



# ANALYSIS OF FINANCIAL RESULTS

for the year ended 30 June 2024

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 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](http://www.firstrand.co.za)

Email questions to [investor.relations@firstrand.co.za](mailto:investor.relations@firstrand.co.za)

## About this report

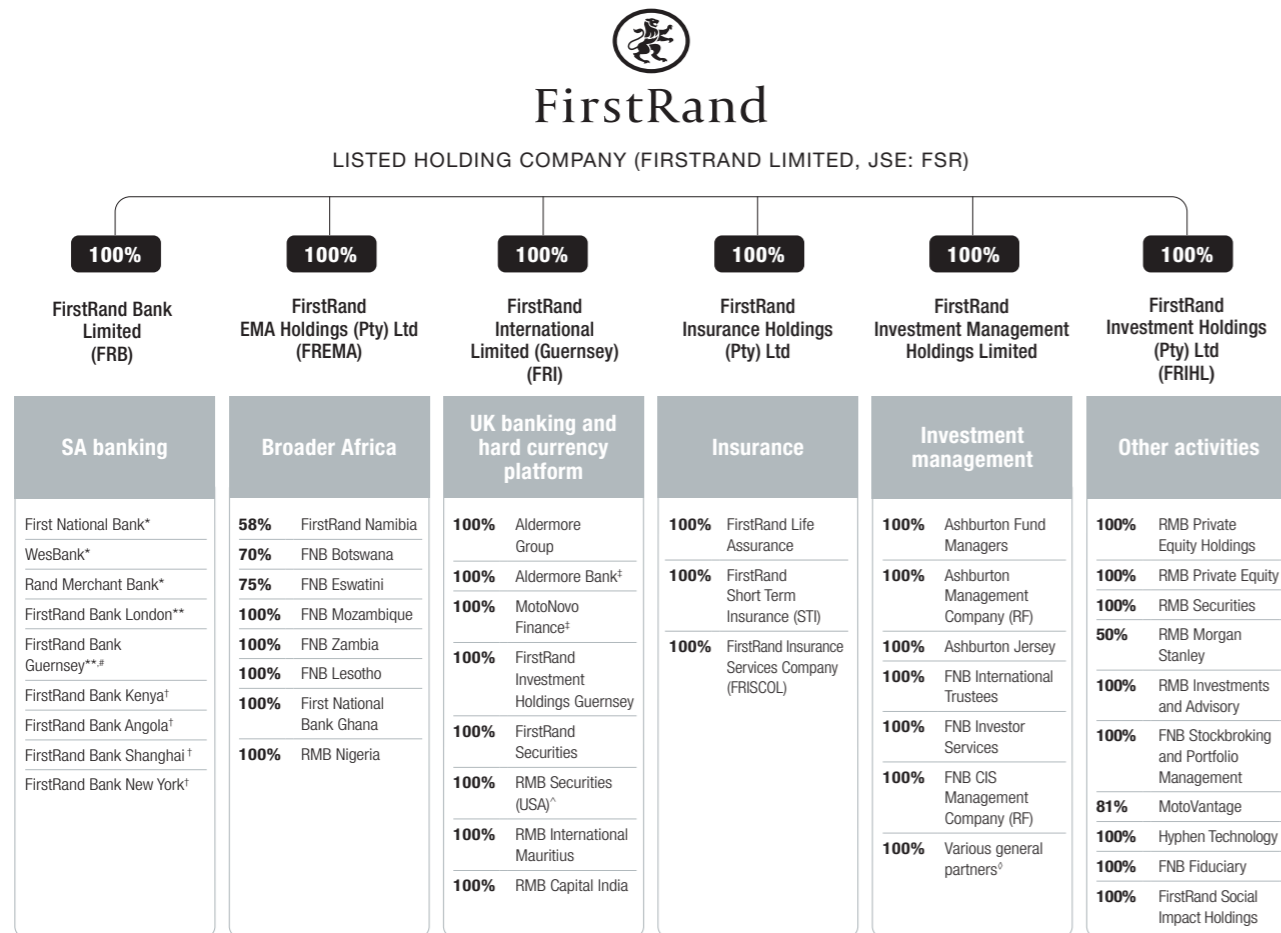
This report and the accompanying commentary cover the primary results of the group and are presented on a normalised basis, as the group believes this most accurately reflects its economic performance. Normalised results have been derived from the financial results based on IFRS® Accounting Standards (IFRS Accounting Standards) for the year ended 30 June 2024.

Normalised results include a consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of financial position and a consolidated statement of changes in equity. A detailed description of the difference between normalised and IFRS Accounting Standards results is provided on pages 146 to 148. Detailed reconciliations of normalised to IFRS Accounting Standards results are provided on pages 155 to 162. Commentary is based on normalised results, unless indicated otherwise.

The preparation of the group's consolidated financial results was supervised by Simonet Terblanche, CA(SA).

**The group's audited consolidated financial statements for the year ended 30 June 2024, based on IFRS Accounting Standards, are available on its website at [www.firstrand.co.za/investors/integrated-reporting-hub/financial-reporting/](http://www.firstrand.co.za/investors/integrated-reporting-hub/financial-reporting/).**

**Simplified group structure**



\* Division  
 \*\* Branch  
 # Trading as FNB Channel Islands.  
 † Representative office  
 DirectAxis is a business unit of FirstRand Bank Limited.

‡ 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.

**Notes:**  
 Structure shows effective consolidated shareholding.  
 FNB Eswatini's shares were listed on the Eswatini Stock Exchange on 5 December 2023, with FREMA disposing of 20% of its shareholding in this process. The listing provides FNB Eswatini with a meaningful local shareholding component and contributes to the development and expansion of the local capital markets. A further 4.99% of shares was transferred into an employee share ownership trust (these shares will be considered treasury shares from a group reporting perspective). FREMA's effective shareholding in FNB Eswatini is now 75.01%.  
 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, WesBank, RMB or the Centre). The group's securitisations and other special purpose vehicles (SPVs) are in FRB, FRI and FRIHL.

# OVERVIEW OF RESULTS

FirstRand's portfolio of integrated financial services businesses comprises FNB, WesBank, RMB, Aldermore and Ashburton. 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

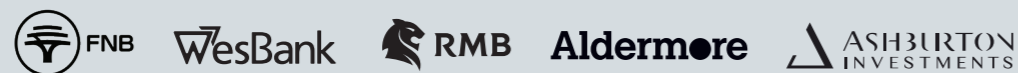
Normalised earnings  
**R38.0bn**  
2023: R36.6bn ▲4%

Return on equity  
**20.1%**  
2023: 21.1% ▼100 bps

Net asset value  
**R195.7bn**  
2023: R181.5bn ▲8%

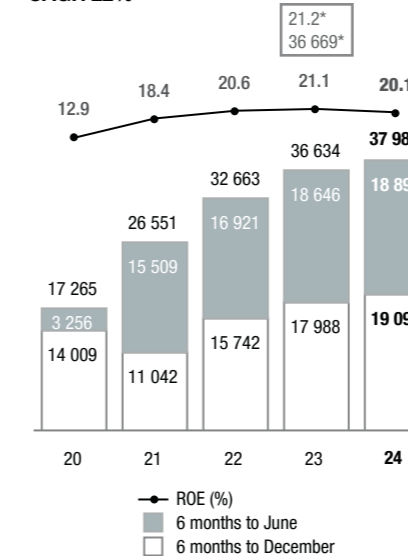
CET1 ratio  
**13.5%**  
2023: 13.2% ▲30 bps

Ordinary dividend per share  
**415 cents**  
2023: 384 cents ▲8%

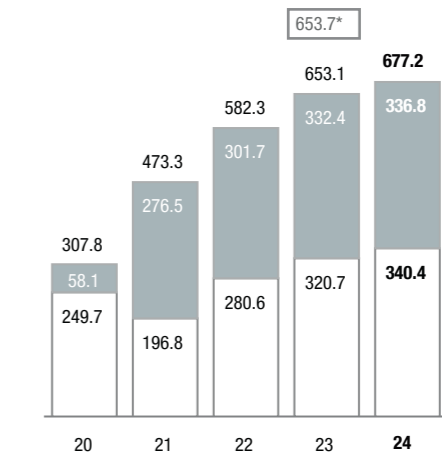


## Track record

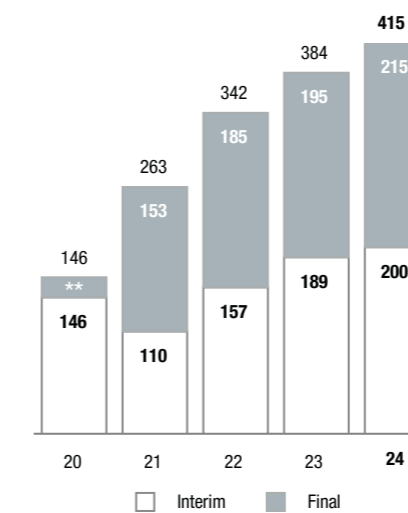
Normalised earnings (R million) and ROE (%)  
CAGR 22%



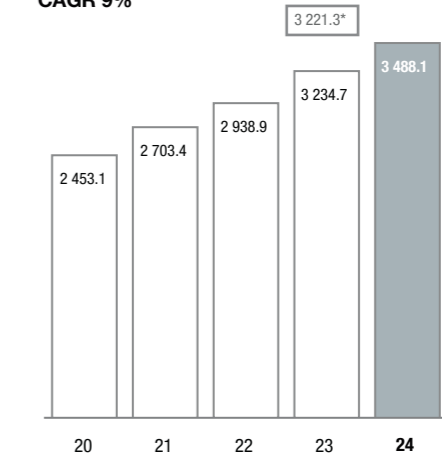
Diluted normalised earnings per share (cents)  
CAGR 22%



Dividends per share (cents)



Normalised net asset value per share (cents)  
CAGR 9%



Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures are based on IFRS 17.

\* Amounts reported prior to the adoption and retrospective application of IFRS 17.

\*\* 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 and includes the impact of the accounting provision related to the previously disclosed ongoing investigation by the UK Financial Conduct Authority (FCA) set out on pages 15 and 18. A detailed reconciliation between IFRS and normalised results is set out on pages 155 to 162.

R million	2024	2023*	% change
<b>Earnings performance</b>			
Normalised earnings per share (cents)**			
– Basic	677.2	653.1	4
– Diluted	677.2	653.1	4
Headline earnings per share (cents)**			
– Basic	679.0	654.7	4
– Diluted	679.0	654.7	4
Earnings per share (cents) – IFRS**			
– Basic	681.4	648.1	5
– Diluted	681.4	648.1	5
Attributable earnings – IFRS**	38 191	36 331	5
Headline earnings**	38 054	36 700	4
Normalised earnings**	37 988	36 634	4
Normalised net asset value#	195 664	181 451	8
Normalised net asset value per share (cents)#	3 488.1	3 234.7	8
Average normalised net asset value	188 558	173 547	9
Net income after cost of capital	10 364	11 904	(13)
Market capitalisation	431 370	384 250	12
Ordinary dividend per share (cents)	415	384	8
– Interim	200	189	6
– Final	215	195	10
Dividend cover (times)	1.63	1.70	
– Interim	1.70	1.70	
– Final	1.57	1.70	
NCNR B preference dividend – paid (cents per share)†	–	359.6	(100)
<b>Ratios and key statistics</b>			
ROE (%)#	20.1	21.1	
ROA (%)	1.63	1.71	
Cost of equity (%)	14.65	14.25	
Price earnings ratio (times)	11.4	10.5	
Price-to-book ratio (times)	2.2	2.1	
Diversity ratio (%)‡	39.1	40.0	
Credit impairment charge (R million)	12 555	10 949	15
Credit loss ratio (%)	0.81	0.78	
Stage 3/NPLs as % of core lending advances	4.25	3.80	
Performing book coverage ratio (%)	1.58	1.72	
Specific coverage ratio (%)	44.1	45.3	
Cost-to-income ratio (%)**	52.6	51.4	
Effective tax rate (%)	22.4	23.8	
Share price (closing – rand)	76.90	68.50	12

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

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

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

† 75.56% of FNB prime lending rate. Includes pro rata dividend. These non-cumulative, non-redeemable (NCNR) B preference shares were repurchased and cancelled on 27 September 2022.

‡ The adoption of IFRS 17 decreased the diversity ratio by 70 bps for the year ended 30 June 2023.

	2024	2023	% change
<b>Balance sheet</b>			
Normalised total assets* (R million)	2 366 815	2 295 274	3
Advances (net of credit impairment) (R million)	1 611 541	1 539 375	5
Average gross loan-to-deposit ratio (%)	82.9	83.1	
Deposits (R million)	2 003 151	1 923 103	4
<b>Capital adequacy – IFRS**</b>			
Capital adequacy ratio (%)	16.1	15.6	
Tier 1 ratio (%)	14.4	13.8	
Common Equity Tier 1 ratio (%)	13.5	13.2	
<b>Leverage – IFRS**</b>			
Leverage ratio (%)	8.2	7.8	
<b>Liquidity – IFRS</b>			
Liquidity coverage ratio (%)	118	124	
Net stable funding ratio (%)	120	121	
<b>Operational statistics</b>			
Number of ATMs (including ADTs)	5 716	5 727	–
– South Africa	4 750	4 789	(1)
– Broader Africa	966	938	3
Number of branches	757	748	1
– South Africa	623	614	1
– Broader Africa	134	134	–
Number of FNB CashPlus/Agency Plus agents#	4 350	3 581	21
– South Africa	25	–	–
– Broader Africa	4 325	3 581	21
Number of employees	49 250	50 493	(2)
– South Africa	39 157	40 610	(4)
– Broader Africa	6 381	6 238	2
– UK operations	2 088	2 166	(4)
– Other	694	683	2
– FirstJob youth employment programme	930	796	17
FNB active customers (millions)	12.07	11.49	5
– South Africa	9.87	9.46	4
– Retail	8.60	8.25	4
– Commercial	1.27	1.21	5
– Broader Africa	2.20	2.03	8
FNB channel volumes (thousands of transactions)			
– ATM/ADT	292 324	285 132	3
– Digital	800 924	737 469	9
– Card acquiring	1 059 275	968 928	9
– Card issuing	1 221 794	1 132 203	8
Gross written premiums on group licences (R million)	7 548	6 507	16

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

\*\* Including unappropriated profits.

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

### Consolidated income statement – normalised

for the year ended 30 June

R million	2024	2023*	% change
<b>Net interest income before impairment of advances</b>	<b>86 105</b>	78 615	10
Impairment charge**	(12 555)	(10 949)	15
<b>Net interest income after impairment of advances</b>	<b>73 550</b>	67 666	9
Total non-interest revenue	<b>55 295</b>	52 393	6
– Operational non-interest revenue	<b>52 873</b>	51 900	2
– Fee and commission income	<b>38 131</b>	36 153	5
– Net insurance income	<b>4 420</b>	4 012	10
– Trading and other fair value income	<b>5 806</b>	6 522	(11)
– Investment income**	<b>476</b>	1 579	(70)
– Other non-interest revenue	<b>4 040</b>	3 634	11
– Share of profit of associates and joint ventures after tax**	<b>2 422</b>	493	>100
<b>Income from operations</b>	<b>128 845</b>	120 059	7
Operating expenses#	(74 405)	(67 320)	11
<b>Income before indirect tax</b>	<b>54 440</b>	52 739	3
Indirect tax	(1 655)	(1 540)	7
<b>Profit before tax</b>	<b>52 785</b>	51 199	3
Income tax expense	(11 810)	(12 169)	(3)
<b>Profit for the year</b>	<b>40 975</b>	39 030	5
Other equity instrument holders	(1 518)	(1 119)	36
Non-controlling interests	(1 469)	(1 277)	15
<b>Normalised earnings attributable to ordinary equityholders of the group</b>	<b>37 988</b>	36 634	4

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

\*\* Impacted by a debt-to-equity restructure in the prior year resulting in a gross-up of these items with no impact on earnings. Refer to note on page 85.

# Includes R3 299 million relating to the UK motor commission matter.

### Consolidated statement of other comprehensive income – normalised

for the year ended 30 June

R million	2024	2023*	% change
<b>Profit for the year</b>	<b>40 975</b>	39 030	5
<b>Items that may subsequently be reclassified to profit or loss</b>			
<b>Cash flow hedges</b>	<b>2 370</b>	(738)	(>100)
Gains arising during the year	<b>2 548</b>	282	>100
Reclassification adjustments for amounts included in profit or loss	<b>688</b>	(1 333)	(>100)
Deferred income tax	<b>(866)</b>	313	(>100)
<b>FVOCI debt reserve</b>	<b>(244)</b>	33	(>100)
(Losses)/gains arising during the year	<b>(241)</b>	35	(>100)
Reclassification adjustments for amounts included in profit or loss	<b>(90)</b>	11	(>100)
Deferred income tax	<b>87</b>	(13)	(>100)
<b>Exchange differences on translating foreign operations**</b>	<b>(4 148)</b>	8 081	(>100)
(Losses)/gains arising during the year including the effect of hyperinflation	<b>(4 119)</b>	7 974	(>100)
Deferred income tax	<b>(29)</b>	107	(>100)
<b>Insurance and reinsurance finance reserve</b>	<b>124</b>	3	>100
Gains arising during the year on insurance contracts issued	<b>173</b>	3	>100
Losses arising during the year on reinsurance contracts held	<b>(5)</b>	–	–
Deferred income tax	<b>(44)</b>	–	–
<b>Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests</b>	<b>16</b>	(3)	(>100)
<b>Items that may not subsequently be reclassified to profit or loss</b>			
<b>FVOCI equity reserve</b>	<b>(3)</b>	33	(>100)
(Losses)/gains arising during the year	<b>(4)</b>	38	(>100)
Deferred income tax	<b>1</b>	(5)	(>100)
<b>Remeasurements on defined benefit post-employment plans</b>	<b>43</b>	108	(60)
Gains arising during the year	<b>63</b>	154	(59)
Deferred income tax	<b>(20)</b>	(46)	(57)
<b>Other comprehensive (loss)/income for the year</b>	<b>(1 842)</b>	7 517	(>100)
<b>Total comprehensive income for the year</b>	<b>39 133</b>	46 547	(16)
<b>Attributable to</b>			
Ordinary equityholders	<b>36 209</b>	44 074	(18)
Other equity instrument holders	<b>1 518</b>	1 119	36
<b>Equityholders of the group</b>	<b>37 727</b>	45 193	(17)
Non-controlling interests	<b>1 406</b>	1 354	4
<b>Total comprehensive income for the year</b>	<b>39 133</b>	46 547	(16)

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

\*\* Refer to page 166 for the exchange rates used.

