20

* *Applicable to the secured portfolio.*

Broader Africa

Namibia (%)	Upside scenario			Baseline scenario			Downside scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Real GDP growth	4.75	5.50	5.50	2.90	3.10	3.50	(0.85)	(0.50)	(0.50)
CPI inflation	4.80	4.40	4.20	5.00	4.90	4.70	7.30	7.20	7.20
Repo rate	5.75	5.25	5.25	5.50	5.75	5.75	10.00	8.00	7.00

Botswana (%)	Upside scenario			Baseline scenario			Downside scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Real GDP growth	5.25	5.45	5.50	3.70	3.90	4.00	0.90	0.55	0.40
CPI inflation	9.30	5.83	4.50	10.65	6.88	4.90	12.89	9.49	8.22
Repo rate	2.65	2.90	2.90	3.65	3.90	3.90	4.03	4.40	4.40

30 June 2021

South Africa (%)	Upside scenario			Baseline scenario			Downside scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
	Applicable across all portfolios								
Real GDP growth	4.20	4.70	4.20	3.10	1.70	1.20	(1.90)	(5.00)	(2.90)
CPI inflation	3.10	3.60	4.10	4.10	4.60	5.00	7.20	7.60	8.10
Repo rate	3.25	2.75	2.50	3.50	3.75	3.75	6.35	6.50	6.50
	Retail-specific								
Retail real growth	4.20	4.70	4.20	1.10	1.30	0.80	(1.90)	(5.00)	(2.90)
House price index growth*	3.50	7.50	10.90	2.60	2.80	3.10	(1.60)	(8.00)	(7.50)
Household debt to income	75.90	76.00	76.00	75.80	75.80	75.80	76.20	76.50	76.70
Employment growth	0.60	1.00	1.30	0.45	0.39	0.36	(0.30)	(1.10)	(0.90)
	Wholesale-specific								
Fixed capital formation	0.90	7.10	10.90	0.70	2.60	3.10	(0.40)	(7.50)	(7.50)
Foreign exchange rate (USD/ZAR)	12.00	11.90	12.00	15.20	15.90	16.60	19.70	22.00	23.00

* *Applicable to the secured portfolio.*

Significant estimates, judgements and assumptions relating to the impairment of advances (audited) continued

(%)	South Africa – significant macroeconomic factors relevant to the temporary stress scenario						
	Real GDP growth	CPI inflation	Repo rate	Retail real income growth	House price index growth*	Household debt to income	Employment growth
2022	(1.20)	7.60	3.50	(0.40)	(1.00)	75.90	(0.20)
2023	(5.10)	10.30	6.00	(3.80)	(8.20)	76.00	(1.90)
2024	(6.20)	11.80	8.50	(4.10)	(16.00)	76.00	(1.10)

* *Applicable to the secured portfolio.*

UK (%)	Upside scenario			Baseline scenario			Downside scenario			Severe scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
Real GDP growth	10.78	4.18	3.29	7.73	2.08	1.46	3.09	0.75	2.37	(6.13)	(1.53)	1.06
CPI inflation*	3.70	2.60	1.30	1.80	1.70	1.70	0.70	1.10	1.90	0.10	0.80	2.00
BoE rate*	0.90	1.13	1.25	0.10	0.10	0.10	(0.50)	0.00	0.00	(0.50)	(0.50)	(0.50)
Household disposable income growth	2.63	1.60	2.07	(0.81)	1.94	1.18	(3.69)	0.04	0.95	(1.03)	0.09	(1.18)
House price index growth**	3.38	2.30	8.64	(0.57)	(2.25)	0.54	(2.75)	(7.50)	(2.43)	(8.12)	(17.76)	(11.75)
Employment growth#	1.63	2.21	0.45	(0.26)	0.30	0.51	0.06	(0.20)	0.44	(2.54)	0.49	1.06

* *Comparative CPI inflation and BoE rate has been disclosed in the current year.*

** *Applicable to the secured portfolio.*

\# *In the prior year employment growth was used while in the current year the unemployment rate was forecast.*

Broader Africa

Namibia (%)	Upside scenario			Baseline scenario			Downside scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Real GDP growth	3.25	3.75	4.50	1.40	2.30	2.00	(3.00)	(1.50)	(1.00)
CPI inflation	3.00	3.00	3.00	3.80	4.00	4.10	5.92	6.75	7.00
Repo rate	2.75	2.50	2.50	3.75	3.75	3.75	6.25	6.50	6.50

Botswana (%)	Upside scenario			Baseline scenario			Downside scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Real GDP growth	8.00	7.00	6.30	5.10	4.10	3.70	2.34	2.30	2.20
CPI inflation	3.90	2.80	2.60	5.50	4.00	3.60	6.40	5.50	5.30
Repo rate	3.25	3.00	3.00	3.75	3.75	3.75	5.50	5.50	5.50

Fair value measurements (audited)

Fair value hierarchy

The following table presents the fair value hierarchy and applicable measurement basis of assets and liabilities of the group which are recognised at fair value.