## Consolidated statement of financial position – normalised

as at 30 June

R million	2024	2023*	2022*
<b>ASSETS</b>			
Cash and cash equivalents	158 477	147 671	107 569
Derivative financial instruments	55 284	85 956	65 667
Commodities	15 109	17 252	17 580
Investment securities	431 044	416 423	382 280
Advances	1 611 541	1 539 375	1 334 324
– Advances to customers**	1 532 589	1 455 422	1 262 083
– Marketable advances	78 952	83 953	72 241
Collateral, settlement balances and other assets	36 052	31 188	40 692
Current tax asset	451	925	624
Non-current assets and disposal groups held for sale	1 498	1 359	1 501
Insurance contract assets	760	555	306
Reinsurance contract assets	509	610	549
Investments in associates	10 332	10 400	8 178
Investments in joint ventures	3 458	3 057	2 564
Property and equipment	23 326	21 155	19 725
Intangible assets	9 701	10 277	9 457
Investment properties	704	353	698
Defined benefit post-employment asset	7	25	35
Deferred income tax asset	8 562	8 693	8 051
<b>Total assets</b>	<b>2 366 815</b>	<b>2 295 274</b>	<b>1 999 800</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Short trading positions	10 273	12 753	14 623
Derivative financial instruments	44 645	70 354	64 547
Creditors, accruals and provisions	42 447	43 263	30 677
Current tax liability	719	471	803
Liabilities directly associated with disposal groups held for sale	1 126	–	824
Deposits	2 003 151	1 923 103	1 655 972
Employee liabilities	16 572	17 074	13 862
Other liabilities	5 806	7 033	8 248
Insurance contract liabilities	968	1 392	1 344
Reinsurance contract liabilities	48	24	–
Policyholder liabilities under investment contracts	7 669	6 236	5 396
Tier 2 liabilities	17 268	16 869	20 937
Deferred income tax liability	843	1 033	997
<b>Total liabilities</b>	<b>2 151 535</b>	<b>2 099 605</b>	<b>1 818 230</b>
<b>Equity</b>			
Ordinary shares	56	56	56
Share premium	8 056	8 056	8 056
Reserves	187 552	173 339	157 530
<b>Capital and reserves attributable to equityholders of the group</b>	<b>195 664</b>	<b>181 451</b>	<b>165 642</b>
Other equity instruments and reserves	14 755	9 930	11 645
Non-controlling interests	4 861	4 288	4 283
<b>Total equity</b>	<b>215 280</b>	<b>195 669</b>	<b>181 570</b>
<b>Total equities and liabilities</b>	<b>2 366 815</b>	<b>2 295 274</b>	<b>1 999 800</b>

\* Restated – refer to page 150 for more detail.

\*\* Included in advances to customers are assets under agreements to resell of R67 808 million (2023: R79 410 million).

## Flow of funds analysis – normalised

R million	June 2024 vs June 2023	June 2023 vs June 2022*
<b>Sources of funds</b>		
Capital account movement (including profit and reserves)	19 611	14 099
Working capital movement	(4 726)	23 078
Short trading positions and derivative financial instruments	2 483	(16 352)
Deposits and long-term liabilities	80 447	263 063
<b>Total</b>	<b>97 815</b>	<b>283 888</b>
<b>Outflow in deployment of funds</b>		
Advances	(72 166)	(205 051)
Investments	(222)	(4 592)
Cash and cash equivalents	(10 806)	(40 102)
Investment securities (e.g. liquid asset portfolio)	(14 621)	(34 143)
<b>Total</b>	<b>(97 815)</b>	<b>(283 888)</b>

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

**Consolidated statement of changes in equity – normalised**

for the year ended 30 June

R million	Ordinary share capital and ordinary equityholders' funds									Reserves attributable to ordinary equity-holders	Other equity instruments and reserves**	Non-controlling interests	Total equity
	Share capital	Share premium	Share capital and share premium	Defined benefit post-employment reserve	Cash flow hedge reserve	Share-based payment reserve	Foreign currency translation reserve	Other reserves*	Retained earnings				
<b>Balance as at 1 July 2022 (previously reported)</b>	56	8 056	<b>8 112</b>	514	(2 357)	44	4 766	1 278	152 500	<b>156 745</b>	<b>11 645</b>	<b>4 283</b>	<b>180 785</b>
Adoption of IFRS 17	-	-	-	-	-	-	-	63	722	<b>785</b>	-	-	<b>785</b>
<b>Restated balance as at 1 July 2022</b>	56	8 056	<b>8 112</b>	514	(2 357)	44	4 766	1 341	153 222	<b>157 530</b>	<b>11 645</b>	<b>4 283</b>	<b>181 570</b>
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1	1
Additional Tier 1 capital issued during the year	-	-	-	-	-	-	-	-	-	-	2 804	-	2 804
Preference shares redeemed during the year	-	-	-	-	-	-	-	-	-	-	(4 519)	-	(4 519)
Movement in other reserves	-	-	-	-	-	12	-	295	(554) <sup>#</sup>	(247)	-	(48) <sup>#</sup>	(295)
Ordinary dividends	-	-	-	-	-	-	-	-	(27 991)	(27 991)	-	(1 240)	(29 231)
Distributions on other equity instruments	-	-	-	-	-	-	-	-	-	-	(1 119)	-	(1 119)
Transfer to/(from) general risk reserves	-	-	-	-	-	-	-	6	(6)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	2	2	-	(62)	(60)
Total comprehensive income for the year	-	-	-	108	(738)	-	8 003	67	36 634	<b>44 074</b>	<b>1 119</b>	<b>1 354</b>	<b>46 547</b>
- Profit for the year	-	-	-	-	-	-	-	-	36 634	<b>36 634</b>	<b>1 119</b>	<b>1 277</b>	<b>39 030</b>
- Other comprehensive income for the year	-	-	-	108	(738)	-	8 003	67	-	<b>7 440</b>	-	<b>77</b>	<b>7 517</b>
Vesting of share-based payments	-	-	-	-	-	(29)	-	-	-	(29)	-	-	(29)
<b>Restated balance as at 1 July 2023</b>	56	8 056	<b>8 112</b>	622	(3 095)	27	12 769	1 709	161 307	<b>173 339</b>	<b>9 930</b>	<b>4 288</b>	<b>195 669</b>
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional Tier 1 capital issued during the year	-	-	-	-	-	-	-	-	-	-	7 090	-	7 090
Additional Tier 1 capital redeemed during the year	-	-	-	-	-	-	-	-	-	-	(2 265)	-	(2 265)
Movement in other reserves	-	-	-	-	-	26	-	152	(112) <sup>#</sup>	<b>66</b>	-	3 <sup>#</sup>	<b>69</b>
Ordinary dividends	-	-	-	-	-	-	-	-	(22 158)	(22 158)	-	(1 093)	(23 251)
Distributions on other equity instruments	-	-	-	-	-	-	-	-	-	-	(1 518)	-	(1 518)
Transfer to/(from) general risk reserves	-	-	-	-	-	-	-	5	(5)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	137	<b>137</b>	-	<b>257</b>	<b>394</b>
Total comprehensive income for the year	-	-	-	43	2 370	-	(4 084)	(108)	37 988	<b>36 209</b>	<b>1 518</b>	<b>1 406</b>	<b>39 133</b>
- Profit for the year	-	-	-	-	-	-	-	-	37 988	<b>37 988</b>	<b>1 518</b>	<b>1 469</b>	<b>40 975</b>
- Other comprehensive income for the year	-	-	-	43	2 370	-	(4 084)	(108)	-	<b>(1 779)</b>	-	<b>(63)</b>	<b>(1 842)</b>
Vesting of share-based payments	-	-	-	-	-	(41)	-	-	-	(41)	-	-	(41)
<b>Balance as at 30 June 2024</b>	56	8 056	<b>8 112</b>	665	(725)	12	8 685	1 758	177 157	<b>187 552</b>	<b>14 755</b>	<b>4 861</b>	<b>215 280</b>

\* Other reserves include fair value through other comprehensive income (FVOCI) and the insurance contract finance reserve.

\*\* Other equity instruments and reserves at 30 June 2024 include R14 755 million (2023: R9 930 million) of AT1 instruments.

<sup>#</sup> Headline and normalised earnings adjustments are reflected in the movement in other reserves.





**Despite a tough macro environment, a standout feature of these results is the operational outperformance delivered by FirstRand's portfolio in the second half of the year.**

This allowed the group to absorb an accounting provision raised for the UK motor commission review, and still produce robust growth in normalised earnings of 4% and an ROE of 20.1%, which is well within its target range.

Excluding this provision, normalised earnings grew 10% and the ROE of 21.3% moved to the top of the stated range. This is testament to the quality of the group's operating franchises, FNB, RMB, WesBank and Aldermore, and its disciplined approach to allocating financial resources to deliver superior shareholder value.

**Pleasingly the group's high ROE and ongoing capital generation provided the capacity to grow its dividend 8%, which is significantly higher than earnings growth."**

*Mary Vilakazi – CEO*

### 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, mainly generated by its large lending, transactional and deposit 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 and given the group's size, any aspiration to outperform requires strategic distinction combined with sound execution. The key growth imperatives in the domestic businesses are to grow franchises profitably and efficiently.

The relative size and quality of its transactional and insurance franchises in South Africa allows the group to achieve high levels of capital-light earnings growth, translating into superior returns for shareholders. At the same time, FirstRand continues to employ a discerning and tactical approach to lending, supporting its customer franchises whilst protecting the balance sheet and return profile. This remains a necessary balancing act given an operating environment of high inflation and interest rates, combined with sluggish system growth and increased competition.

In the broader Africa portfolio, FirstRand's strategy is to grow its on-the-ground presence in certain key markets where it believes it can build competitive advantage and scale over time. There has been good momentum in growing the in-country customer franchises, in particular deposit gathering and transactional. In addition, the group's corporate and investment banking (CIB) business has a long and successful track record of cross-border transactions across the continent.

The group's UK operations represent long-term growth opportunities decoupled from South Africa and broader Africa, with the UK market offering diversification to the risk-adjusted returns of the group.

As a specialist lender, Aldermore's business model targets the credit needs of individuals and entities which are underserved by mainstream providers. These customer pools in the UK market are large and growing. They also represent quality risk that is not catered for by the large incumbent players as it requires a bespoke approach to structuring and underwriting.

Aldermore is executing on a strategy anchored to supporting FirstRand's commitments to its shareholders. A key focus area is improving the return profile, with specific attention on incremental adoption of the group's financial resource management (FRM) framework, targeted capital stack optimisation (including returning dividends to the shareholder), risk reward optimisation for enhanced margins and unlocking additional returns from the motor business.

### Operating environment

During the year under review, global inflation pressures continued to reduce, which combined with expectations of slowing economic growth, allowed central banks to signal future interest rate cuts. This supported risk sentiment towards emerging market economies and other risk assets.

In South Africa the positive outcome of the national election is likely to mean continuity in policy. The inclusive Government of National Unity is expected to focus on structural reform and service delivery. This has had a positive effect on markets, reflected in the pricing of the currency, government debt securities and other domestic risk assets including equities.

Real economic activity in South Africa however remained weak in the financial year to June 2024, with consumers' disposable income constrained by elevated interest rates and sticky inflation. This resulted in a further slowdown in credit demand and supply (bank sector asset growth) across most of the major categories other than corporate lending growth, which remained supported by private sector investment into energy generation. House price growth remained subdued, albeit with notable differences across provinces.

In the UK, the ongoing reduction in inflation pressures further eased the cost-of-living crisis. However, demand for credit remained soft. Post the financial year end a 25 bps cut was implemented by the Bank of England (BoE).

In the group's broader Africa operations, the most noteworthy macroeconomic developments included the conclusion of Ghana's and Zambia's engagements with sovereign debt holders. International Monetary Fund (IMF) programmes provided a degree of stability to both economies. In Nigeria, the economic and financial market reform process continued, resulting in significant macroeconomic and financial market adjustments.

In Namibia foreign direct investment remained strong due to continued investor optimism around the outlook for natural resources. Despite a weak consumer sector, ongoing oil and gas exploration coupled with green hydrogen projects are expected to result in increased economic activity.

### Financial performance

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

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

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

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

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

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

**FIRSTRAND GROUP FINANCIAL HIGHLIGHTS**

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

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

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

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

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

Sources of normalised earnings are unpacked in the table below:

**SOURCES OF NORMALISED EARNINGS**

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

\* In the UK operations management view shown in the table above and on pages 42 to 46, MotoNovo's front and back books were included in the June 2023 figures. As MotoNovo's back book has significantly run down and is immaterial to the group and the UK operations, the back book is reported in the Centre effective 1 July 2023, with the management reporting view of the UK operations now aligned to the segment report on pages 50 to 57 and the statutory view for Aldermore Group.

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

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

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

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

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

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

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

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

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

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

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

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

## Revenue and cost overview

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**ALM STRATEGY NII OUTCOMES**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Credit performance**

**SUMMARISED CREDIT HIGHLIGHTS AT A GLANCE**

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

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

\*\* Specific impairments as a % of NPLs (stage 3).

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

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

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

provision release, as these books are now reclassified as secured and collection activities can resume.

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

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

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

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

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

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

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

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

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

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

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

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

and the watchlist, offset by the curing of two large NPLs in the current year.

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

### 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 foreign exchange rate risk inherent in balance sheet activities within prudential and management limits, as well as the group's risk appetite. The aim is to protect and enhance earnings without adding to the natural risk profile.

### Capital position

Capital ratios for the group and bank are summarised below.

#### CAPITAL ADEQUACY\*

% Internal targets	Group		Bank**		
	2024	2023	2024	2023	
CET1	11.0 – 12.0	<b>13.5</b>	13.2	<b>12.4</b>	12.6
Tier 1	>12.0	<b>14.4</b>	13.8	<b>13.6</b>	13.5
Total	>14.75 <sup>#</sup>	<b>16.1</b>	15.6	<b>15.6</b>	15.4

\* Including unappropriated profits.

\*\* Including the bank's foreign branches.

<sup>#</sup> Bank's target remained at >14.25%.

The UK countercyclical buffer (CCyB) requirement was lifted to 2% in July 2023 and has been incorporated in the group's internal targets. The Prudential Authority's (PA's) proposed directive requiring a positive cycle-neutral CCyB of 1% for South African banks (effective January 2026) will be incorporated in the group's internal targets when appropriate.

The group's CET1 ratio remained well above the upper end of its internal target range. The group continued to focus on the efficient use of financial resources and optimisation of risk-weighted assets (RWA). There is ongoing effort to optimise the overall level and mix of capital across the group and its regulated subsidiaries.

Key factors driving the CET1 outcome include:

- positive earnings generation partly offset by the payment of dividends and a decrease in the foreign currency translation reserve due to the rand's appreciation against USD and GBP compared to June 2023;
- successful capital optimisation strategies; and
- an increase in RWA mainly from credit risk, driven by higher volumes net of foreign currency movements from rand appreciation. Higher revenue generation increased operational risk RWA.

The bank has issued a combination of Additional Tier 1 (AT1) and Tier 2 instruments to ensure sustainable support for ongoing growth initiatives and redemption of existing capital instruments. The capital stack has been rebalanced with a tilt towards a higher proportion of AT1 instruments during the current financial year.

The Resolution Authority (RA) published the draft standard *Flac instrument requirements for designated institutions* in December 2023, which sets out the qualifying criteria of Flac instruments and the level of required instruments to ensure sufficient loss absorption and recapitalisation capacity. The issuance of Flac instruments will follow the transitional phase-in from the proposed implementation date of 1 January 2025. The estimated annual post-tax cost, ranging from R200 million to R300 million at the end state, will be incorporated into the group's ALM strategies and considered as part of the FRM process.

It remains the group's intention to optimise its total loss-absorbing capacity by issuing a combination of capital and Flac instruments in the domestic and/or international markets.

### 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 net asset value (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 in the following table.

**AVERAGE CAPITAL ALLOCATED**

R million	Year ended 30 June		%
	2024	2023*	
FNB	59 583	53 392	12
WesBank**	9 491	8 717	9
RMB	47 968	43 213	11
UK operations#	35 432	29 139	22
Centre†	13 924	10 703	30
Unallocated capital‡	22 160	28 383	(22)
<b>FirstRand group</b>	<b>188 558</b>	<b>173 547</b>	<b>9</b>

\* Restated – refer to pages 65 to 67 for more detail.

\*\* The group reviewed its capital allocation to WesBank and consequently increased the allocation for its exposures outside of FirstRand Bank. The restated capital reflects current allocation approaches.

# Prior year included the MotoNovo back book. UK operations' capital represents a quarterly average with pound sterling capital converted to rand using period-end closing exchange rates.

† Prior year excluded the MotoNovo back book.

‡ Includes excess capital.