	2022			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	476	64 545	646	65 667
Advances	–	48 384	47 299	95 683
Investment securities	109 998	99 613	3 040	212 651
Non-recourse investments	822	6 191	–	7 013
Commodities	17 580	–	–	17 580
Investment properties	–	–	698	698
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	–	–	–
Total fair value assets	128 876	218 733	51 683	399 292
Liabilities				
Recurring fair value measurements				
Short trading positions	14 614	–	9	14 623
Derivative financial instruments	208	62 132	2 207	64 547
Deposits	1 103	39 821	5 621	46 545
Non-recourse deposits	–	7 013	–	7 013
Other liabilities	–	68	3	71
Policyholder liabilities under investment contracts	–	5 396	–	5 396
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	–	–	–
Total fair value liabilities	15 925	114 430	7 840	138 195

Fair value measurements (audited) continued

	2021			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments (restated)*	41	65 214	1 206	66 461
Advances	–	61 106	34 218	95 324
Investment securities	118 080	100 310	3 165	221 555
Non-recourse investments	329	8 688	–	9 017
Commodities	18 641	–	–	18 641
Investment properties	–	–	659	659
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	–	19	19
Total fair value assets	137 091	235 318	39 267	411 676
Liabilities				
Recurring fair value measurements				
Short trading positions	18 945	–	–	18 945
Derivative financial instruments (restated)*	41	66 533	1 595	68 169
Deposits	1 046	39 989	4 471	45 506
Non-recourse deposits	–	9 017	–	9 017
Other liabilities	–	50	2	52
Policyholder liabilities under investment contracts	–	5 378	–	5 378
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	1	–	1
Total fair value liabilities	20 032	120 968	6 068	147 068

* *Restated, refer to pages 160 and 161 for details.*

Non-recurring fair value measurements

A disposal group and investment in associate was classified as a disposal group held for sale at 30 June 2022. The entirety of the disposal group and investment in associate is subject to IFRS 5 measurement criteria. The disposal group was measured at fair value less costs to sell and categorised as level 3 fair value hierarchy.

Valuation techniques and significant inputs used to determine fair values

The valuation techniques applied by the group for recurring and non-recurring fair value measurement of assets and liabilities categorised as level 2 and level 3 can be found in *Note 34 – Fair value measurement* in the annual financial statements available on the group's website at www.firstrand.co.za/investors/annual-reporting.

	2021 – Restatement of derivative asset and derivative liabilities (level 2)	
	Assets	Liabilities
R million	Derivative financial instruments	Derivative financial instruments
Previously reported	81 481	82 800
Adjustment	(16 267)	(16 267)
Restated*	65 214	66 533

* *Restated, refer to pages 160 and 161 for details.*

Additional disclosures for level 3 financial instruments

Transfers between fair value hierarchy levels

The following represents the significant transfers into levels 1, 2 and 3 and the reasons for these transfers. Transfers between levels of the fair value hierarchy are deemed to occur at the beginning of the reporting period.

	2022		
R million	**Transfers in**	**Transfers out**	**Reasons for significant transfers in**
Level 1	**689**	**(41)**	The market for certain investment securities has become liquid in the current year which resulted in transfers from level 3 into level 1.
Level 2	**607**	**(1 405)**	Increased liquidity in the market for certain investment securities as well as equity-linked deposits that are approaching maturity, resulted in transfers from level 3 to level 2 due to the significant inputs becoming more observable during the current period.
Level 3	**1 446**	**(1 296)**	Investment securities and equity-linked deposits, whose fair value have been observable in a traded market, no longer met the criteria for level 1 and 2, as the market has become illiquid and the fair value was determined using significant unobservable inputs.
Total transfers	**2 742**	**(2 742)**	
	2021		
Level 1	945	(24)	Increased liquidity in the market for certain investment securities resulted in transfers from level 3 and level 2 into level 1.
Level 2	210	(1 025)	Increased liquidity in the market for certain investment securities resulted in transfers from level 3 to level 2.
Level 3	607	(713)	Investment securities whose fair value had been observable in a traded market no longer met the criteria for level 1 and level 2, as active trading ceased during the period and the fair value was determined using significant unobservable inputs.
Total transfers	1 762	(1 762)	

Fair value measurements (audited) continued

Changes in level 3 instruments with recurring fair value measurements

The following table shows a reconciliation of the opening and closing balances for assets and liabilities measured at fair value on a recurring basis classified as level 3 in terms of the fair value hierarchy.

R million	Derivative financial assets	Advances	Investment securities	Investment properties
Balance as at 30 June 2020	925	48 633	3 886	722
Gains or losses recognised in profit or loss	816	669	280	(89)
Losses recognised in other comprehensive income	–	–	(356)	–
Purchases, sales, issue and settlements	(535)	(14 146)	(509)	26
Acquisitions/disposals of subsidiaries	–	–	2	–
Net transfer to level 3	–	–	(106)	–
Exchange rate differences	–	(938)	(32)	–
Balance as at 30 June 2021	**1 206**	**34 218**	**3 165**	**659**
Gains or losses recognised in profit or loss	**(30)**	**1 971**	**256**	**(19)**
Gains recognised in other comprehensive income	**–**	**–**	**8**	**–**
Purchases, sales, issue and settlements	**(517)**	**10 394**	**340**	**–**
Acquisitions/disposals of subsidiaries	**–**	**–**	**(15)**	**58**
Net transfer to level 3	**(13)**	**–**	**(702)**	**–**
Exchange rate differences	**–**	**716**	**(12)**	**–**
Balance as at 30 June 2022	**646**	**47 299**	**3 040**	**698**

Decreases in level 3 assets and liabilities are included in brackets. Decreases in the value of assets are the result of losses, sales and settlements or the disposal of subsidiaries. Decreases in the value of liabilities are the result of gains, settlements or the disposal of subsidiaries.

Gains or losses on advances classified as level 3 of the hierarchy comprise gross interest income on advances, fair value of credit adjustments and adjustments due to changes in currency and base rates. These instruments are funded by liabilities whereby the inherent risk is hedged by interest rate or foreign currency swaps. The corresponding gross interest expense is not disclosed in the fair value note as these items are typically measured at amortised cost.

Short term trading positions	Derivative financial liabilities	Other liabilities	Deposits
–	1 856	300	5 063
–	319	(47)	(215)
–	–	–	–
–	(580)	(251)	(351)
–	–	–	–
–	–	–	–
–	–	–	(26)
–	**1 595**	**2**	**4 471**
–	**1 341**	**1**	**122**
	–	**–**	**–**
9	**(328)**	**–**	**(241)**
–	**–**	**–**	**–**
–	**(401)**	**–**	**1 266**
–	**–**	**–**	**3**
9	**2 207**	**3**	**5 621**

Fair value measurements (audited) continued

Unrealised gains or losses on level 3 instruments with recurring fair value measurements

The valuation models for level 3 assets or liabilities typically rely on a number of inputs that are not readily observable, either directly or indirectly. Thus, the gains or losses presented below include changes in the fair value related to both observable and unobservable inputs.

The table below presents the total gains or losses relating to the remeasurement of assets and liabilities carried at fair value on a recurring basis classified as level 3 that are still held at reporting date. With the exception of interest on funding instruments designated at FVTPL and FVOCI debt instruments, all gains or losses are recognised in NIR.

	2022		2021	
R million	**Gains/(losses) recognised in the income statement**	**Gains/(losses) recognised in other comprehensive income**	Gains/(losses) recognised in the income statement	Gains/(losses) recognised in other comprehensive income
Assets				
Derivative financial instruments	**117**	**–**	782	–
Advances*	**1 525**	**–**	799	–
Investment securities	**515**	**–**	287	(300)
Investment properties	**(19)**	**–**	(89)	–
Total	**2 138**	**–**	1 779	(300)
Liabilities				
Derivative financial instruments	**(1 268)**	**–**	(288)	–
Deposits	**(109)**	**–**	86	–
Other liabilities	**1**	**–**	–	–
Short trading positions	**(1)**	**–**	–	–
Total	**(1 377)**	**–**	(202)	–

* *Mainly accrued interest on fair value advances and movements in interest rates and foreign currency that have been economically hedged. These advances are primarily classified as level 3, as credit spreads could be a significant input and are not observable for loans and advances in most of RMB's key markets. Inputs relating to interest rates and foreign currencies are regarded as observable.*

Effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives

	2022			2021		
		Reasonably possible alternative fair value			Reasonably possible alternative fair value	
R million	Fair value	Using more positive assump-tions	Using more negative assump-tions	Fair value	Using more positive assump-tions	Using more negative assump-tions
Assets						
Derivative financial instruments	**646**	**703**	**589**	1 206	1 344	1 067
Advances	**47 299**	**47 366**	**47 231**	34 218	34 295	34 152
Investment securities	**3 040**	**3 186**	**2 908**	3 165	3 290	2 921
Investment properties	**698**	**703**	**520**	659	724	593
Total financial assets measured at fair value in level 3	**51 683**	**51 958**	**51 248**	39 248	39 653	38 733
Liabilities						
Derivative financial instruments	**2 207**	**2 114**	**2 305**	1 595	1 508	1 680
Deposits	**5 621**	**5 593**	**5 648**	4 471	4 441	4 501
Short trading positions	**9**	**9**	**9**	–	–	–
Other liabilities	**3**	**3**	**3**	2	2	2
Total financial liabilities measured at fair value in level 3	**7 840**	**7 719**	**7 965**	6 068	5 951	6 183

Fair value measurements (audited) continued

Financial instruments not measured at fair value

The following represents the fair values of financial instruments not carried at fair value in the statement of financial position, but for which fair value is required to be disclosed. For all other financial instruments, the carrying value is equal to or a reasonable approximation of the fair value.