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

The superior returns generated by the group's portfolio have resulted in continued capital generation. With the proposed implementation of the final Basel reforms, which further incorporate standardised elements, the group is increasing its focus on the true economic risk introduced to its balance sheet. FirstRand's capital allocation considers both regulatory and economic capital views. The group consistently reviews its allocation approach, including to non-banking entities.

**ROE**

%	Year ended 30 June	
	2024	2023*
FNB	36.9	40.6
WesBank**	20.9	21.2
RMB	20.3	21.1
UK operations#	11.8	11.6
Centre (including Group Treasury)	0.3	1.6
<b>FirstRand group</b>	<b>20.1</b>	<b>21.1</b>
<b>FirstRand group – excluding UK motor commission matter</b>	<b>21.3</b>	<b>21.1</b>

\* Restated – refer to pages 65 to 67 for more detail.

\*\* The WesBank ROE was restated to reflect current capital allocation approaches.

# Prior year included MotoNovo back book. ROEs calculated in pound terms.

**Liquidity position**

Liquidity risk is a natural outcome of the business activities undertaken by the group. To manage and mitigate the liquidity risk introduced by its business activities, the group seeks to optimise its funding profile within structural and regulatory constraints and hold appropriate liquidity buffers.

The prudential liquidity risk metrics, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) are managed with a buffer above the regulatory minimums. This enables the group to comfortably withstand the natural liquidity seasonality and cyclicity arising from its chosen funding mix. The buffer is sized using stress testing and scenario analysis of the cash inflows and outflows that result from the group's balance sheet profile.

The group's portfolio of high-quality liquid assets (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 HQLA portfolio has been formulated by considering the group's funding composition, asset growth and liquidity risk appetite, and regulatory requirements. The composition and quantum of available HQLA is determined behaviourally by considering both funding liquidity risk and the market liquidity depth of the assets. The portfolio is reviewed continually and actively managed to ensure optimal composition, return and size.

The group's deposit-led funding strategy remains a core component of its funding profile where client franchise deposits offer funding diversification, stability and a liquidity risk offset. Deposit funding is supplemented with both money and capital market issuances where benchmark tenors are targeted to achieve a stable profile. The group closely monitors market developments, key risk metrics and early warning indicators as part of its ongoing funding and liquidity management and planning. The group remains well funded, with adequate liquidity buffers to meet both prudential liquidity requirements and internal risk targets.

**PRUDENTIAL LIQUIDITY RATIOS**

%	Group*		Bank*	
	As at 30 June			
	2024	2023	2024	2023
<b>LCR</b>				
Regulatory minimum	100	100	100	100
Actual	118	124	121	129
Average available HQLA (R billion)**	449	416	380	364
<b>NSFR</b>				
Regulatory minimum	100	100	100	100
Actual	120	121	116	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.

\*\* A breakdown of the group's HQLA is provided in the liquid asset table on page 131.

The Corporation for Deposit Insurance (CoDI) was established as a legal entity in March 2023 and became fully operational in April 2024. The annual levy and fund liquidity loan were paid to CoDI in April 2024, with the Deposit Insurance Scheme (DIS) premium and fund liquidity top-ups paid monthly thereafter. The bank's covered deposit balance for June 2024 was R128.8 billion. Further detail of the DIS costs incurred for the financial year can be found on page 73.

**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 group's 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 the regulatory macroprudential limits.

The group's philosophy is that, over the longer term, foreign currency assets should be supported by appropriate foreign currency liabilities, primarily in the same jurisdiction. The group's key foreign currency operations are outlined below.

- The UK operations of Aldermore (including MotoNovo) are funded through a sustainable and efficient savings deposit funding base and capital markets, as appropriate.
- RMB Mauritius and the London branch are hard currency platforms for the group's broader Africa and other foreign currency exposures.
- FirstRand Securities in the UK 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.
- RMB Securities (USA) and the New York representative office (managed by RMB) are used to maintain the long-term viability of trading securities (in both primary and secondary markets) with institutional investors domiciled in the USA.

**Prospects**

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

In South Africa, the economy should benefit from an increase in business and household confidence and the new Government of National Unity is expected to push ahead with the structural reform programme. In the United Kingdom, the anticipated ongoing easing of rates will reduce cost-of-living pressures and

should increase demand for credit. The economies of Nigeria, Ghana and Zambia continue to navigate significant economic adjustments, but implementation of structural reforms should allow inflation and interest rates to fall and economic activity to lift. Namibia's GDP is expected to be supported by increased foreign investments.

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

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

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

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

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

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

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

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

In the current year, including the base effect created by the one-off benefit from the NOSIA and UK cost-of-living provision releases, and the negative impact of the motor commission matter, the group believes it will deliver earnings growth at the top end of its long-term stated target range of nominal GDP +0% to

3%. However, given a number of one-off benefits in the base for the six months to December 2023, the first half of the year will be more muted than the second half. The ROE will continue to trend into the upper end of its target range of 18% to 22%.

### Dividend strategy

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

### Events after reporting date

The directors are not aware of any material events that have occurred between the date of the statement of financial position and the date of this report.

### Board changes

Changes to the directorate are outlined below.

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



**JP BURGER**  
CHAIRMAN



**C LOW**  
COMPANY SECRETARY



**M VILAKAZI**  
CEO



**M DAVIAS**  
CFO

11 September 2024

### Change in auditors

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

### Cash dividend declarations

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

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

Ordinary shares

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

The salient dates for the interim ordinary dividend are outlined in the following table.

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

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

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

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

# REVIEW OF OPERATIONS

## FNB represents the group's activities in the retail and commercial segments in South Africa and several countries in broader Africa.



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;
- offering vehicle and asset finance through WesBank;
- providing innovative products to incentivise and grow customer savings and investments and, in turn, the retail deposit franchise;
- applying disciplined and targeted 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 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 and appropriate coverage from a geographic and segment perspective, as well as to assist customers with digital adoption; and
- leveraging traditional and alternative (agency banking – Agency Plus/ CashPlus) distribution channels.

### FNB FINANCIAL HIGHLIGHTS

R million	Year ended 30 June		% change
	2024	2023*	
Normalised earnings	21 968	21 700	1
Normalised profit before tax	31 581	31 128	1
– South Africa	28 091	28 226	–
– Broader Africa	3 490	2 902	20
Core lending advances	566 644	529 128	7
Core deposits	936 231	853 637	10
Performing advances	524 501	494 244	6
Stage 3/NPLs as a % of advances	7.44	6.59	
Credit loss ratio (%) of average advances	1.85	1.32	
ROE (%)	36.9	40.6	
ROA (%)	3.88	4.12	
Cost-to-income ratio (%)	50.0	52.1	
Net advances margin (%)	3.75	3.91	

\* Restated. Refer to pages 65 to 67.

### Overview of financial performance

FNB delivered normalised PBT growth of 1% and an ROE of 36.9% in the year under review.

FNB's NII growth of 6% year on year was mainly driven by the consistently strong performance from the deposit franchise, which increased 10%. In addition, despite challenging macroeconomic conditions and the resultant pressure on customer affordability levels, FNB grew advances 7%.

The current interest rate cycle resulted in a net endowment benefit, however, this was lower year on year given the group's ALM strategy. In addition, increases in the behavioural tenor of certain lending portfolios impacted the effective interest rates used to recognise origination fees over the tenor of the loans, with a more pronounced impact in the commercial segment. The change in estimates reduced NII by R243 million for the year under review.

The advances margin reduced to 3.75% (2023: 3.91%), mainly reflecting the origination mix, which continues to tilt to commercial and low-to-medium-risk customers in retail. Increased interest in suspense driven by higher NPLs and the update to the behavioural tenor estimates further contributed to margin contraction.

Despite the positive effect of the deposit endowment, deposit margins were impacted by lower liquidity spreads and changes in the savings products mix, which reduced FNB's NII growth by one percentage point.

FNB's NIR growth of 5% was supported by new customer acquisition and higher transactional volumes. In support of the group's strategy to diversify sources of NIR, FNB's insurance

activities continued to contribute strongly, driven by growth in insurance revenue and favourable claims experience in the life portfolio.

Fee and commission income growth of 4% in the year under review was achieved despite sub-inflation fee increases across both retail and commercial accounts, and R985 million in fee reductions. With the introduction of PayShap, FNB reviewed its pricing structures for low-value real-time payments, and took the decision to reduce all related fees. Despite the impact on fee and commission income in the current year, FNB believes this is the correct outcome for customers, and retail and commercial have already experienced a 34% increase in volumes since the reductions were implemented.

Despite the macroeconomic environment, with customers experiencing both inflationary and interest rate pressures, FNB's cost of credit outcome reflects the group's origination strategies and a changing economic environment. Pressure was most evident in the retail portfolios. Commercial portfolios are showing limited impact at this point in the cycle while also benefiting from targeted sector-specific origination strategies.

FNB delivered excellent cost management, with expenses growing well below inflation (+1%) and overall headcount reducing 4%, resulting in positive jaws. The cost-to-income ratio improved to 50.0% (2023: 52.1%), highlighting the solid operational performance of the FNB business despite the retail credit strain.

Excluded from the normalised PBT reported for FNB is the sale of the Sanlam Personal Loans business to Sanlam, which resulted in a profit of R285 million.



**CHANNEL VOLUMES**

Thousands of transactions	Year ended 30 June		%
	2024	2023	
ATM/ADT	292 324	285 132	3
Digital*	800 924	737 469	9
Card acquiring	1 059 275	968 928	9
Card issuing	1 221 794	1 132 203	8

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

FNB's digital channels continued to deliver solid volume growth in line with its strategy to drive customer take-up of digital interfaces and migration to the FNB app (app volumes up 14%). Increased card activity also resulted in good growth in transactional volumes.

**Customer segment performance**

FNB segments its customer base to identify appropriate and differentiated product offerings. In South Africa, retail customers are divided into personal and private segments based on relative income. SMEs, mid-market corporates and the public sector are serviced 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.

FNB grew both its total active customer base (excluding eWallets) and platform users 5% year on year.

The following table unpacks growth in active customers per segment, platform users and the change in vertical sales index (VSI), which captures cross-sell activities.

**ACTIVE CUSTOMERS AND PLATFORM USERS**

Millions	Year ended 30 June		%
	2024	2023	
Retail	8.60	8.25	4
– Personal* (≤R600k)	6.84	6.58	4
– Private* (>R600k)	1.76	1.67	5
Commercial	1.27	1.21	5
<b>Total SA customer base</b>	<b>9.87</b>	9.46	4
FNB broader Africa	2.20	2.03	8
<b>FNB active customers</b>	<b>12.07</b>	11.49	5
SA eWallets**	6.40	6.13	4
<b>Total platform users</b>	<b>18.47</b>	17.62	5
<b>FNB SA VSI</b>	<b>3.00</b>	2.98	1

\* The income cut-off between the personal and private segments has been updated from R450k to R600k, resulting in the restatement of June 2023 figures.

\*\* Represents all South Africa eWallets without another FNB relationship/product that had at least one transaction in the past six months. In addition, there are 1.77 million eWallets belonging to FNB customers. FNB customer eWallets represent 22% of the total 8.17 million eWallets.

The table below presents a segmental breakdown of FNB's performance.

**SEGMENT RESULTS**

R million	Year ended 30 June		%
	2024	2023*	
<b>Normalised PBT</b>			
Retail	14 281	14 799	(4)
Commercial	13 810	13 427	3
Broader Africa	3 490	2 902	20
<b>Total FNB</b>	<b>31 581</b>	31 128	1

\* Restated. Refer to pages 65 to 67.

Retail's decline in PBT was mainly as a result of credit performance.

NII growth remained resilient driven by the deposit franchise. Advances growth continued to reflect an origination approach anchored to quality risk opportunities within the customer base, leveraging disciplined credit risk management and affordability metrics. The 5% increase in the active customer base supported growth in revenue, with private segment growth driven by both migration from the personal segment and new customer acquisition. This reflects FNB's strategy to provide enhanced and appropriate product offerings as customer needs change.

FNB's retail lending approach remains informed by internal and external data analyses related to affordability indicators, which continue to suggest that low-to-medium-risk customers still have capacity for credit and a higher propensity to take up a broader range of financial services products. This approach, supported by appropriate credit risk management strategies, resulted in retail advances increasing 6% year on year, supported by residential mortgages (+5%) and unsecured lending (+8%).

Good growth in unsecured lending, particularly card and FNB personal loans, continued but was offset by the ongoing contraction of the DirectAxis personal loans book (down 6%) and the run-off of the Covid-19 relief book. Excluding these, FNB personal loan advances grew 13% and card advances 11%. A shift in new business origination towards the Fusion product has resulted in lower overdraft advances growth over the year. Revolving facilities bounced back off a previously declining base, growing 23% year on year.

The overall retail portfolio is trending above its TTC range, given the worse-than-expected interest rate cycle, with all retail lending lines remaining profitable – a direct consequence of FNB's consistent origination in low-to-medium-risk customer cohorts.

Commercial's performance reflects ongoing growth in advances (+12%) and deposits (+10%). Commercial advances continued to grow in accordance with FNB's consistent strategy of targeting specific customer cohorts (including in Islamic banking), property finance as well as specialised finance lending focused on specific sectors and counterparties.

Commercial's transactional franchise produced good growth in NIR. Higher volumes were somewhat offset by the previously mentioned fee reductions, value proposition updates and margin compression in business lines such as forex. Credit losses increased 37%, off a low base.

PBT in broader Africa increased 20%, driven by good NIR growth, underpinned by 8% growth in the active customer base and higher transactional volumes.

The 13% increase in NII was supported by strong balance sheet growth and the positive endowment impact from the rate-hiking cycle, which is largely not covered by the group's ALM strategy. Broader Africa advances increased 7%, driven by good growth across the portfolio, particularly in Botswana. The origination strategy, combined with good credit risk management and collections efforts, continues to yield positive outcomes. Whilst impairments increased across most portfolios with strain evident in Namibia, overall credit impairments remain benign.

Overall deposit growth of 10% in broader Africa was supported by innovative product offerings across segments and strong customer growth.

The table below unpacks FNB's growth in total advances and deposits.

**SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH**

Segments	Deposit growth		Advances growth	
	%	R million	%	R million
Retail	9	33 933	6	20 075
– Personal* (≤R600k)	–	295	(1)	(585)
– Private* (>R600k)	11	33 638	7	20 660
Commercial	10	42 020	12	13 396
Broader Africa**	10	6 641	7	4 045
<b>Total FNB</b>	<b>10</b>	<b>82 594</b>	<b>7</b>	<b>37 516</b>

\* The income cut-off between the personal and private segments has been updated from R450k to R600k, resulting in the restatement of 2023 figures.

\*\* On a constant currency basis deposit growth in broader Africa was 18% and advances 11%.

**Credit performance**

FNB's credit impairment charge increased 50% to R10 148 million (2023: R6 744 million) and the credit loss ratio increased to 185 bps (2023: 132 bps).

This was driven by:

- strong growth in unsecured advances at higher coverage ratios, creating front-book strain;
- accelerated NPL formation, especially in retail mortgages and in the retail unsecured lending books on the back of the higher interest rates and sticky inflation;
- increase in both arrears as well as a significant increase in credit risk (SICR);
- notable increases in debt counselling related restructures;
- in anticipation of an improving macroeconomic outlook, releases from FLI models (mainly in H1) which benefited performing coverage with appropriate FLI stock remaining;
- softer house price index growth, impacting coverage ratios in the residential mortgage portfolio; and
- marginal increase in write-offs and a reduction in post write-off recoveries year on year.

**ANALYSIS OF IMPAIRMENT CHARGE**

R million	Year ended 30 June		%
	2024	2023	
<b>Movement in balance sheet provisions</b>			
Performing book provisions	95	114	(17)
NPL provision	3 068	459	>100
Credit provision increase	3 163	573	>100
Gross write-off and other	10 456	9 895	6
– Bad debts written off*	10 284	10 139	1
– Exchange rate and other	172	(244)	(>100)
<b>Amounts recognised directly in income statement</b>			
Modification loss	814	616	32
Interest suspended on stage 3 advances	(2 811)	(2 524)	11
Post write-off recoveries	(1 474)	(1 816)	(19)
<b>Total impairment charge</b>	<b>10 148</b>	6 744	50

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

FNB’s approach to provisioning remains appropriately prudent given the economic cycle. Expected improvements in the economic outlook resulted in some FLI releases during the year, resulting in a downward impact on coverage ratios versus prior years.

Arrears and SICR buckets increased, with arrears rolling into NPLs accelerating. The debt relief portfolio, which is in rundown, continued to perform better than expected, and outstanding specific debt-relief advances amounted to R558 million (2023: R1.15 billion). These factors resulted in overall performing coverage moderating downwards to 2.26% (2023: 2.38%).

The NPL ratio increased to 7.44% (2023: 6.59%). NPL formation was more prominent in residential mortgages and personal loans, but not out of line with expectations considering interest rate and inflation strain on SA consumers. The retail CLR of 243 bps has peaked above the TTC range, but it is expected to remain elevated until macros are more supportive of consumer affordability. Commercial has started to show early signs of strain in the SME portfolio, however despite this, overall commercial credit performance remained resilient, exceeding expectations, and remains below its TTC range. NPL coverage marginally decreased to 46.8% (2023: 47.7%) and the reduction in coverage was due to new NPL inflows (including more debt counselling accounts) requiring lower coverage, coupled with the write-offs of higher-coverage loans.

**Insurance**

The results are presented on an IFRS 17 basis with effect from 1 July 2023. PBT from FNB’s insurance activities increased 14%, characterised by good insurance service revenue and moderating insurance service expenses in the life business. These benefits were offset by additional investment into the short-term insurance business. Pleasing growth in the commercial segment has been achieved, which represents a significant opportunity for further penetration. The short-term insurance business experienced significant claims increases from book growth and event risk, but off a low base as it is still in an early growth phase.