	2022				
R million	**Carrying value**	**Total fair value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Advances	**1 238 640**	**1 246 930**	**–**	**148 282**	**1 098 648**
Investment securities	**162 485**	**156 639**	**107 835**	**38 550**	**10 254**
Total financial assets at amortised cost	**1 401 125**	**1 403 569**	**107 835**	**186 832**	**1 108 902**
Liabilities					
Deposits	**1 602 415**	**1 603 572**	**567**	**1 259 157**	**343 848**
Other liabilities	**5 343**	**5 352**	**–**	**4 303**	**1 049**
Tier 2 liabilities	**20 937**	**21 111**	**–**	**21 111**	**–**
Total financial liabilities at amortised cost	**1 628 695**	**1 630 035**	**567**	**1 284 571**	**344 897**
	2021				
Assets					
Advances	1 128 110	1 147 500	–	120 714	1 026 786
Investment securities	137 615	137 071	110 822	19 969	6 280
Total financial assets at amortised cost	1 265 725	1 284 571	110 822	140 683	1 033 066
Liabilities					
Deposits	1 487 555	1 491 024	513	1 179 295	311 216
Other liabilities	4 808	4 823	–	4 248	575
Tier 2 liabilities	20 940	21 397	–	21 397	–
Total financial liabilities at amortised cost	1 513 303	1 517 244	513	1 204 940	311 791

Day 1 profit or loss

The following table represents the aggregate difference between transaction price and fair value based on a valuation technique yet to be recognised in profit or loss.

R million	**2022**	2021
Opening balance	**108**	197
Day 1 profits or losses not initially recognised on financial instruments in the current year	**369**	281
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(134)**	(370)
Closing balance	**343**	108

Contingencies and commitments (audited)

as at 30 June

		Restated	
R million	**2022**	2021	% change
Contingencies and commitments			
Guarantees (endorsements and performance guarantees)*	**59 118**	53 270	11
Letters of credit	**14 120**	10 059	40
Total contingencies	**73 238**	63 329	16
Irrevocable commitments	**172 795**	155 154	11
Committed capital expenditure*	**5 315**	4 529	17
Legal proceedings**	**219**	316	(31)
Other	**72**	54	33
Contingencies and commitments	**251 639**	223 382	13

* *Commitments in respect of capital expenditure and long-term investments approved by the directors.*

** *There is a small number of potential legal claims against the group, the outcome of which is uncertain at present. These claims are not regarded as material, either on an individual or a total basis, and arise during the normal course of business. On-balance sheet provisions are only raised for claims that are expected to materialise.*

The prior year balances have been restated, the impact and rationale of the restatement are disclosed below.

R million	Previously reported	Reclassified	Adjusted	Restated
Contingencies and commitments				
Guarantees (endorsements and performance guarantees)#	49 943	3 327	–	53 270
Letter of credit	10 059	–	–	10 059
Total contingencies	60 002	3 327	–	63 329
Irrevocable commitments#	166 397	(11 243)	–	155 154
Committed capital expenditure†	3 633	–	896	4 529
Legal proceedings‡	–	316	–	316
Other	54	–	–	54
Contingencies and commitments	230 086	(7 600)	896	223 382
Legal proceedings	316	(316)	–	–

During the current year, the methodology and business rules for classification of off-balance sheet items in the retail secured lending business were reviewed and streamlined. This resulted in the re-presentation of balances from irrevocable commitments to guarantees and revocable commitments of R7 600 million that do not form part of contingencies and commitments. The related release of ECL on this restatement is not material.

† *Committed capital approved by the directors has been restated, following the identification of amounts that should have been included and which became apparent as a result of improved reporting tools implemented in the current year, offset by an amount that was incorrectly included in the prior year.*

‡ *Legal proceedings were previously shown in a separate section of the note. They have now been included as part of contingencies and commitments.*

Events after the reporting period (audited)

The disposal of non-current assets held for sale in FNB Tanzania was completed on 7 July 2022.

On 8 July 2022, FirstRand Limited offered to acquire the non-cumulative non-redeemable B preference shares (preference shares) at par value from the preference shareholders. This will result in a change in the classification of these preference shares from equity to liabilities in the 2023 financial year. On 25 August 2022, preference and ordinary shareholders approved the repurchase of FirstRand's preference shares at par.

The realisation of RMB's private equity investment in Studio 88 is expected to close during October 2022.

Summary segment report (audited)

REPORTABLE SEGMENTS

	Year ended 30 June 2022										
	Retail and commercial										
	FNB										
R million	FNB SA	FNB broader Africa	Total FNB	WesBank	Retail and commercial	RMB	Aldermore	Centre (including Group Treasury and other)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
Profit before tax	26 143	2 299	28 442	2 270	30 712	11 615	4 134	220	46 681	151	46 832
Total assets	449 722	56 045	505 767	145 798	651 565	621 725	370 600	360 588	2 004 478	(76)	2 004 402
Total liabilities*	426 894	53 275	480 169	144 442	624 611	608 635	343 083	247 364	1 823 693	–	1 823 693

* *Total liabilities are net of interdivisional balances.*

	Year ended 30 June 2021										
	Retail and commercial										
	FNB										
R million	FNB SA**	FNB broader Africa	Total FNB	WesBank**	Retail and commercial	RMB	Aldermore	Centre (including Group Treasury and other)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
Profit before tax	21 587	1 607	23 194	1 848	25 042	9 942	3 272	(1 283)	36 973	318	37 291
Total assets	415 887	53 184	469 071	142 671	611 742	591 309	325 195	341 797	1 870 043	(30)	1 870 013
Total liabilities*	397 586	51 583	449 169	141 135	590 304	579 835	300 915	231 072	1 702 126	–	1 702 126

* *Total liabilities are net of interdivisional balances.*

** *Restated.*

Summary segment report (audited) continued

GEOGRAPHICAL SEGMENTS

R million	South Africa	Other Africa	United Kingdom	Other	Total
	Year ended 30 June 2022				
Non-interest revenue	**41 854**	**6 532**	**1 159**	**194**	**49 739**
– Non-interest revenue from contracts with customers	**37 060**	**5 323**	**447**	**45**	**42 875**
– Other non-interest revenue	**3 322**	**1 209**	**691**	**151**	**5 373**
– Share of profits of associated and joint ventures after tax	**1 472**	**–**	**21**	**(2)**	**1 491**
	Year ended 30 June 2021				
Non-interest revenue	39 890	6 030	748	65	46 733
– Non-interest revenue from contracts with customers	34 902	4 871	451	53	40 277
– Other non-interest revenue	3 464	1 159	283	12	4 918
– Share of profits of associated and joint ventures after tax	1 524	–	14	–	1 538

supplementary information

Headline earnings additional disclosure

Set out below is additional information pertaining to Section 1 of Circular 01/2021- Sector-Specific Rules for Headline Earnings.

Issue 1 – Remeasurement relating to private equity activities (associates and joint ventures, excluding any private equity investments carried at fair value in terms of IFRS 9) regarded as operating or trading activities

R million	**2022**	2021	% change
Aggregate cost of portfolio	**2 766**	2 702	2
Aggregate carrying value	**5 536**	5 535	–
Aggregate fair value*	**10 694**	11 309	(5)
Equity-accounted income**	**922**	877	5
Profit on realisation#	**3**	(1)	(>100)

* *Aggregate fair value is disclosed including non-controlling interests.*

** *Income from associates and joint ventures is disposed post-tax.*

Profit on realisation is disclosed post-tax and non-controlling interests.

Issue 2 – Capital appreciation on investment products

R million	**2022**	2021	% change
Carrying value of investment properties	**698**	659	6
Fair value of investment properties	**698**	659	6

Number of ordinary shares in issue

as at 30 June

	2022		2021	
	IFRS	**Normalised**	IFRS	Normalised
Shares in issue				
Number of ordinary shares in issue	**5 609 488 001**	**5 609 488 001**	5 609 488 001	5 609 488 001
Less: treasury shares	**(2 101 326)**	**–**	(1 391 191)	–
– Shares held for client trading*	**(2 101 326)**	**–**	(1 391 191)	–
Number of shares in issue (after treasury shares)	**5 607 386 675**	**5 609 488 001**	5 608 096 810	5 609 488 001
Weighted average number of shares				
Weighted average number of shares before treasury shares	**5 609 488 001**	**5 609 488 001**	5 609 488 001	5 609 488 001
Less: treasury shares	**(2 751 213)**	**–**	(1 249 055)	–
– Shares held for client trading*	**(2 751 213)**	**–**	(1 249 055)	–
Basic and diluted weighted average number of shares in issue	**5 606 736 788**	**5 609 488 001**	5 608 238 946	5 609 488 001

* *For normalised reporting purposes, shares held for client trading activities are treated as externally issued.*