**NEW BUSINESS APE**

R million	Year ended 30 June		%
	2024	2023	
Core life (including funeral)	1 281	1 208	6
Underwritten	277	281	(1)
Commercial	206	159	30
<b>Standalone products</b>	<b>1 764</b>	1 648	7
Credit life	893	921	(3)
<b>FNB Life</b>	<b>2 657</b>	2 569	3
<b>FNB Short-term*</b>	<b>662</b>	570	16

\* 2023 figures have been restated to exclude cross-product intercompany policies.

FNB Life new business annual premium equivalent (APE) increased by 3%, and premiums collected by 13%.

The core life portfolio achieved 6% overall growth in new business APE, primarily driven by the funeral product, up 11%, and offset by reduced momentum in other product lines.

The underwritten life portfolio’s new business APE experienced a 2% decline, primarily due to a focus on higher-quality business and increased focus on digital and advisory sales. Within this portfolio, the Life Customised product recorded a 13% growth in new business APE, supported by the Dynamic Life mortgage book performance and the advisory channel pivot.

Life insurance sales in the commercial segment recorded a 30% year-on-year increase in new business APE. Sales are tracking well ahead of expectations.

Credit life new business APE decreased 3%, mainly due to a reduction in the personal loans credit life product, which accounts for the majority of the portfolio. This also declined due to the run-off of the mortgage protection book as sales focus moved to products which offer better client protection.

In the short-term insurance business, policies increased to c. 307k (up 10%) and new business APE grew 16%. Insurance service revenue (premiums) increased 45% year on year, driven by sales of the personal lines motor and buildings products.

**Wealth and investment management**

The wealth and investment management (WIM) strategy is to cross-sell investment products and solutions to FNB’s retail customers. The focus on growing distribution led to an increase in the number of private advisors and wealth managers who advise clients on investment products, which supported the 14% growth in assets under management (AUM) year on year. Overall investment accounts grew 7% to 672k, with penetration of the FNB customer base at 10%, predominantly in the private segment (14% penetration).

Whilst share trading activity remained muted, mainly reflecting JSE activity levels, the number of active share trading accounts increased 7% to 261k. NIR was up 4% on the back of AUM growth. The FNB Horizon funds continued their strong performance, with double-digit returns that ranked ahead of both peers and benchmarks.

**WIM ASSETS**

R million	Year ended 30 June		%
	2024	2023	
AUM	84 813	74 438	14
FNB Horizon series	7 138	6 655	7
Assets under advice	79 143	72 946	8
Assets under administration	87 095	75 033	16
Assets under execution	96 188	90 660	6
<b>Total WIM assets</b>	<b>354 377</b>	319 732	11

**Platform**

FNB continues to invest in its integrated financial services platform and customers can fulfil most of their financial services requirements digitally. The platform enables customers to engage FNB 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).

Key platform highlights for the year ended 30 June 2024 are outlined below.

- Since the launch on the FNB app, 5.1 million virtual cards have been activated and R68.1 billion in value transacted. The virtual card is key to facilitating more secure e-commerce transactions.

- Device payments (using Apple or Android) accounted for 175 million transactions worth R67 billion.
- Approximately 8.2 million eWallet users accounted for cash withdrawals of R53.7 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 4.6 million users at 30 June 2024, up 25% year on year.
- nav»Home has placed c. 51k families in homes and paid out R62 billion in loans since inception. FNB now originates 31% of home loans through this channel. Estate agent functionality was activated on the app in FY21 and 214 estate agents have been onboarded, with 3k current listings.
- At 30 June 2024, nav»Car had 1.06 million vehicles loaded in the garage, and WesBank has financed R1.1 billion in vehicle loans through this channel since inception.
- Commissionable e-commerce turnover and fulfilment on platform (i.e. electricity, mobile and digital vouchers sold) amounted to R18.6 billion (2023: R18 billion). Approximately three million customers use these services.
- eBucks travel sales increased by 28% to R1.2 billion (2023: R934 million).
- Digitally active customers grew by 7% to 7.35 million (2023: 6.89 million). Digital includes mobile banking (USSD), online banking and the app.
- In June 2024, the banking app active transacting base exceeded 5.8 million customers, with a monthly record of 130 million logins during December 2023. Monthly app logins in June 2024 were 15% higher than in June 2023.
- Digital logins totalled 1.95 billion for the year, with online and mobile banking (USSD) logins of 176 million and 307 million, respectively. The app contributed 1.5 billion logins.
- Total transactional volumes through digital interfaces during the year included 151 million for online banking, 627 million (+14%) for the banking app and 23 million for mobile banking (USSD), highlighting the scalability of FNB’s platform.
- In broader Africa, card transactions increased 19% from 96.9 million to 115.1 million and digital penetration increased from 45.5% to 53.1%, highlighting the success of digitisation efforts in the subsidiaries.

**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 the country.**



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;
- applying disciplined credit origination strategies that appropriately support customer requirements and affordability across asset-based products and related services;
- integrating into the FNB platform to offer vehicle and asset-based finance and mobility solutions to existing FNB retail and commercial customers, entrenching main-banked relationships; and
- utilising FNB's loyalty programme, eBucks, to reward desired customer behaviours and drive platform adoption.

The automotive industry experienced significant strain in the past year, with industry sales down 6% to 510 115 units year on year.

Market activity in the second half of the financial year continued to slow as customer affordability levels remained under pressure given higher inflation and elevated interest rates. Given this slowdown in overall activity, competition for new business increased, particularly for quality-risk customers, resulting in some margin pressure to secure deals. Competitive pricing pressures at point of sale in the dealer space, which comprises the majority of the financed vehicle transactions in the market, also weighed on margins, however, pricing discipline was maintained to protect returns. WesBank's origination remained tilted towards quality new business. The strategy of protecting and servicing FNB main-banked customers at point of sale means that WesBank continues to focus on opportunities to originate through FNB's digital platform.

### Overview of financial performance

Despite the industry challenges, the commercial and corporate portfolio delivered strong growth in advances, up 11% year on year, emanating from the asset-based finance portfolio. Retail VAF advances grew 4%. This resulted in overall advances growth of 6%. Both segments' performances were tempered by increased impairments in light of the economic climate as customers began to show signs of strain.

WesBank's associates, WWFS and TFS, delivered good growth in advances. Further benefits came from reduced write-offs.

### WESBANK FINANCIAL HIGHLIGHTS

R million	Year ended 30 June		% change
	2024	2023*	
Normalised earnings	1 981	1 850	7
Normalised profit before tax	2 743	2 438	13
Core lending advances	173 262	162 991	6
Performing advances	164 937	155 756	6
Stage 3/NPLs as a % of advances	4.80	4.44	
Credit loss ratio (%) of average advances	1.22	1.12	
ROE (%)**	20.9	21.2	
ROA (%)	1.17	1.19	
Cost-to-income ratio (%)	51.9	52.7	
Net interest margin (%)	2.71	2.80	

\* Restated. Refer to pages 65 to 67.

\*\* The group reviewed its capital allocation to WesBank and consequently increased the allocation for its exposures outside of FirstRand Bank. The WesBank ROE was restated in line with the revised capital allocation.

WesBank delivered normalised PBT growth of 13% year on year and an ROE of 20.9%. The business performance benefited from the prior year's strong origination and the sustained momentum in commercial in the year under review. This solid multi-year advances growth and higher endowment on capital contributed to NII increasing 15%, with some offset from an increase in expected loss provisions across all stages.

Total NIR growth of 9% reflects:

- good performance from the TFS and WWFS JVs;
- higher rental income, particularly in the fleet management and leasing (FML) business; and
- card and maintenance commissions; partly offset by
- a lower absolute number of financed vehicle accounts in retail year on year.

### BREAKDOWN OF PRE-TAX PROFITS BY SEGMENT\*

R million	Year ended 30 June		% change
	2024	2023**	
<b>Normalised PBT</b>			
Retail VAF#	1 886	1 582	19
Corporate and commercial	857	856	—
<b>Total WesBank</b>	<b>2 743</b>	<b>2 438</b>	<b>13</b>

\* Refer to additional segmental disclosure on page 58.

\*\* Restated. Refer to pages 65 to 67.

# Includes MotoVantage.

Both customer segments performed well, with retail VAF delivering particularly strong PBT growth of 19% year on year. This was driven by the prior year growth in advances, including the improved performance from the JVs as operating conditions related to manufacturing and parts logistics improved at the underlying original equipment manufacturers.

Corporate and commercial PBT was flat year on year, with good topline growth offset by an increase in credit provisions and higher operating costs as platform and business integration continued.

WesBank's credit performance was in line with expectations and retail VAF is showing limited strain compared to other secured retail portfolios. The credit loss ratio increased to 1.22% (2023: 1.12%) as a function of the significant growth in new production in corporate and commercial, which resulted in higher stage 1 provisions.

**ANALYSIS OF IMPAIRMENT CHARGE**

R million	Year ended 30 June		% change
	2024	2023	
<b>Movement in balance sheet provisions</b>			
Performing book provisions	38	641	(94)
NPL provision	542	(283)	(>100)
Credit provision increase	580	358	62
Bad debts written off*	1 898	1 954	(3)
<b>Amounts recognised directly in income statement</b>			
Modification loss	47	54	(13)
Interest suspended on stage 3 advances	(288)	(232)	24
Post write-off recoveries	(186)	(406)	(54)
<b>Total impairment charge</b>	<b>2 051</b>	<b>1 728</b>	<b>19</b>

\* Write-off of gross balances, excluding prior period provisions held, which have been recognised in the income statement over various reporting periods.

The 19% increase in WesBank’s credit impairment charge to R2 051 million (2023: R1 728 million) was mainly due to growth in advances and increased modelled provisions.

The overall composition of the charge is outlined below:

- Stage 1 provisions increased in line with book growth.
- Stage 2 advances increased 4%, driven by increased production volumes and interest rate strain on customers. Coverage marginally decreased to 12.35% (2023: 12.62%). Whilst there has been an increase in arrears, the majority of stage 2 remains modelled SICR provisions.
- Performing coverage decreased to 1.97% (2023: 2.06%), reflecting changes in the portfolio mix. Since June 2023, coverage decreased marginally as forward-looking macro assumptions improved, resulting in a net FLI release.
- NPLs increased to R8.3 billion (2023: R7.2 billion). Stage 3 advances increased to 4.80% of total advances (2023: 4.44%) due to average increases in workout periods and an increase in higher provisioned accounts.
- NPL coverage increased to 47.1% (2023: 46.7%).
- WesBank’s write-off policy remains prudent and the proactive management of NPLs continued, with write-offs decreasing 3% year on year. The significant drop-off in post write-off recoveries year on year is a function of the extended time of recovery and lower levels of realisation on assets at date of recovery.

Operating expenses increased 11% year on year, largely as a function of the continued investment in the fleet management and leasing business, and higher profit shares due to alliance partners given the portfolio outperformance.

Pleasingly, operational leverage continues to improve as WesBank further integrates its operating model with FNB. WesBank’s cost-to-income ratio improved to 51.9% (2023: 52.7%).

**RMB represents the group’s activities in the corporate and institutional segments of South Africa and on the broader African continent. In addition, it has niche offerings in the UK, India and the USA.**



RMB’s strategy is to deliver integrated financial services value propositions to corporate and institutional clients. These propositions span across a comprehensive portfolio of activities, including a leading lending and advisory franchise, a proven market-making and structuring business, a treasury and trade solutions business focusing on providing integrated solutions to improve clients’ cash management and cash conversion cycles, 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**

R million	Year ended 30 June		% change
	2024	2023*	
Normalised earnings	9 744	9 116	7
Normalised profit before tax	13 677	12 582	9
– South Africa	9 119	8 636	6
– Broader Africa**	4 558	3 946	16
Core lending advances	465 740	419 644	11
Core deposits	272 500	259 173	5
Core performing advances coverage	1.23	1.19	
Stage 3/NPLs as a % of core lending advances	1.00	1.23	
– Lending	0.89	1.11	
– Private equity#	6.42	6.76	
Credit loss ratio (%) – core lending advances	0.31	0.14	
ROE (%)	20.3	21.1	
ROA (%)	1.35	1.36	
Cost-to-income ratio (%)	48.6	49.7	

\* Restated. Refer to pages 65 to 67.

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

# The private equity portfolio has a few large NPL counters which are fully provided for.

RMB delivered normalised PBT growth of 9% year on year, benefiting from strong momentum in the broader Africa portfolio (PBT up 16%), with a mixed performance from the SA franchise (PBT up 6%), predominantly due to the higher credit impairments.

RMB's ROE declined to 20.3%, reflecting a slight decrease in ROA to 1.35% and higher allocated capital levels to support advances growth, which is up 11% year on year. RMB's NII growth was driven by an 11% rise in average operational deposits and a 27 bps margin expansion in the broader Africa operational deposit base. Positive operating jaws resulted in the cost-to-income ratio trending lower to 48.6%.

The underlying operational business performance across the portfolio is mixed with strong growth from the investment banking division (IBD) and a solid performance from treasury and trade solutions (TTS) offset by a weaker performance from global markets (GM). Private equity (PE) produced good growth in core annuity earnings and further realisations.

### Overview of financial performance

NII increased 8%, underpinned by 11% growth in both core advances and average operational deposits, coupled with increased endowment on deposit and custody balances. Advances margins in the core IBD lending portfolios trended down 14 bps to 200 bps, in part reflecting ongoing client retention strategies, competitive pressures, portfolio mix changes with a larger proportion of advances to high-quality corporate clients and significant growth in infrastructure and renewable energy exposures. In addition, a year-on-year increase in statutory reserve costs in broader Africa further depressed margins. Deposit margins benefited from the continued elevated rate cycle, with notable benefits of 63 bps reflected in the broader Africa portfolio.

NIR increased 16% year on year. New deal origination resulted in good structuring opportunities as well as advisory mandates won, translating into excellent growth in knowledge-based fee income of 44%. NIR growth was further supported by PE realisations and one-off income in the principal investment (PI) portfolio of R624 million, up 40%. The PE portfolio delivered gross realisation income of R760 million (2023: R1.2 billion). GM's mixed performance reflects a solid performance from SA fixed income driven by increased flows and event-driven income on the back of client structuring activity. This was, however, offset by lower trading income from foreign exchange (FX) and commodities. In addition, overall NIR growth was moderated by negative currency translation impacts of R748 million, primarily due to the depreciation of the Nigerian naira and the Zambian kwacha.

Credit impairments increased >100% (R835 million) year on year, with the credit impairment charge on the core lending portfolio (excluding repos) increasing to 31 bps (2023: 14 bps), at the

bottom end of the portfolio TTC range. The loans to private equity investee companies contributed 9 bps, increasing by R397 million from an immaterial amount in the previous year. The credit quality of RMB's core lending portfolio remains resilient, with the overall performance broadly in line with expectations.

An analysis of the balance sheet movement of the impairment charge is set out in the table below:

#### ANALYSIS OF IMPAIRMENT CHARGE

R million	Year ended 30 June		%
	2024	2023	
<b>Movement in balance sheet provisions</b>			
Performing book provisions	728	78	>100
NPL provision	(202)	(574)	(65)
– Provision movements	(202)	247	(>100)
– NPL release due to debt-to-equity restructure*	–	(821)	(100.00)
Credit provision increase/(decrease)	526	(496)	(>100)
Gross write-off and other*	963	1 239	(22)
– Bad debts written off**	859	469	83
– Debt-to-equity restructure	–	716	(100)
– Exchange rate and other	104	54	93
<b>Amounts recognised directly in income statement</b>			
Interest suspended on stage 3 advances	(98)	(45)	>100
Post write-off recoveries	(5)	(42)	(88)
<b>Total</b>	<b>1 386</b>	656	>100
Debt-to-equity restructure	–	(105)	(100)
<b>Total impairment charge</b>	<b>1 386</b>	551	>100

\* The movement in NPLs and gross write-off excludes the impact of the debt-to-equity restructure. Refer to page 84 for more information.

\*\* Write-off of gross balances excluding prior year provisions held. The gross amounts written off was recognised in income.

Strong new business origination resulted in normal front-book impairment raises, and therefore performing book impairments are up >100% year on year.

As expected, certain counters migrated onto the watchlist and into NPL status in South Africa over the last 12 months. This reflects ongoing strain in specific sectors of the domestic economy given the constrained economic environment during the year. Watchlist counters increased 5% during the year. As a result, RMB raised new impairments to reflect the net migration of counters to stage 2 and inflows of a few private equity counters to NPLs during the year.

RMB believes its consistent and prudent provisioning approach remains appropriate, with the performing book coverage ratio against core lending advances at 123 bps (2023: 119 bps).

RMB's cost growth of 10% continues to trend above inflation and reflects ongoing investments into enablement capabilities. Platform modernisation and digital transformation investment to enhance RMB's digital offerings and create a more efficient operating model are up 6% year on year. RMB has also further invested in capacity in its UK, USA and India based offices to support its broader Africa international flows strategy.

### Geographical overview of performance

#### South Africa

The South African portfolio constitutes 67% of RMB's PBT, which increased 6% year on year. This somewhat subdued growth was mainly as a result of credit impairments beginning to normalise off a low base in the prior year. In addition, despite advances growth, origination of high-quality corporate credit, infrastructure and renewables resulted in margin compression, which in turn constrained NII growth.

NIR growth supplemented some of this margin compression, increasing 18%. This resulted from the contributions from the PI portfolio, private equity annuity income and realisations, and knowledge-based fee generation.

The overall performance in SA was significantly impacted by a R1 077 million (>100%) increase in credit impairments, due to strong book growth, the negative migration of certain counters in the core lending portfolio, as well as additional impairments raised against higher-risk and non-performing counters in the private equity portfolio.