Key market indicators and share statistics

for the year ended 30 June

	2022	2021	% change
Market indicators			
$/R exchange rate			
– Closing	**16.41**	14.26	15
– Average	**15.19**	15.33	(1)
£/R exchange rate			
– Closing	**19.95**	19.72	1
– Average	**20.21**	20.66	(2)
SA prime overdraft (%)	**8.25**	7.00	
SA average prime overdraft (%)	**7.39**	7.02	
SA average CPI (%)	**5.67**	3.56	
JSE All Share Index	**66 223**	66 249	–
JSE Banks Index	**9 248**	7 618	21
Share statistics/performance on the JSE			
Number of shares in issue (thousands)	**5 609 488**	5 609 488	
Share price			
– High for the year (cents)	**7 934**	5 796	37
– Low for the year (cents)	**5 180**	3 552	46
– Closing (cents)	**6 237**	5 359	16
Closing price/net asset value per share	**2.12**	1.98	
Closing price/earnings (headline)	**10.66**	11.15	
Shares traded			
– Number of shares (millions)	**3 219**	3 792	(15)
– Value of shares (R million)	**203 812**	176 035	16
– Turnover in shares traded (%)	**36.34**	31.39	
Market capitalisation (R million)	**349 864**	300 612	16
Share price performance			
FirstRand average share price (cents)	**6 283**	4 703	34
JSE Bank Index (average)	**8 977**	6 416	40
JSE All Share Index (average)	**70 132**	61 146	15

Company information

Directors

WR Jardine (chairman), AP Pullinger (chief executive officer), HS Kellan (financial director), M Vilakazi (chief operating officer), JP Burger, GG Gelink, RM Loubser, TS Mashego, PD Naidoo, Z Roscherr, SP Sibisi, LL von Zeuner, T Winterboer

Company secretary and registered office

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Tel: +27 11 282 1808
Fax: +27 11 282 8088 Website: www.firstrand.co.za

JSE sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
1 Merchant Place, Corner Fredman Drive and Rivonia Road
Sandton 2196
Tel: +27 11 282 8000

Namibian sponsor

Simonis Storm Securities (Pty) Ltd

4 Koch Street
Klein Windhoek
Namibia

Transfer secretaries – South Africa

Computershare Investor Services (Pty) Ltd

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Transfer Secretaries (Pty) Ltd

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Jukskei View
2090

Deloitte & Touche

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5 Magwa Crescent
Waterfall City
Johannesburg
Gauteng
South Africa
2090

Listed financial instruments of the group

Listed equity

Johannesburg Stock Exchange (JSE)

Ordinary shares		
Issuer	**Share code**	**ISIN code**
FirstRand Limited	FSR	ZAE000066304

Non-cumulative non-redeemable B preference shares		
Issuer	**Share code**	**ISIN code**
FirstRand Limited	FSRP	ZAE000060141

Namibian Stock Exchange (NSX)

Ordinary shares		
Issuer	**Share code**	**ISIN code**
FirstRand Limited	FST	ZAE000066304
FirstRand Namibia Limited	FNB	NA0003475176

Botswana Stock Exchange (BSE)

Ordinary shares		
Issuer	**Share code**	**ISIN code**
First National Bank of Botswana Limited	FNBB	BW0000000066

Listed debt

South Africa

FRB remains the group's rated entity from which debt is issued. The bank's JSE-listed programmes and debt instruments are available on the group and RMB websites:

– https://www.firstrand.co.za/investors/debt-investor-centre/jse-listed-instruments/

– https://www.rmb.co.za/page/krugerrand-custodial-certificate

– https://www.rmb.co.za/page/dollar-custodial-certificate

The group also issues debt instruments in the following jurisdictions:

UK

Issuer: FirstRand Bank Limited

London Stock Exchange (LSE)

European medium-term note programme

ISIN code	
Subordinated debt	**Senior unsecured**
XS1810806395	XS1954121031 (unlisted)

Listed financial instruments of the group continued

Broader Africa

Issuer: First National Bank of Namibia Limited

NSX

Domestic medium-term note programme

ISIN code	
Subordinated debt	**Senior unsecured**
NA000A19FKU3	NA000A3K3LR6
NA000A19FKV1	NA000A3K3LQ8
	ZAG000142902

Issuer: First National Bank of Botswana Limited

BSE

Domestic medium-term note programme

Bond code	ISIN code
Subordinated debt	
BW0000002997 (unlisted)	BW0000002989 (unlisted)
BW0000002377	

Bond code	ISIN code
Senior unsecured	
BW0000001528	BW0000001916

Credit ratings

Refer to https://www.firstrand.co.za/investors/debt-investor-centre/credit-ratings for detail on the group's credit ratings.

Capital instruments

BASEL III COMPLIANT AT1 AND TIER 2 INSTRUMENTS

	Maturity date	Call date	Currency (million)	As at 30 June 2022	2021
FirstRand Bank					
AT1					
FRB24	Perpetual	8/11/2023	ZAR	**2 265**	2 265
FRB25	Perpetual	19/9/2024	ZAR	**3 461**	3 461
FRB28	Perpetual	2/12/2025	ZAR	**1 400**	1 400
Tier 2					
FRB17	8/1/2027	8/1/2022	ZAR	**–**	601
FRB21	24/11/2026	24/11/2021	ZAR	**–**	1 000
FRB22	8/12/2027	8/12/2022	ZAR	**1 250**	1 250
FRB23	20/9/2027	20/9/2022	ZAR	**2 750**	2 750
FRB26	3/6/2029	3/6/2024	ZAR	**1 910**	1 910
FRB27	3/6/2031	3/6/2026	ZAR	**715**	715
FRB29	19/4/2031	19/4/2026	ZAR	**2 374**	2 374
FRB30	19/4/2031	19/4/2026	ZAR	**698**	698
FRB31	24/11/2031	24/11/2026	ZAR	**2 500**	–
Reg S	23/4/2028	23/4/2023	USD	**500**	500
Aldermore Group					
Tier 2	28/10/2026	28/10/2021	GBP	**–**	60
FirstRand group					
Total AT1*			ZAR	**7 126**	7 126
Total Tier 2*			ZAR	**20 401**	19 611

* *Dollar and pound instruments translated at the closing rates at the respective reporting periods.*

Refer to the https://www.firstrand.co.za/investors/basel-pillar-3-disclosure for additional information on the terms and conditions of the capital instruments.

Definitions

Additional Tier 1 (AT1) capital	AT1 capital instruments and qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specified regulatory deductions
Age distribution	The number of months between the loan completion and the end of the reporting period plus one (in line with the banding requirements). Percentage for each age band is based on the current exposure
Arrears	A percentage that expresses the current exposure of the loans with one or more months in arrears to the total current book exposure for the reporting period
Balance-to-market value	The current exposure divided by the indexed valuation (indexing model uses Nationwide and IPD indices). Percentage for each balance-to-market value band is based on the current exposure
Balance-to-original value	The current exposure divided by the original valuation. Percentage for each balance-to-original value band is based on the current exposure
Capital adequacy ratio (CAR)	Total qualifying capital and reserves divided by RWA
Common Equity Tier 1 (CET1) capital	Share capital and premium, qualifying reserves and third-party capital, less specified regulatory deductions
Core lending advances	Total advances excluding assets under agreements to resell
Cost-to-income ratio	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates and joint ventures
Credit loss ratio	Total impairment charge per the income statement expressed as a percentage of average core lending advances (average between the opening and closing balance for the year)
Diversity ratio	Non-interest revenue expressed as a percentage of total income including share of profits from associates and joint ventures
Dividend cover	Normalised earnings per share divided by dividend per share
Effective tax rate	Tax per the income statement divided by the profit before tax per the income statement
Impairment charge	Amortised cost impairment charge and credit fair value adjustments
Loan-to-deposit ratio	Average advances expressed as a percentage of average deposits
Loss given default (LGD)	Economic loss that will be suffered on an exposure following default of the counterparty, expressed as a percentage of the amount outstanding at the time of default
Net income after capital charge (NIACC)	Normalised earnings less the cost of equity multiplied by the average ordinary shareholders' equity and reserves
Normalised earnings	The group believes normalised earnings more accurately reflect its economic performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares, including treasury shares
Normalised net asset value	Normalised equity attributable to ordinary equityholders
Normalised net asset value per share	Normalised equity attributable to ordinary equityholders divided by the number of issued ordinary shares
Price earnings ratio (times)	Closing price at end of period divided by basic normalised earnings per share
Price-to-book (times)	Closing share price at end of period divided by normalised net asset value per share
Return on assets (ROA)	Normalised earnings divided by average assets
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders' equity
Risk-weighted assets (RWA)	Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets, where applicable
Shares in issue	Number of ordinary shares listed on the JSE
Technical cures	Performing accounts that are classified as stage 3/NPL because they have defaulted in the past and do not meet the stringent cure definition of performance for several consecutive months
Tier 1 ratio	Tier 1 capital divided by RWA
Tier 1 capital	CET1 capital plus AT1 capital
Tier 2 capital	Qualifying subordinated debt instruments, capital instruments issued out of fully consolidated subsidiaries to third parties, and qualifying provisions less specified regulatory deductions
Total qualifying capital and reserves	Tier 1 capital plus Tier 2 capital
Weighted average number of ordinary shares	Weighted average number of ordinary shares in issue during the year as listed on the JSE