#### Broader Africa

The broader Africa portfolio constitutes 33% of RMB's PBT and delivered a strong performance, growing PBT 16% (30% in constant currency terms) despite the local currency devaluations of 55% in Nigeria and 21% in Zambia, which resulted in a foreign currency translation earnings impact of R564 million during the year. This was partially offset by the strong client franchise performance in Nigeria, supported by growth in the client base and market-making opportunities from the Nigerian market dislocation.

Broader Africa NII increased 17%, driven by strong cross-border and in-country average advances growth of 26%, although partially moderated by margin contraction of 29 bps due to client repricing on the back of competitive pressures, increased regulatory requirements (i.e. cash reserve requirements) across various jurisdictions and the maturing of certain high-yielding transactions. The deposit franchise reflected good average growth of 10%, benefiting from ongoing primary-banked client acquisition, as well as from rate increases in the comparative year which resulted in a 63 bps increase in deposit margins.

NIR growth was resilient, increasing 7% due to continued client acquisition (with notable growth in Namibia and Nigeria) and subsequent increased activity levels. This was further supported by strong trading performances from Nigeria and Zambia given higher FX volatility and resultant growth in client flow volumes and market-making opportunities. This was partially offset by constrained dollar liquidity and lower client flow opportunities in other jurisdictions (Ghana, Mozambique and Botswana). The GM cross-border portfolio benefited from ongoing growth in the client franchise and facilitation of client flow between in-country clients and UK institutional clients. Overall NIR growth was curtailed through the negative currency translation impacts of R748 million.

Credit impairments moderated significantly during the year, reflecting the non-repeat of impairment raises against specific counters in the prior year, in part linked to the Ghana sovereign downgrade.

Operating expenses increased 17%, negatively impacted by elevated inflation levels in various jurisdictions such as Nigeria, Zambia and Ghana, together with elevated cost growth relating to volume-related operating expenses and ongoing investment spend on platforms, and regulatory and localisation requirements. These impacts were moderated by the positive currency conversion impact of the devaluating currencies of R377 million.

**BREAKDOWN OF NORMALISED PBT CONTRIBUTION BY DIVISION**

R million	Year ended 30 June		% change
	2024	2023	
Investment banking	6 875	6 060	13
Treasury and trade solutions	2 710	2 550	6
Global markets	2 438	2 476	(2)
Private equity	1 982	2 026	(2)
Other*	(328)	(530)	(38)
<b>Total RMB</b>	<b>13 677</b>	<b>12 582</b>	<b>9</b>

\* Other includes Ashburton, support, head office activities and internal reserve movements.

**IBD**

IBD delivered strong PBT growth of 13%, underpinned by 37% growth in NIR, which particularly benefited from knowledge-based fee income growth of 31%. This was driven by robust new deal origination (with advances increasing 12%), resulting in material structuring transactions, coupled with advisory fee mandates emanating from increased market activity. The client-led PI portfolio delivered strong annuity income growth of 13% and further benefited from realisations and one-off income of R624 million, despite impairments taken to de-risk specific exposures. IBD has retained prudent provisioning levels given the ongoing constrained macro environment.

**TTS**

TTS delivered a solid performance with PBT increasing 6%. Revenue growth of 8% was underpinned by a 13% uplift in NIR driven by increased trade and structuring activities, growth in cash volumes of 5%, and an increase in merchant services turnover of 17% benefiting from strong momentum across multiple jurisdictions. Margins remained constrained given competitive pricing and association fees.

NII growth of 5% was supported by a 9 bps deposit margin uplift, mainly driven by broader Africa’s rate cycle and overall normalised average deposit growth of 8%. Average advances increased 12%, driven by demand for structured lending, traditional trade and general banking facilities from clients.

TTS further benefited from a reduction in credit impairments due to the non-repeat of a prior year specific provision in broader Africa, as well as the partial resolution of a specific NPL in the South African portfolio. This was partially offset by growth in performing book impairments in line with advances growth.

Cost growth of 15% reflects elevated volume-related operating expenses and increased staff costs relating to the build-out of capabilities and platforms to support TTS’s medium-term growth strategies.

**GM**

GM’s PBT decreased 2% year on year, reflecting elevated cost growth of 17% due to IT licensing costs and capacity building (a large portion of which is US dollar denominated). Revenue increased 8%, in part impacted by currency translation effects of >R500 million, although to some extent this was offset by increased market volatility which benefited cross-border performance.

GM’s performance was mixed across asset classes, as unpacked below:

- Fixed income, specifically the inflation desk, benefited from increased structuring activity relating to:
  - renewable energy transactions;
  - a modest uplift in market activity around the medium-term budget speech; and
  - increased client flow and market activity post the SA election results.
- The equities portfolio had a mixed performance, with PBT increasing 6%. The equity derivative trading business was up >50%, benefiting from increased activity in the index and equity-linked structured products. The RMB Morgan Stanley joint venture experienced a difficult year, with revenue down 24% due to reduced JSE volumes which were impacted by regulatory changes, margin compression and lower levels of corporate actions in the SA market.
- FX and commodities are down 5% year on year, negatively impacted by range-bound USD/ZAR, combined with constrained market volumes leading up to the SA elections. The in-country and cross-border FX activities benefited from increased flows, offset by currency translation impacts. Pleasingly, turnover volumes on electronic platforms have grown >50%, although margin pressure continued. Commodities’ performance was impacted by lower hedging opportunities for clients in the current year in comparison to the prior period.

**Private equity**

Private equity’s annuity income growth was driven by strong operational performances from portfolio companies and reflects the benefit of ongoing investments into the underlying portfolio. This was supplemented by good realisation income of R760 million (2023: R1.2 billion). Credit impairments were elevated relative to the prior year as macroeconomic factors necessitated additional coverage on a few counters. The second half of the financial year provided several investment opportunities, resulting in c. R1.5 billion of investment capital being deployed for the full year. The sustained quality and diversity of the portfolio is reflected in the 17% increase in unrealised value of the portfolio to R6.6 billion (2023: R5.7 billion).

**Ashburton Investments (included in other)**

Ashburton Investments’s net fee income grew 12%, driven by an increase in the average AUM base with AUM closing at R133 billion. AUM growth was primarily driven by South Africa which saw the fixed-income and multi-asset and equity businesses attract flows of R5.7 billion and R1.3 billion, respectively. Cost growth was well contained at 3%.

**FirstRand’s UK operations include Aldermore Bank and MotoNovo. The portfolio consists of specialist lending for property finance (individuals and landlords), structured and specialist finance for SMEs, motor finance, and retail and business savings products.**

## Aldermore

### UK operations

Aldermore’s strategy is to meet the credit needs of individuals and entities which are underserved by mainstream providers. These customer pools in the UK market are large and growing. They also represent quality risk that is not catered for by the large incumbent players, as it requires a bespoke approach to structuring and underwriting. The UK operations are funded by retail and business deposits. With no branch network, Aldermore serves customers and intermediary partners online and telephonically, with motor finance offered through a network of dealerships across the UK.

The business is executing on its strategy to modernise platforms, streamline processes and focus on four core product solutions in segments where it has a strong and differentiated customer value proposition. The objective is to appropriately scale the business over time, supported by a diversified and sustainable funding base. Execution on this strategy is anchored to supporting FirstRand’s commitments to its shareholders. A key focus area is improving the return profile.

Key areas of attention to uplift ROE include incremental adoption of the Aldermore group’s FRM framework, targeted capital stack optimisation, including returning dividends to the shareholder, risk reward optimisation for enhanced NIM and unlocking additional returns from the motor business.

Aldermore is also building resilience in its funding model. Already the business has successfully grown savings balances, with a reduced reliance on pricing, and has increasingly diversified its sources of funding. Investment in modernising technology platforms should start to have a positive impact in the next 18 to 24 months.

The current focus areas for the core product sets are outlined below:

- **Property finance**
  - Grow profitably in existing markets through enhanced value proposition and agility.
  - Expand the product offering to drive diversification and target adjacent market opportunities.
- **Structured and specialist finance**
  - Leverage structuring expertise to focus on larger opportunities with mid-size enterprises.
  - Deliver growth through a focus on underserved specialist market segments with attractive returns.
- **Motor finance**
  - Drive core market growth and efficiency through continued modernisation of proposition and capabilities.
  - Scale through diversifying routes to market and broadened product suites to target adjacent markets and customer groups.
- **Savings**
  - Diversify funding sources and distribution mix across retail and SME segments.
  - Optimise cost of funds and liquidity profile.

### Overview of financial performance

#### UK OPERATIONS FINANCIAL HIGHLIGHTS\*

£ million	Year ended 30 June		% change
	2024	2023	
Normalised earnings	177	158	12
Normalised profit before tax	253	215	18
Core lending advances	15 648	15 561	1
Core deposits	18 148	17 365	5
Stage 3/NPLs as a % of advances	3.35	2.72	
Credit loss ratio (%) of average advances	(0.12)	0.59	
ROE (%)	11.8	11.6	
Underlying ROE* (%)	12.0	10.4	
ROA (%)	0.88	0.82	
Cost-to-income ratio (%)	58.9	50.8	

\* Based on underlying performance, excluding fair value accounting adjustments, NOSIA impairment release/(losses) and the FCA UK motor commission matter. Refer to the table on page 44.

The results of the UK operations were characterised by a robust operational performance, focused cost management and a lower impairment charge, which more than offset the impact of market-wide pressure on margins and continued inflationary pressure. This resulted in the Aldermore group’s normalised earnings increasing 12%, delivering a statutory ROE of 11.8%.

The CET1 ratio of 15.9% vs the target range of 13% to 14% provides capacity for capital optimisation and declaration of dividends to FirstRand, in line with the Aldermore board dividend policy and regulatory considerations.

The UK operations normalised PBT includes certain line items that are not reflective of the underlying operational performance, but which have had an impact on the results.

These are shown in the table below.

**UK OPERATIONS UNDERLYING FINANCIAL PERFORMANCE**

Financial performance (£ million)	Year ended 30 June		% change
	2024	2023	
<b>Income statement</b>			
Total income	594	657	(10)
Total operating expenses	(350)	(334)	5
Operating expenses	(297)	(299)	(1)
Strategic technology spend	(35)	(35)	-
UK motor commission matter	(18)	-	-
Impairment losses	18	(90)	(>100)
Indirect tax	(9)	(18)	(50)
<b>UK operations normalised PBT</b>	<b>253</b>	215	18
<b>Add back:</b>			
NOSIA impairment (release)/ raise	(40)	10	(>100)
FCA UK motor commission provision	15	-	-
UK motor commission related costs incurred during the year	3	-	-
Fair value accounting adjustments	21	(26)	(>100)
<b>Underlying PBT</b>	<b>252</b>	199	27
<b>Underlying ROE (%)</b>	<b>12.0</b>	10.4	

The underlying financial performance table above summarises the impacts of the following adjusting items:

- The remediation activity relating to the previous NOSIA event is now beginning to draw to a close, allowing the Aldermore group to release impairment provisions raised across the life of the programme given uncertainties in relation to the recoverability of balances in arrears. This resulted in a net increase of £39.5 million in normalised profits (2023: £10.0 million decrease).
- A £15 million provision connected to the FCA's UK motor commission review has been raised. The provision amount largely relates to potential associated legal, operational and redress costs covering the relevant review period from May 2019 to January 2021. From January 2021, the practice of discretionary commission arrangements ceased. It should also be noted that not all agreements written during the period under review by the regulator included a discretionary commission arrangement.

- In addition, the group incurred £3 million in legal and professional costs in relation to the motor commission matter in the current financial year.
- Fair value accounting adjustments on interest rate hedging instruments amounted to a loss of £20.7 million (2023: £25.8 million profit). This loss is largely driven by the unwind of profits recognised in previous years, in respect of instruments used by Aldermore to hedge interest rate risk. These prior year profits were driven by the magnitude and velocity of interest rate increases in 2023 and were expected to unwind across subsequent accounting periods.

**Operational performance**

Despite the difficult trading conditions, the UK operations performed well.

Lending growth was resilient against a backdrop of subdued demand and pressure on margins. FRM discipline was applied to achieve an appropriate balance between advances growth and returns, with NIMs reducing 12 bps to 3.01%. This resulted in a reduction in NII.

Overall advances increased to £15.6 billion.

- Property finance advances increased 3% year on year, supported by continued growth in the buy-to-let portfolio and refinancing, more than offsetting the impact of subdued owner-occupied markets.
- Structured and specialist finance advances increased 4% to £3.7 billion. This reflects targeted growth in asset finance, which more than offset the impact of subdued commercial real estate and invoice finance markets.
- Motor finance advances reduced 7% year on year to £4.1 billion, reflecting the impact of muted used car markets and a conscious decision to prioritise long-term returns over in-year portfolio growth.

Deposits increased 8% to £16.3 billion, supported by growth across all savings franchises.

- Personal savings balances increased 8% year on year despite intense competition for consumer deposits, led by strong demand for fixed-rate individual savings accounts (ISAs), with customers looking to take advantage of tax-efficient products in a higher interest rate environment.
- Business savings and corporate treasury balances grew 9% year on year, supported by the launch of a new business customer platform in January, delivering an enhanced customer experience and greater processing efficiency.
- Deposits represent 89% of total funding (2023: 86%), resulting in a loan-to-deposit ratio of 96% (2023: 104%).

**ANALYSIS OF IMPAIRMENT CHARGE**

£ million	Year ended 30 June		% change
	2024	2023	
<b>Movement in balance sheet provisions</b>			
Performing book provisions	(53)	54	(>100)
NPL provision	38	21	81
Credit provision (decrease)/ increase	(15)	75	(>100)
Bad debts written off*	28	26	8
<b>Amounts recognised directly in income statement</b>			
Interest suspended on stage 3 advances	(3)	(2)	50
Post write-off recoveries	(28)	(9)	>100
<b>Total impairment (release)/ charge</b>	<b>(18)</b>	90	(>100)

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

The UK operations impairment charge reduced 120%, resulting in a net impairment release of £18 million (2023: £90 million charge). This reflects the impact of a more stable macroeconomic outlook, allowing for the partial release of cost-of-living overlays raised in the previous year, as well as the release of the cumulative provisions raised in relation to the previously disclosed NOSIA operational event, as covered earlier. Underlying arrears performance continues to track broadly in line with expectation, and the impairment coverage ratio remains robust at 1.99% (2023: 2.32%). The key credit metrics below reflect the factors referenced above:

- The credit loss ratio improved by 71 bps to 0.12% (2023: 0.59%). Excluding the impact of the NOSIA-related impairment releases noted above, the UK operations credit loss ratio was 0.14%.
- Performing coverage decreased to 0.91% (2023: 1.27%), reflecting a more stable macroeconomic outlook.
- NPLs as a percentage of advances increased to 3.35% from 2.72% (2023) due to higher arrears balances, broadly in line with expectations given the cost-of-living pressures. NPL coverage decreased to 32.9% (2023: 40.0%), reflecting the transfer of the motor finance back book and the release of NOSIA provisions.

Total operating expenses increased 5% to £350 million (2023: £334 million), reflecting focused cost management against a backdrop of continued inflationary pressure. UK operations expenditure continues to reflect both investment in scaling its propositions and technology estate (commensurate with its long-term growth ambition), and further includes the aforementioned costs and provision related to the FCA UK motor commission review. Investment in platform modernisation continues, with current year spend of £34.6 million flat year on year.

**BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY**

£ million	Year ended 30 June		% change
	2024	2023	
Property finance	131	98	34
Structured and specialist finance	103	109	(6)
Central functions	(5)	(41)	(88)
Motor finance*	23	33	(30)
<b>Underlying PBT</b>	<b>252</b>	199	27

\* Excludes the NOSIA impairment release/(raise), UK motor commission impact and fair value accounting losses totalling £6 million (2023: £10 million profit).

**Business unit performance highlights**

The operational performances below exclude the impact of remediation activity and the fair value accounting adjustments.

**Property finance**

- Property finance traded well in a challenging market, leveraging Aldermore's strength in the specialist buy-to-let segment to partially offset the impact of subdued owner-occupied markets. Buy-to-let balances increased 10% year on year to £5.9 billion (2023: £5.3 billion).
- PBT improved year on year to £131 million (2023: £98 million). Income reduced, reflecting price-led competitive pressures, preventing the full transmission of higher funding costs and eroding margins. This was more than offset by impairment releases, with a more stable macroeconomic outlook allowing for the partial release of overlays raised in the prior financial year to address risks related to expected payment shocks on mortgage customers maturing onto higher rates.
- Activity in the UK housing market remains subdued but is expected to begin to recover as interest rates fall, creating opportunities for continued portfolio growth.



**Structured and specialist finance**

- New business origination totalled £1.6 billion, driven by targeted growth in asset finance, largely offsetting the impact of muted commercial real estate and invoice finance markets.
- PBT declined to £103 million (2023: £109 million) with the impact of margin pressures (from the transmission of higher funding costs) partially offset by a lower impairment charge.
- The business continues to focus on opportunities to deliver targeted portfolio growth at attractive returns, with a focus on expansion into renewables and healthcare.

**Central functions (including savings)**

- Personal savings balances increased by £0.8 billion despite a period of intense competition for consumer deposits, led by strong demand for fixed ISAs (with customers looking to take advantage of tax-efficient products in a higher interest rate environment).
- Business savings balances increased 11% year on year to £3.1 billion (2023: £2.8 billion) and corporate treasury balances increased 6% to £2.2 billion (2023: £2.1 billion), as Aldermore continues its focus on growing and diversifying its funding base.
- Central functions benefited from wider margins as the savings franchise transmitted appropriate funding costs to business. This resulted in a loss of £5 million in the current year compared to a £43 million loss in the comparative year.
- The savings business is focused on remaining agile across both price and proposition heading into next year, aiming to drive continued portfolio growth whilst optimising funding costs.