Abbreviations

AC and FV	Amortised cost and fair value
ABF	Asset-based finance
ALM	Asset-liability management
APE	Annual premium equivalent
AT1	Additional Tier 1
AUM	Assets under management
BoE	Bank of England
BSE	Botswana Stock Exchange
CAGR	Compound annual growth rate
CET1	Common Equity Tier 1
CIB	Corporate and investment banking
CPI	Consumer price inflation
CLR	Credit loss ratio
CoDI	Corporation for Deposit Insurance
COE	Cost of equity
Covid-19	Coronavirus disease
DM	Developed market
Directive 3	Covid-19 relief loans
D-SIB	Domestic systemically important bank
DWT	Dividend withholding tax
EAD	Exposure at default
ECL	Expected credit loss
Centre	FirstRand Corporate Centre
Flac	First loss after capital
FLI	Forward-looking information
FRB	FirstRand Bank Limited
FREMA	FirstRand EMA Holdings (Pty) Ltd
FRI	FirstRand International Limited
FRIHL	FirstRand Investment Holdings (Pty) Ltd
FRISCOL	FirstRand Insurance Services Company
FRM	Financial resource management
FSLA	Financial Sector Laws Amendment Act 23 of 2022
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FX	Foreign exchange
GCA	Gross carrying amount
HQLA	High-quality liquid assets
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
LCH	London Clearing House

LCR	Liquidity coverage ratio
LDI	Liability-driven investment
LGD	Loss given default
LSE	London Stock Exchange
LTI	Long-term incentive
MVNO	Mobile virtual network operator
NCNR	Non-cumulative non-redeemable
NAV	Net asset value
NIACC	Net income after cost of capital
NII	Net interest income
NIM	Net interest margin
NIR	Non-interest revenue
NOSIA	Notices of sums in arrears
NPLs	Non-performing loans
NSFR	Net stable funding ratio
NSX	Namibian Stock Exchange
P2P	Private-to-private
PA	Prudential Authority
PBT	Profit before tax
PHI	Permanent health insurance
ROA	Return on assets
ROE	Return on equity
RWA	Risk-weighted assets
SA	South Africa
SACU	Southern African Customs Union
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SICR	Significant increase in credit risk
SME	Small and medium-sized enterprise
SPV	Special purpose vehicles
STI	Short-term incentive
TFS	Toyota Financial Services (Pty) Ltd
TRS	Total return swap
UK	United Kingdom
VAF	Vehicle asset finance
VAPS	Value-added products and services
VSI	Vertical sales index
VWFS	Volkswagen Financial Services (Pty) Ltd
WIM	Wealth and investment management

Abbreviations of financial reporting standards

International Financial Reporting Standards

IFRS 1	IFRS 1 – First-time Adoption of International Financial Reporting Standards
IFRS 2	IFRS 2 – Share-based Payment
IFRS 3	IFRS 3 – Business Combinations
IFRS 4	IFRS 4 – Insurance Contracts
IFRS 5	IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	IFRS 7 – Financial Instruments – Disclosures
IFRS 8	IFRS 8 – Operating Segments
IFRS 9	IFRS 9 – Financial Instruments
IFRS 13	IFRS 13 – Fair Value Measurement
IFRS 15	IFRS 15 – Revenue
IFRS 16	IFRS 16 – Leases
IFRS 17	IFRS 17 – Insurance Contracts

International Accounting Standards

IAS 1	IAS 1 – Presentation of Financial Statements
IAS 2	IAS 2 – Inventories
IAS 7	IAS 7 – Statement of Cash Flows
IAS 8	IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	IAS 10 – Events After the Reporting Period
IAS 12	IAS 12 – Income Taxes
IAS 16	IAS 16 – Property, Plant and Equipment
IAS 17	IAS 17 – Leases
IAS 18	IAS 18 – Revenue
IAS 19	IAS 19 – Employee Benefits
IAS 20	IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	IAS 21 – The Effects of Changes in Foreign Exchange Rates
IAS 23	IAS 23 – Borrowing Costs
IAS 24	IAS 24 – Related Party Disclosures
IAS 27	IAS 27 – Consolidated and Separate Financial Statements
IAS 28	IAS 28 – Investments in Associates and Joint Ventures
IAS 29	IAS 29 – Financial Reporting in Hyperinflationary Economies
IAS 32	IAS 32 – Financial Instruments – Presentation
IAS 33	IAS 33 – Earnings Per Share
IAS 34	IAS 34 – Interim Financial Reporting
IAS 36	IAS 36 – Impairment of Assets
IAS 37	IAS 37 – Provisions, Contingent Liabilities and Contingent Assets
IAS 38	IAS 38 – Intangible Assets
IAS 39	IAS 39 – Financial Instruments – Recognition and Measurement
IAS 40	IAS 40 – Investment Property

IFRS Interpretations Committee Interpretations

IFRIC 17	IFRIC 17 – Distributions of Non-cash Assets to Owners
IFRIC 22	IFRIC 22 – Foreign Currency Transactions and Advance Consideration
IFRIC 23	IFRIC 23 – Uncertainty over Income Tax Treatments

STUDIO 5

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