**Motor finance**

- New business origination totalled £1.5 billion (2023: £2.0 billion) as the used-car market faced inflationary and cost-of-living pressures.
- Underlying motor finance PBT reduced to £23 million (2023: £33 million) as a result of lower average balances, pressure on margins and inflationary cost pressures, with the prior year comparative also benefiting from a one-off impairment release in the motor finance back book.
- Origination volumes increased significantly in the second half of the year, positioning the business to drive portfolio growth heading into next financial year.

**SEGMENT ANALYSIS OF NORMALISED EARNINGS**

R million	Year ended 30 June				
	2024	composition %	2023*	composition %	% change
<b>Retail</b>	<b>13 247</b>	<b>35</b>	13 110	36	1
– FNB**	<b>11 887</b>		11 898		
– WesBank	<b>1 360</b>		1 212		
<b>Commercial</b>	<b>10 702</b>	<b>28</b>	10 440	28	3
– FNB	<b>10 081</b>		9 802		
– WesBank	<b>621</b>		638		
<b>Corporate and investment banking</b>	<b>9 744</b>	<b>26</b>	9 116	25	7
– RMB	<b>9 744</b>		9 116		
<b>UK operations#</b>	<b>4 170</b>	<b>11</b>	3 345	9	25
– Aldermore#.†	<b>3 597</b>		2 878		
– MotoNovo#	<b>573</b>		467		
<b>Other</b>	<b>125</b>	<b>–</b>	623	2	(80)
– Centre#.†.‡	<b>1 439</b>		1 559		
– Other equity instrument holders	<b>(1 314)</b>		(936)		
<b>Normalised earnings</b>	<b>37 988</b>	<b>100</b>	36 634	100	4

\* Restated. Refer to pages 65 to 67.

\*\* Includes FNB broader Africa.

# In the UK operations management view, shown in the table above and on pages 42 to 45, MotoNovo's front and back books were included in the 2023 figures. As MotoNovo's back book has significantly run down and is immaterial to the group and the UK operations, the back book is reported in the Centre effective 1 July 2023, with the management reporting view of the UK operations now aligned to the segment report on pages 50 to 57 and the statutory view for Aldermore Group.

† After the coupons on internal AT1 instruments of R204 million (£9 million) (2023: R183 million and £8 million).

‡ Includes Group Treasury.



**Segment report**

for the year ended 30 June 2024

R million	Retail and commercial				FNB			Retail and commercial		Corporate and institutional	Aldermore**	Centre (including Group Treasury) and other <sup>#</sup>	FirstRand group - normalised	Normalised adjustments	FirstRand group - IFRS	
	Retail				Commercial	FNB broader Africa	Total FNB	WesBank*	Retail and commercial	RMB						
	Residential mortgages	Card	Total personal loans	Retail other												Retail
<b>Net interest income before impairment of advances</b>	4 621	4 482	8 376	8 071	25 550	15 641	5 832	47 023	5 869	52 892	12 269	14 232	6 712	86 105	(2 651)	83 454
Impairment charge	(1 188)	(2 256)	(4 814)	(584)	(8 842)	(844)	(462)	(10 148)	(2 051)	(12 199)	(1 386)	432	598	(12 555)	-	(12 555)
<b>Net interest income after impairment of advances</b>	3 433	2 226	3 562	7 487	16 708	14 797	5 370	36 875	3 818	40 693	10 883	14 664	7 310	73 550	(2 651)	70 899
Non-interest revenue	74	4 475	917	16 909	22 375	10 760	5 411	38 546	3 661	42 207	15 229	(264)	(4 299)	52 873	3 209	56 082
<b>Income from operations</b>	3 507	6 701	4 479	24 396	39 083	25 557	10 781	75 421	7 479	82 900	26 112	14 400	3 011	126 423	558	126 981
Operating expenses	(1 736)	(3 228)	(2 438)	(16 678)	(24 080)	(11 682)	(7 057)	(42 819)	(5 223)	(48 042)	(14 506)	(8 231)	(3 626)	(74 405)	(326)	(74 731)
<b>Net income from operations</b>	1 771	3 473	2 041	7 718	15 003	13 875	3 724	32 602	2 256	34 858	11 606	6 169	(615)	52 018	232	52 250
Share of profit of associates and joint ventures after tax	-	-	-	35	35	4	-	39	527	566	2 356	-	(500)	2 422	4	2 426
<b>Income before indirect tax</b>	1 771	3 473	2 041	7 753	15 038	13 879	3 724	32 641	2 783	35 424	13 962	6 169	(1 115)	54 440	236	54 676
Indirect tax	(12)	(25)	(57)	(663)	(757)	(69)	(234)	(1 060)	(40)	(1 100)	(285)	(207)	(63)	(1 655)	-	(1 655)
<b>Profit before tax</b>	1 759	3 448	1 984	7 090	14 281	13 810	3 490	31 581	2 743	34 324	13 677	5 962	(1 178)	52 785	236	53 021
Income tax expense	(475)	(931)	(613)	(1 892)	(3 911)	(3 729)	(1 072)	(8 712)	(746)	(9 458)	(3 671)	(1 588)	2 907	(11 810)	(31)	(11 841)
<b>Profit for the year</b>	1 284	2 517	1 371	5 198	10 370	10 081	2 418	22 869	1 997	24 866	10 006	4 374	1 729	40 975	205	41 180
<b>Attributable to</b>																
Ordinary equityholders	1 284	2 517	1 371	5 198	10 370	10 081	1 517	21 968	1 981	23 949	9 744	4 170	125	37 988	203	38 191
Other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	204	1 314	1 518	-	1 518
Non-controlling interests	-	-	-	-	-	-	901	901	16	917	262	-	290	1 469	2	1 471
<b>Profit for the year</b>	1 284	2 517	1 371	5 198	10 370	10 081	2 418	22 869	1 997	24 866	10 006	4 374	1 729	40 975	205	41 180
<b>Attributable earnings to ordinary equityholders</b>	1 284	2 517	1 371	5 198	10 370	10 081	1 517	21 968	1 981	23 949	9 744	4 170	125	37 988	203	38 191
Headline earnings adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(137)	(137)
<b>Headline earnings</b>	1 284	2 517	1 371	5 198	10 370	10 081	1 517	21 968	1 981	23 949	9 744	4 170	125	37 988	66	38 054
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16	16
IAS 19 adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(87)	(87)
Private equity related	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	5
<b>Normalised earnings</b>	1 284	2 517	1 371	5 198	10 370	10 081	1 517	21 968	1 981	23 949	9 744	4 170	125	37 988	-	37 988

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

\* Refer to additional segmental disclosure on page 58.

\*\* Refer to page 59 for additional analysis of UK operations. As the MotoNovo back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is included in the Centre.

<sup>#</sup> Centre represents group-wide functions.

**Segment report**

for the year ended 30 June 2024

R million	Retail and commercial								Retail and commercial			Corporate and institutional	Centre (including Group Treasury) and other <sup>#</sup>	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
	FNB					Commercial	FNB broader Africa	Total FNB	WesBank*	Retail and commercial	RMB	Aldermore**				
	Residential mortgages	Card	Total personal loans	Retail other	Retail											
Cost-to-income ratio (%)	37.0	36.0	26.2	66.7	50.2	44.2	62.8	50.0	51.9	50.2	48.6	58.9	>100	52.6		52.6
Diversity ratio (%)	1.6	50.0	9.9	67.7	46.7	40.8	48.1	45.1	41.6	44.7	58.9	(1.9)	>100	39.1		41.2
Credit loss ratio (%) – core lending advances	0.45	5.75	9.32	7.93	2.43	0.69	0.76	1.85	1.22	1.70	0.31	(0.12)	(2.03)	0.81		0.81
Stage 3/NPLs as a % of core lending advances	6.69	12.65	16.91	13.88	8.94	3.65	6.29	7.44	4.80	6.82	1.00	3.35	1.95	4.25		4.25
<b>Consolidated income statement includes</b>																
Depreciation	(2)	(21)	(18)	(2 251)	(2 292)	(292)	(422)	(3 006)	(815)	(3 821)	(183)	(263)	(57)	(4 324)	–	(4 324)
Amortisation	–	–	–	(43)	(43)	2	(9)	(50)	(18)	(68)	(49)	–	(642)	(759)	–	(759)
Net impairment charges	–	–	–	(83)	(83)	(35)	1	(117)	(3)	(120)	(6)	–	(19)	(145)	(71)	(216)
<b>Consolidated statement of financial position includes</b>																
Advances (before impairments)	272 363	41 374	53 286	7 314	374 337	129 844	62 463	566 644	173 262	739 906	526 092	359 798	39 910	1 665 706	–	1 665 706
Core lending advances	272 363	41 374	53 286	7 314	374 337	129 844	62 463	566 644	173 262	739 906	465 740	359 798	32 454	1 597 898	–	1 597 898
– Other core lending advances (AC and FV)	270 461	41 374	53 286	7 314	372 435	129 844	62 463	564 742	171 639	736 381	465 740	339 652	32 454	1 574 227	–	1 574 227
– Securitised advances	1 902	–	–	–	1 902	–	–	1 902	1 623	3 525	–	20 146	–	23 671	–	23 671
Assets under agreements to resell	–	–	–	–	–	–	–	–	–	–	60 352	–	7 456	67 808	–	67 808
Stage 3/NPLs	18 223	5 233	9 008	1 015	33 479	4 733	3 931	42 143	8 325	50 468	4 668	12 071	633	67 840	–	67 840
Investments in associates	–	–	–	516	516	4	–	520	2 956	3 476	5 666	–	1 190	10 332	–	10 332
Investments in joint ventures	–	–	–	–	–	–	–	–	4	4	3 471	–	(17)	3 458	52	3 510
Total deposits (including non-recourse deposits)	562	12 039	32	388 146	400 779	463 398	72 054	936 231	78	936 309	321 351	417 284	328 207	2 003 151	–	2 003 151
Total assets	265 076	35 974	43 278	37 983	382 311	137 314	65 973	585 598	174 791	760 389	726 475	472 299	407 652	2 366 815	2 524	2 369 339
Total liabilities <sup>†</sup>	265 247	34 240	43 099	17 271	359 857	129 309	62 374	551 540	172 072	723 612	709 546	431 728	286 649	2 151 535	–	2 151 535
Capital expenditure	1	57	4	3 374	3 436	617	568	4 621	2 771	7 392	471	314	57	8 234	–	8 234

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

\* Refer to additional segmental disclosure on page 58.

\*\* Refer to page 59 for additional analysis of UK operations. As the MotoNovo back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is included in the Centre.

<sup>#</sup> Centre represents group-wide functions.

<sup>†</sup> Total liabilities are net of interdivisional balances.

**Segment report**

for the year ended 30 June 2023

R million	Retail and commercial								Retail and commercial			Corporate and institutional	Centre (including Group Treasury) and other <sup>†</sup>	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
	FNB					Commercial*	FNB broader Africa	Total FNB*	WesBank <sup>**</sup>	Retail and commercial	RMB	Aldermore <sup>#</sup>				
	Residential mortgages	Card	Total personal loans	Retail other*	Retail*											
<b>Net interest income before impairment of advances</b>	4 696	3 771	7 539	7 987	<b>23 993</b>	15 100	5 139	<b>44 232</b>	<b>5 098</b>	49 330	<b>11 315</b>	<b>13 236</b>	4 734	<b>78 615</b>	(2 179)	<b>76 436</b>
Impairment charge	(452)	(1 516)	(3 688)	(102)	<b>(5 758)</b>	(615)	(371)	<b>(6 744)</b>	<b>(1 728)</b>	(8 472)	<b>(551)</b>	<b>(2 415)</b>	489	<b>(10 949)</b>	–	<b>(10 949)</b>
<b>Net interest income after impairment of advances</b>	4 244	2 255	3 851	7 885	<b>18 235</b>	14 485	4 768	<b>37 488</b>	<b>3 370</b>	40 858	<b>10 764</b>	<b>10 821</b>	5 223	<b>67 666</b>	(2 179)	<b>65 487</b>
Non-interest revenue	88	3 807	948	16 214	<b>21 057</b>	10 753	4 917	<b>36 727</b>	<b>3 504</b>	40 231	<b>14 700</b>	<b>1 357</b>	(4 388)	<b>51 900</b>	1 944	<b>53 844</b>
<b>Income from operations</b>	4 332	6 062	4 799	24 099	<b>39 292</b>	25 238	9 685	<b>74 215</b>	<b>6 874</b>	81 089	<b>25 464</b>	<b>12 178</b>	835	<b>119 566</b>	(235)	<b>119 331</b>
Operating expenses	(1 720)	(3 095)	(2 627)	(16 484)	<b>(23 926)</b>	(11 746)	(6 578)	<b>(42 250)</b>	<b>(4 710)</b>	(46 960)	<b>(13 176)</b>	<b>(7 032)</b>	(152)	<b>(67 320)</b>	(109)	<b>(67 429)</b>
<b>Net income from operations</b>	2 612	2 967	2 172	7 615	<b>15 366</b>	13 492	3 107	<b>31 965</b>	<b>2 164</b>	34 129	<b>12 288</b>	<b>5 146</b>	683	<b>52 246</b>	(344)	<b>51 902</b>
Share of profit of associates and joint ventures after tax	–	–	53	32	<b>85</b>	–	–	<b>85</b>	<b>327</b>	412	<b>520</b>	<b>11</b>	(450)	<b>493</b>	(6)	<b>487</b>
<b>Income before indirect tax</b>	2 612	2 967	2 225	7 647	<b>15 451</b>	13 492	3 107	<b>32 050</b>	<b>2 491</b>	34 541	<b>12 808</b>	<b>5 157</b>	233	<b>52 739</b>	(350)	<b>52 389</b>
Indirect tax	(14)	(27)	(61)	(550)	<b>(652)</b>	(65)	(205)	<b>(922)</b>	<b>(53)</b>	(975)	<b>(226)</b>	<b>(383)</b>	44	<b>(1 540)</b>	–	<b>(1 540)</b>
<b>Profit before tax</b>	2 598	2 940	2 164	7 097	<b>14 799</b>	13 427	2 902	<b>31 128</b>	<b>2 438</b>	33 566	<b>12 582</b>	<b>4 774</b>	277	<b>51 199</b>	(350)	<b>50 849</b>
Income tax expense	(701)	(794)	(584)	(1 916)	<b>(3 995)</b>	(3 625)	(1 003)	<b>(8 623)</b>	<b>(576)</b>	(9 199)	<b>(3 261)</b>	<b>(1 101)</b>	1 392	<b>(12 169)</b>	(3)	<b>(12 172)</b>
<b>Profit for the year</b>	1 897	2 146	1 580	5 181	<b>10 804</b>	9 802	1 899	<b>22 505</b>	<b>1 862</b>	24 367	<b>9 321</b>	<b>3 673</b>	1 669	<b>39 030</b>	(353)	<b>38 677</b>
<b>Attributable to</b>																
Ordinary equityholders	1 897	2 146	1 580	5 181	<b>10 804</b>	9 802	1 094	<b>21 700</b>	<b>1 850</b>	23 550	<b>9 116</b>	<b>3 490</b>	478	<b>36 634</b>	(303)	<b>36 331</b>
Other equity instrument holders	–	–	–	–	–	–	–	–	–	–	–	<b>183</b>	936	<b>1 119</b>	–	<b>1 119</b>
Non-controlling interests	–	–	–	–	–	–	805	<b>805</b>	<b>12</b>	817	<b>205</b>	–	255	<b>1 277</b>	(50)	<b>1 227</b>
<b>Profit for the year</b>	1 897	2 146	1 580	5 181	<b>10 804</b>	9 802	1 899	<b>22 505</b>	<b>1 862</b>	24 367	<b>9 321</b>	<b>3 673</b>	1 669	<b>39 030</b>	(353)	<b>38 677</b>
<b>Attributable earnings to ordinary equityholders</b>	1 897	2 146	1 580	5 181	<b>10 804</b>	9 802	1 094	<b>21 700</b>	<b>1 850</b>	23 550	<b>9 116</b>	<b>3 490</b>	478	<b>36 634</b>	(303)	<b>36 331</b>
Headline earnings adjustments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	369	<b>369</b>
<b>Headline earnings</b>	1 897	2 146	1 580	5 181	<b>10 804</b>	9 802	1 094	<b>21 700</b>	<b>1 850</b>	23 550	<b>9 116</b>	<b>3 490</b>	478	<b>36 634</b>	66	<b>36 700</b>
Treasury shares	–	–	–	–	–	–	–	–	–	–	–	–	–	–	17	<b>17</b>
IAS 19 adjustment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(98)	<b>(98)</b>
Private equity related	–	–	–	–	–	–	–	–	–	–	–	–	–	–	15	<b>15</b>
<b>Normalised earnings</b>	1 897	2 146	1 580	5 181	<b>10 804</b>	9 802	1 094	<b>21 700</b>	<b>1 850</b>	23 550	<b>9 116</b>	<b>3 490</b>	478	<b>36 634</b>	–	<b>36 634</b>

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

\* Restated. Refer to pages 65 to 67.

\*\* Refer to additional segmental disclosure on page 58.

# Refer to page 60 for additional analysis of UK operations. As the MotoNovo back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is included in the Centre.

† Centre represents group-wide functions.

**Segment report**

for the year ended 30 June 2023

R million	Retail and commercial					Retail and commercial					Corporate and institutional	Centre (including Group Treasury) and other <sup>†</sup>	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS	
	FNB					Commercial*	FNB broader Africa	Total FNB*	WesBank <sup>**</sup>	Retail and commercial	RMB					Aldermore <sup>#</sup>
	Residential mortgages	Card	Total personal loans	Retail other <sup>*</sup>	Retail*											
Cost-to-income ratio (%)	36.0	40.8	30.8	68.0	<b>53.0</b>	45.4	65.4	<b>52.1</b>	<b>52.7</b>	<b>52.2</b>	<b>49.7</b>	<b>48.2</b>	(>100)	<b>51.4</b>		<b>51.6</b>
Diversity ratio (%)	1.8	50.2	11.7	67.0	<b>46.8</b>	41.6	48.9	<b>45.4</b>	<b>42.9</b>	<b>45.2</b>	<b>57.4</b>	<b>9.4</b>	>100	<b>40.0</b>		<b>41.5</b>
Credit loss ratio (%) – core lending advances	0.18	4.33	7.63	1.33	<b>1.68</b>	0.55	0.67	<b>1.32</b>	<b>1.12</b>	<b>1.28</b>	<b>0.14</b>	<b>0.72</b>	(1.69)	<b>0.78</b>		<b>0.78</b>
Stage 3/NPLs as a % of core lending advances	5.42	10.92	15.07	12.48	<b>7.51</b>	4.10	6.01	<b>6.59</b>	<b>4.44</b>	<b>6.09</b>	<b>1.23</b>	<b>2.48</b>	3.27	<b>3.80</b>		<b>3.80</b>
<b>Consolidated income statement includes</b>																
Depreciation	(3)	(6)	(17)	(2 151)	<b>(2 177)</b>	(248)	(405)	<b>(2 830)</b>	<b>(817)</b>	<b>(3 647)</b>	<b>(172)</b>	<b>(202)</b>	(20)	<b>(4 041)</b>	–	<b>(4 041)</b>
Amortisation	–	–	–	(44)	<b>(44)</b>	3	(20)	<b>(61)</b>	<b>(20)</b>	<b>(81)</b>	<b>(81)</b>	<b>(4)</b>	(491)	<b>(657)</b>	–	<b>(657)</b>
Net impairment charges	–	–	–	(63)	<b>(63)</b>	(111)	(4)	<b>(178)</b>	<b>10</b>	<b>(168)</b>	<b>(8)</b>	–	215	<b>39</b>	(403)	<b>(364)</b>
<b>Consolidated statement of financial position includes</b>																
Advances (before impairments)	259 635	37 149	50 072	7 406	<b>354 262</b>	116 448	58 418	<b>529 128</b>	<b>162 991</b>	<b>692 119</b>	<b>484 649</b>	<b>371 150</b>	42 529	<b>1 590 447</b>	–	<b>1 590 447</b>
Core lending advances	259 635	37 149	50 072	7 406	<b>354 262</b>	116 448	58 418	<b>529 128</b>	<b>162 991</b>	<b>692 119</b>	<b>419 644</b>	<b>371 150</b>	28 124	<b>1 511 037</b>	–	<b>1 511 037</b>
– Other core lending advances (AC and FV)	259 635	37 149	50 072	7 406	<b>354 262</b>	116 448	58 418	<b>529 128</b>	<b>159 645</b>	<b>688 773</b>	<b>419 644</b>	<b>336 602</b>	28 124	<b>1 473 143</b>	–	<b>1 473 143</b>
– Securitised advances	–	–	–	–	–	–	–	–	<b>3 346</b>	<b>3 346</b>	–	<b>34 548</b>	–	<b>37 894</b>	–	<b>37 894</b>
Assets under agreements to resell	–	–	–	–	–	–	–	–	–	–	<b>65 005</b>	–	14 405	<b>79 410</b>	–	<b>79 410</b>
Stage 3/NPLs	14 073	4 057	7 547	924	<b>26 601</b>	4 773	3 510	<b>34 884</b>	<b>7 235</b>	<b>42 119</b>	<b>5 171</b>	<b>9 222</b>	920	<b>57 432</b>	–	<b>57 432</b>
Investments in associates	–	–	–	481	<b>481</b>	–	–	<b>481</b>	<b>2 810</b>	<b>3 291</b>	<b>4 626</b>	–	2 483	<b>10 400</b>	–	<b>10 400</b>
Investments in joint ventures	–	–	–	–	–	–	–	–	<b>6</b>	<b>6</b>	<b>3 067</b>	–	(16)	<b>3 057</b>	48	<b>3 105</b>
Total deposits (including non-recourse deposits)	564	10 629	53	355 600	<b>366 846</b>	421 378	65 413	<b>853 637</b>	<b>67</b>	<b>853 704</b>	<b>306 561</b>	<b>415 962</b>	346 876	<b>1 923 103</b>	–	<b>1 923 103</b>
Total assets	255 335	32 592	41 460	39 112	<b>368 499</b>	117 107	62 058	<b>547 664</b>	<b>163 851</b>	<b>711 515</b>	<b>720 698</b>	<b>477 424</b>	385 637	<b>2 295 274</b>	2 765	<b>2 298 039</b>
Total liabilities <sup>‡</sup>	255 015	31 352	41 420	20 706	<b>348 493</b>	110 007	58 142	<b>516 642</b>	<b>161 018</b>	<b>677 660</b>	<b>706 772</b>	<b>440 574</b>	274 599	<b>2 099 605</b>	–	<b>2 099 605</b>
Capital expenditure	–	114	14	2 915	<b>3 043</b>	321	709	<b>4 073</b>	<b>1 383</b>	<b>5 456</b>	<b>665</b>	<b>120</b>	40	<b>6 281</b>	–	<b>6 281</b>

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

\* Restated. Refer to pages 65 to 67.

\*\* Refer to additional segmental disclosure on page 58.

# Refer to page 60 for additional analysis of UK operations. As the MotoNovo back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is included in the Centre.

† Centre represents group-wide functions.

‡ Total liabilities are net of interdivisional balances.

### Additional segmental disclosure – WesBank

R million	Year ended 30 June 2024		
	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	4 465	1 404	5 869
Impairment of advances	(1 798)	(253)	(2 051)
Normalised profit before tax	1 886	857	2 743
Normalised earnings	1 360	621	1 981
Core advances	113 044	60 218	173 262
Stage 3/NPLs	7 216	1 109	8 325
Advances margin (%)	3.00	2.15	2.71
Stage 3/NPLs as a % of advances	6.38	1.84	4.80
Credit loss ratio (%) of average advances	1.62	0.44	1.22

R million	Year ended 30 June 2023		
	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	3 924	1 174	5 098
Impairment of advances	(1 670)	(58)	(1 728)
Normalised profit before tax	1 582	856	2 438
Normalised earnings	1 212	638	1 850
Core advances	108 779	54 212	162 991
Stage 3/NPLs	6 169	1 066	7 235
Advances margin (%)	3.03	2.32	2.80
Stage 3/NPLs as a % of advances	5.67	1.97	4.44
Credit loss ratio (%) of average advances	1.60	0.12	1.12

### Additional segmental disclosure – UK operations

In order to provide a full performance overview of the total UK operations of Aldermore and MotoNovo until 30 June 2023, the segmental disclosure provided below reflected the total operations of MotoNovo, which includes the front book written since May 2019 within Aldermore group and the back book reported in the Centre. However, as the MotoNovo back book has significantly run down and is immaterial from a group and UK operations perspective, effective 1 July 2023 the back book is no longer reported in the UK operations. The prior year information in UK operations has not been restated.

£ million	Year ended 30 June 2024					
	Structured and specialist finance	Property finance	Central functions	Aldermore	Motor finance**	Total UK operations
<b>Net interest income before impairment of advances</b>	133	123	179	435	170	605
Impairment charge	(10)	29	–	19	(1)	18
<b>Net interest income after impairment of advances</b>	123	152	179	454	169	623
Non-interest revenue (including fair value hedges)	4	(3)	(13)	(12)	1	(11)
<b>Income from operations</b>	127	149	166	442	170	612
Operating expenses	(24)	(18)	(169)	(211)	(139)	(350)
<b>Net income/(loss) from operations</b>	103	131	(3)	231	31	262
Share of profit of associates and joint ventures after tax	–	–	–	–	–	–
<b>Income/(loss) before indirect tax</b>	103	131	(3)	231	31	262
Indirect tax	–	–	(17)	(17)	8	(9)
<b>Profit/(loss) before tax</b>	103	131	(20)	214	39	253
Income tax expense	–	–	(57)*	(57)	(10)	(67)
<b>Profit/(loss) for the year</b>	103	131	(77)	157	29	186
<b>Attributable to</b>						
Ordinary equityholders	103	131	(81)	153	24	177
Other equity instrument holders	–	–	4	4	5	9
<b>Profit/(loss) for the year</b>	103	131	(77)	157	29	186
<b>Consolidated statement of financial position includes</b>						
Cash and cash equivalents	–	–	2 263	2 263	43	2 306
Derivative financial instruments	–	–	345	345	3	348
Investment securities	–	–	2 436	2 436	–	2 436
Advances	3 644	7 773	–	11 417	3 920	15 337
– Gross core lending advances	3 717	7 833	–	11 550	4 098	15 648
– Impairment of advances	(73)	(60)	–	(133)	(178)	(311)
Other assets	2	(1)	(296)	(295)	408	113
<b>Total assets</b>	3 646	7 772	4 748	16 166	4 374	20 540
Derivative financial instruments	–	–	40	40	1	41
Total deposits	–	–	17 741	17 741	407	18 148
Other liabilities	3 543	7 641	(14 375)	(3 191)	3 778	587
<b>Total liabilities</b>	3 543	7 641	3 406	14 590	4 186	18 776
Stage 3/NPLs	82	284	–	366	159	525
Stage 3/NPLs as a % of advances	2.19	3.64	–	3.17	3.87	3.35
Credit loss ratio (%) of average advances	0.25	(0.37)	–	(0.17)	0.02	(0.12)
Advances margin (%)	3.64	1.62	–	3.85	4.10	3.92

\* Tax expense reflected in central functions.

\*\* Excludes MotoNovo back book.

**Additional segmental disclosure – UK operations** continued

Year ended 30 June 2023						
£ million	Structured and specialist finance	Property finance	Central functions	Aldermore	Motor finance (total MotoNovo)	Total UK operations
<b>Net interest income before impairment of advances</b>	145	144	159	<b>448</b>	173	<b>621</b>
Impairment charge	(22)	(29)	–	<b>(51)</b>	(39)	<b>(90)</b>
<b>Net interest income after impairment of advances</b>	123	115	159	<b>397</b>	134	<b>531</b>
Non-interest revenue (including fair value hedges)	8	–	19	<b>27</b>	8	<b>35</b>
<b>Income from operations</b>	131	115	178	<b>424</b>	142	<b>566</b>
Operating expenses	(25)	(16)	(190)	<b>(231)</b>	(103)	<b>(334)</b>
<b>Net income/(loss) from operations</b>	106	99	(12)	<b>193</b>	39	<b>232</b>
Share of profit of associates and joint ventures after tax	–	–	1	<b>1</b>	–	<b>1</b>
<b>Income/(loss) before indirect tax</b>	106	99	(11)	<b>194</b>	39	<b>233</b>
Indirect tax	3	(1)	(14)	<b>(12)</b>	(6)	<b>(18)</b>
<b>Profit/(loss) before tax</b>	109	98	(25)	<b>182</b>	33	<b>215</b>
Income tax expense	–	–	(42) *	<b>(42)</b>	(7)	<b>(49)</b>
<b>Profit/(loss) for the year</b>	109	98	(67)	<b>140</b>	26	<b>166</b>
<b>Attributable to</b>						
Ordinary equityholders	109	98	(71)	<b>136</b>	22	<b>158</b>
Other equity instrument holders	–	–	4	<b>4</b>	4	<b>8</b>
<b>Profit/(loss) for the year</b>	109	98	(67)	<b>140</b>	26	<b>166</b>
<b>Consolidated statement of financial position includes</b>						
Cash and cash equivalents	–	–	2 138	<b>2 138</b>	89	<b>2 227</b>
Derivative financial instruments	–	–	677	<b>677</b>	35	<b>712</b>
Investment securities	–	–	2 049	<b>2 049</b>	–	<b>2 049</b>
Advances	3 508	7 492	–	<b>11 000</b>	4 200	<b>15 200</b>
– Gross core lending advances	3 583	7 581	–	<b>11 164</b>	4 397	<b>15 561</b>
– Impairment of advances	(75)	(89)	–	<b>(164)</b>	(197)	<b>(361)</b>
Other assets	3	(2)	(462)	<b>(461)</b>	216	<b>(245)</b>
<b>Total assets</b>	3 511	7 490	4 402	<b>15 403</b>	4 540	<b>19 943</b>
Derivative financial instruments	–	–	63	<b>63</b>	–	<b>63</b>
Total deposits	–	–	16 594	<b>16 594</b>	771	<b>17 365</b>
Other liabilities	3 402	7 393	(13 424)	<b>(2 629)</b>	3 557	<b>928</b>
<b>Total liabilities</b>	3 402	7 393	3 233	<b>14 028</b>	4 328	<b>18 356</b>
Stage 3/NPLs	59	228	–	<b>287</b>	136	<b>423</b>
Stage 3/NPLs as a % of advances	1.65	3.01	–	<b>2.57</b>	3.10	<b>2.72</b>
Credit loss ratio (%) of average advances	0.61	0.40	–	<b>0.47</b>	0.89	<b>0.59</b>
Advances margin (%)	3.98	1.91	–	<b>3.99</b>	3.66	<b>3.89</b>

\* Tax expense reflected in central functions.

**Additional segmental disclosure – broader Africa**

In order to provide a full strategic overview 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**

R million	Strategy view		In-country		Cross-border	
	2024	2023	2024	2023	2024	2023
Normalised earnings*	<b>5 157</b>	4 141	<b>3 048</b>	2 443	<b>2 109</b>	1 698
Normalised profit before tax*	<b>9 200</b>	7 471	<b>6 311</b>	5 145	<b>2 889</b>	2 326
Impairment of advances	<b>575</b>	713	<b>478</b>	474	<b>97</b>	239
Core lending advances**	<b>168 037</b>	152 922	<b>80 711</b>	76 804	<b>87 326</b>	76 118
Stage 3/NPLs as a % of core lending advances**	<b>3.02</b>	3.65	<b>4.89</b>	4.62	<b>1.28</b>	2.68
Credit loss ratio (%) of average core lending advances**	<b>0.34</b>	0.50	<b>0.61</b>	0.66	<b>0.11</b>	0.34
Cost-to-income ratio (%)	<b>51.6</b>	53.1	<b>56.1</b>	58.5	<b>35.8</b>	33.2
ROE (%)	<b>24.9</b>	20.9	<b>22.0</b>	17.3	<b>30.7</b>	29.4

\* 2023's in-country results were impacted by the R498 million provision for the Ghana sovereign debt restructure that was recognised in the broader Africa Centre.

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

**FNB BROADER AFRICA FINANCIAL HIGHLIGHTS**

R million	Year ended 30 June		%
	2024	2023	
Profit before tax	<b>3 490</b>	2 902	20
Core lending advances*	<b>62 463</b>	58 418	7
Total deposits**	<b>72 054</b>	65 413	10
Credit loss ratio (%) – core lending advances	<b>0.76</b>	0.67	
ROA (%)	<b>2.37</b>	1.86	
Cost-to-income ratio (%)	<b>62.8</b>	65.4	

\* Up 11% in constant currency terms.

\*\* Up 18% in constant currency terms.

**RMB BROADER AFRICA STRATEGY FINANCIAL HIGHLIGHTS**

R million	Year ended 30 June		%
	2024	2023	
Profit before tax	<b>4 558</b>	3 946	16
Core lending advances*	<b>105 574</b>	94 504	12
Total deposits**	<b>29 030</b>	29 570	(2)
Credit loss ratio (%) – core lending advances	<b>0.11</b>	0.42	
ROA (%)	<b>2.75</b>	3.11	
Cost-to-income ratio (%)	<b>43.4</b>	41.6	

\* Up 18% in constant currency terms.

\*\* Up 6% in constant currency terms.



## Additional segmental disclosure – insurance activities

### TOTAL INSURANCE PBT

R million	Year ended 30 June		
	2024	2023*	% change
<b>FNB</b>	<b>3 171</b>	2 792	14
Credit life	1 552	1 554	–
Core life (including funeral)	1 204	890	35
Underwritten	(82)	(127)	(35)
Commercial	63	14	>100
Short-term insurance	(121)	(205)	(41)
Other participation agreements**	555	666	(17)
<b>WesBank</b>	<b>232</b>	295	(21)
Value-added products and services (VAPS)# and retail VAF credit life	232	295	(21)
<b>Broader Africa and other</b>	<b>311</b>	245	27
<b>Total</b>	<b>3 714</b>	3 332	11

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

\*\* Includes the DirectAxis book underwritten by Hollard, homeowners book underwritten by OUTsurance and insurance brokers.

# MotoVantage provides VAPS products.

### GROSS WRITTEN PREMIUMS ON GROUP LICENCES

R million	Year ended 30 June		
	2024	2023*	% change
<b>Total life premiums</b>	<b>6 578</b>	5 802	13
Credit life	2 373	2 091	13
Core life (including funeral)	3 217	2 881	12
Underwritten	693	598	16
Commercial	295	232	27
<b>Total short-term premiums</b>	<b>808</b>	556	45
Personal lines	718	486	48
Commercial	90	70	29
<b>Broader Africa</b>	<b>162</b>	149	9
<b>Total gross written premiums**</b>	<b>7 548</b>	6 507	16

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

\*\* Gross written premium represents the total amount collected by the group, after the deduction of value-added tax and before the deduction of any commission expenses, in exchange for the acceptance of insurance risk underwritten on any of the group's insurance licences.

### FNB insurance activities

The methodology used to calculate FNB Life's embedded value and the value of new business is currently being assessed following the adoption of IFRS 17 and has therefore not been disclosed.

#### NEW BUSINESS APE

R million	Year ended 30 June		
	2024	2023	% change
Core life (including funeral)	1 281	1 208	6
Underwritten	277	281	(1)
Commercial	206	159	30
<b>Standalone products</b>	<b>1 764</b>	1 648	7
Credit life	893	921	(3)
<b>FNB Life</b>	<b>2 657</b>	2 569	3

#### FNB SHORT-TERM INSURANCE

Key performance indicators	Year ended 30 June		
	2024	2023	% change
In-force APE (R million)*	937	747	25
Number of in-force policies (thousands)	307	278	10
New business APE (R million)*	662	570	16

\* 2023 figures have been restated to exclude cross-product intercompany policies.

### WesBank insurance activities

#### NUMBER OF POLICIES AND GROSS WRITTEN PREMIUM

	MotoVantage (VAPS)			Retail (credit life)		
	Year ended 30 June			Year ended 30 June		
	2024	2023	% change	2024	2023	% change
Number of policies (thousands)	515	551	(7)	20	26	(23)
Gross written premium (R million)	1 164	1 292	(10)	49	66	(26)

### NUMBER OF LIFE POLICIES

Thousands	Year ended 30 June		
	2024	2023	% change
Credit life	2 443	2 467	(1)
Core life (including funeral)	1 841	1 763	4
Underwritten	194	183	6
Commercial	55	39	41
<b>Total</b>	<b>4 533</b>	4 452	2

### FNB LIFE IN-FORCE APE

R million	Year ended 30 June		
	2024	2023	% change
Credit life	2 483	2 299	8
Core life (including funeral)	3 891	3 494	11
Underwritten	829	728	14
Commercial	333	270	23
<b>Total</b>	<b>7 536</b>	6 791	11

### Additional segmental disclosure – investment management activities

#### TOTAL ASSETS UNDER MANAGEMENT

R million	As at 30 June		% change
	2024	2023	
Multi-asset and equity	25 675	27 820	(8)
Structured products and indexation	8 970	11 990	(25)
Alternatives	36 009	37 414	(4)
Fixed income	74 020	64 905	14
Private client portfolios	80 374	70 363	14
<b>Total group AUM</b>	<b>225 048</b>	<b>212 492</b>	<b>6</b>

#### REVENUE BY TYPE

R million	Year ended 30 June		% change
	2024	2023	
Investment management fees	754	675	12
Advice fees	236	249	(5)
Trust and estate income	299	311	(4)
Brokerage income	110	116	(5)
Administration and other income	185	148	25
Net interest income	173	142	22
<b>Total revenue</b>	<b>1 757</b>	<b>1 641</b>	<b>7</b>

### Additional information on internal restructures and adoption of IFRS 17

The segmental disclosure has been updated for the following:

- IFRS 17 adoption.
- The Centre cost allocation model was refined during the current year. This resulted in restatements of the 2023 numbers, in certain segments, with no impact at a group level.

Detailed below is a breakdown of the effect of the restatements on the key income statement and statement of financial position lines by operating segment:

#### Non-interest revenue – internal costing changes and the adoption of IFRS 17

R million	Year ended 30 June 2023			
	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	88	–	–	88
Card	3 807	–	–	3 807
Total personal loans	948	–	–	948
Retail other	17 722	–	(1 508)	16 214
Commercial	10 840	–	(87)	10 753
<b>Total FNB SA</b>	<b>33 405</b>	<b>–</b>	<b>(1 595)</b>	<b>31 810</b>
Broader Africa	4 917	–	–	4 917
<b>Total FNB</b>	<b>38 322</b>	<b>–</b>	<b>(1 595)</b>	<b>36 727</b>
WesBank	3 504	–	–	3 504
<b>Total retail and commercial</b>	<b>41 826</b>	<b>–</b>	<b>(1 595)</b>	<b>40 231</b>
RMB	14 700	–	–	14 700
Aldermore	1 357	–	–	1 357
Centre	(4 513)	–	125	(4 388)
<b>Total group</b>	<b>53 370</b>	<b>–</b>	<b>(1 470)</b>	<b>51 900</b>

**Additional information on internal restructures and adoption of IFRS 17** continued

Operating expenses – internal costing changes and the adoption of IFRS 17

R million	Year ended 30 June 2023			
	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	1 706	14	–	1 720
Card	3 087	8	–	3 095
Total personal loans	2 614	13	–	2 627
Retail other	17 704	81	(1 301)	16 484
Commercial	11 769	56	(79)	11 746
<b>Total FNB SA</b>	<b>36 880</b>	<b>172</b>	<b>(1 380)</b>	<b>35 672</b>
Broader Africa	6 578	–	–	6 578
<b>Total FNB</b>	<b>43 458</b>	<b>172</b>	<b>(1 380)</b>	<b>42 250</b>
WesBank	4 697	13	–	4 710
<b>Total retail and commercial</b>	<b>48 155</b>	<b>185</b>	<b>(1 380)</b>	<b>46 960</b>
RMB	13 126	50	–	13 176
Aldermore	7 032	–	–	7 032
Centre	327	(235)	60	152
<b>Total group</b>	<b>68 640</b>	<b>–</b>	<b>(1 320)</b>	<b>67 320</b>

Normalised earnings – internal costing changes and the adoption of IFRS 17

R million	Year ended 30 June 2023			
	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	1 907	(10)	–	1 897
Card	2 152	(6)	–	2 146
Total personal loans	1 589	(9)	–	1 580
Retail other	5 325	(59)	(85)	5 181
Commercial	9 848	(41)	(5)	9 802
<b>Total FNB SA</b>	<b>20 821</b>	<b>(125)</b>	<b>(90)</b>	<b>20 606</b>
Broader Africa	1 094	–	–	1 094
<b>Total FNB</b>	<b>21 915</b>	<b>(125)</b>	<b>(90)</b>	<b>21 700</b>
WesBank	1 859	(9)	–	1 850
<b>Total retail and commercial</b>	<b>23 774</b>	<b>(134)</b>	<b>(90)</b>	<b>23 550</b>
RMB	9 152	(36)	–	9 116
Aldermore	3 490	–	–	3 490
Centre	253	170	55	478
<b>Total group</b>	<b>36 669</b>	<b>–</b>	<b>(35)</b>	<b>36 634</b>

**Additional information on internal restructures and adoption of IFRS 17** continued

Total assets – internal costing changes and the adoption of IFRS 17

R million	Year ended 30 June 2023			
	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	255 335	–	–	255 335
Card	32 592	–	–	32 592
Total personal loans	41 460	–	–	41 460
Retail other	38 550	–	562	39 112
Commercial	117 157	–	(50)	117 107
<b>Total FNB SA</b>	<b>485 094</b>	<b>–</b>	<b>512</b>	<b>485 606</b>
Broader Africa	62 058	–	–	62 058
<b>Total FNB</b>	<b>547 152</b>	<b>–</b>	<b>512</b>	<b>547 664</b>
WesBank	163 851	–	–	163 851
<b>Total retail and commercial</b>	<b>711 003</b>	<b>–</b>	<b>512</b>	<b>711 515</b>
RMB	720 698	–	–	720 698
Aldermore	477 424	–	–	477 424
Centre	385 720	–	(83)	385 637
<b>Total group</b>	<b>2 294 845</b>	<b>–</b>	<b>429</b>	<b>2 295 274</b>

Total liabilities – internal costing changes and the adoption of IFRS 17

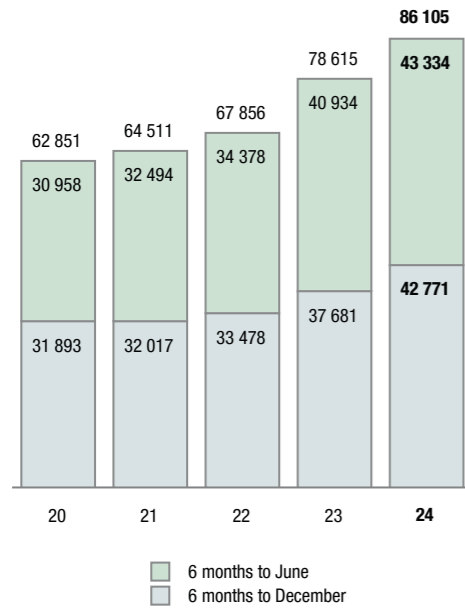
R million	Year ended 30 June 2023			
	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	255 001	14	–	255 015
Card	31 344	8	–	31 352
Total personal loans	41 407	13	–	41 420
Retail other	20 455	81	170	20 706
Commercial	109 909	56	42	110 007
<b>Total FNB SA</b>	<b>458 116</b>	<b>172</b>	<b>212</b>	<b>458 500</b>
Broader Africa	58 142	–	–	58 142
<b>Total FNB</b>	<b>516 258</b>	<b>172</b>	<b>212</b>	<b>516 642</b>
WesBank	161 005	13	–	161 018
<b>Total retail and commercial</b>	<b>677 263</b>	<b>185</b>	<b>212</b>	<b>677 660</b>
RMB	706 722	50	–	706 772
Aldermore	440 574	–	–	440 574
Centre	275 370	(235)	(536)	274 599
<b>Total group</b>	<b>2 099 929</b>	<b>–</b>	<b>(324)</b>	<b>2 099 605</b>



**Net interest income (before impairment of advances)**

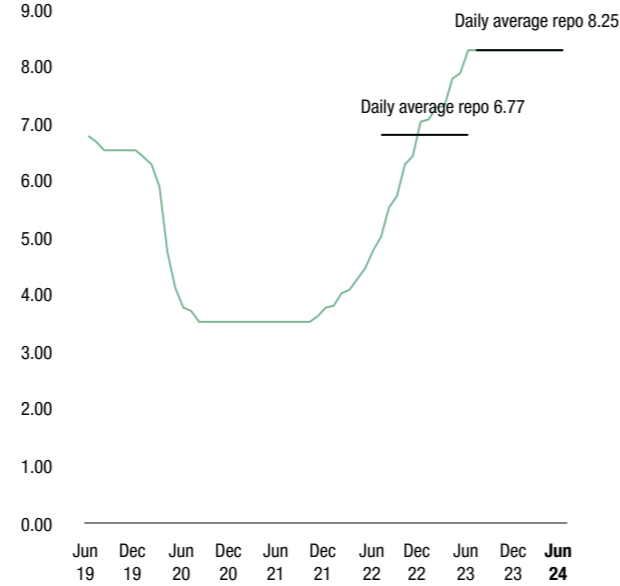
**Net interest income (before impairment of advances) – up 10%**

Net interest income  
(R million)  
NII CAGR 8%



Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

Repo rate  
(%)



With the implementation of the interest rate risk in the banking book framework and the resultant additional granularity, the components of the endowment book have been split out.

Note 1: The average endowment book for FirstRand Bank was c. R321 billion.

Note 2: The average endowment book for broader Africa and the bank's foreign branches was c. R41 billion.

Note 3: Given the substantial UK rate hikes between 2022 and 2023, Aldermore developed an ALM investment strategy. The average net endowment book for the period was c. £700 million (the endowment methodology within Aldermore continues to be developed).

Note 4: Refer to the Basel Pillar 3 disclosures for details of the group's interest rate risk management approach, which is available at [www.firststrand.co.za/investors/integrated-reporting-hub/risk-disclosures/](http://www.firststrand.co.za/investors/integrated-reporting-hub/risk-disclosures/).

**MARGIN CASCADE TABLE**

	Year ended 30 June			Year ended
	2024			30 June
	Average interest-earning assets (R million)	NII (R million)	NIM (%)	NIM (%)
Percentage of average interest-earning banking assets (%)				
<b>Opening normalised margin including UK operations</b>	<b>1 758 081</b>	<b>78 615</b>	<b>4.47</b>	4.40
Impact of UK operations on margin	(422 171)	(13 219)	0.43	0.40
<b>Opening normalised margin excluding UK operations</b>	<b>1 335 910</b>	<b>65 396</b>	<b>4.90</b>	4.80
<b>Asset growth</b>	<b>115 475</b>	<b>5 658</b>		
Balances with central banks	4 568			
Cash and cash equivalents	(10 840)			
Liquid assets	17 267			
Loans and advances	104 480			
<b>Lending interest-earning assets</b>		<b>(950)</b>	<b>(0.07)</b>	(0.16)
Asset pricing		(1 049)	(0.07)	(0.12)
Change in advances mix and other		99	-	(0.04)
<b>Liabilities</b>		<b>(721)</b>	<b>(0.05)</b>	0.09
Deposit endowment		369	0.03	0.15
Deposit pricing		(1 373)	(0.10)	(0.09)
Change in deposit mix and volume		283	0.02	0.03
<b>Capital endowment (including ALM strategies)</b>		<b>1 328</b>	<b>0.09</b>	0.07
<b>Group Treasury, Centre and other activities</b>		<b>468</b>	<b>0.03</b>	0.01
<b>FNB broader Africa</b>		<b>694</b>	<b>0.05</b>	0.09
<b>Closing normalised margin excluding UK operations</b>	<b>1 451 385</b>	<b>71 873</b>	<b>4.95</b>	4.90
<b>Impact of UK operations on margin</b>	<b>473 445</b>	<b>14 232</b>	<b>(0.48)</b>	(0.43)
<b>Closing normalised margin including UK operations</b>	<b>1 924 830</b>	<b>86 105</b>	<b>4.47</b>	4.47

**Net interest income (before impairment of advances)** continued

ACTIVITY ANALYSIS OF NET INTEREST INCOME BEFORE IMPAIRMENT OF ADVANCES

R million	Year ended		% change
	2024	2023	
<b>Net interest income</b>	<b>27 711</b>	25 825	7
Lending	<b>27 711</b>	25 825	7
Transactional*	<b>20 827</b>	20 022	4
Investment deposits	<b>4 255</b>	4 234	-
Capital endowment (including ALM strategies)	<b>11 170</b>	9 891	13
Group Treasury, Centre and other**	<b>2 078</b>	285	>100
FNB broader Africa	<b>5 832</b>	5 139	13
<b>Total NII excluding UK operations</b>	<b>71 873</b>	65 396	10
<b>UK operations</b>	<b>14 232</b>	13 219	8
- Motor finance	<b>4 010</b>	3 660	10
- Aldermore bank	<b>10 222</b>	9 559	7
<b>Total NII including UK operations</b>	<b>86 105</b>	78 615	10

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

\*\* Other includes negative endowment, e.g. fixed assets.

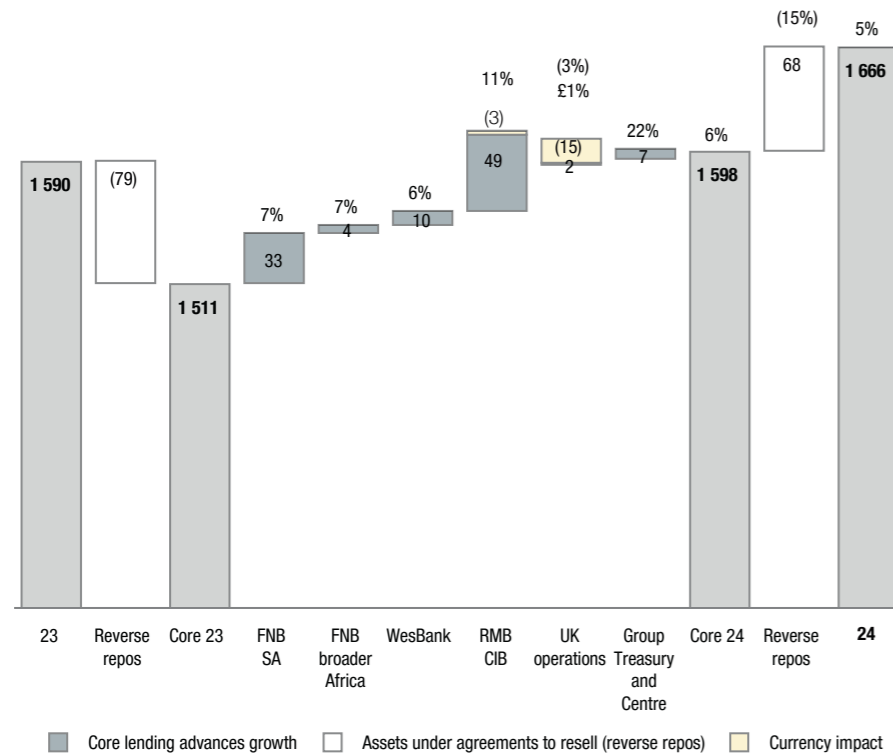
**Key drivers – NII**

- During the year average interest rates increased 148 bps to 8.25% (2023: 6.77%). This had a positive impact on the group's capital and deposit endowment.
- NII growth was driven by continued growth in advances and transactional deposits, supported by the endowment uplift and liquidity management activities.
- Lending NII increased 7%, underpinned by growth in average customer advances. Retail and commercial average advances growth of 7% was driven by residential mortgages, retail unsecured and commercial lending, with margin outcomes still reflecting the origination tilt to better-quality credit. In addition, increases in the behavioural tenor of certain portfolios impacted the effective interest rates used to recognise origination fees over the tenor of the loans. This change in estimates reduced NII by R243 million for the June 2024 financial year. RMB average advances (excluding marketable advances and preference shares) increased 18% year on year due to strong demand for structured lending and general banking facilities.
- The growth in NII on transactional balances reflects increased product volumes and new offerings in FNB retail and commercial, and RMB. The endowment benefit from deposits was largely offset by the ALM strategies. Overall NII growth on transactional balances was also impacted by the shift to investment deposits and the implementation of the deposit insurance scheme (R93 million).
- NII on investment deposits was flat year on year.
- NII on capital endowment benefited from interest rate increases during the reporting period as well as from better investment rates achieved from market volatility. However, this was partially offset by changes in the geographic mix of capital balances and lower ALM investment income. The change in capital mix reflects a relatively higher proportion of capital held outside of FRB, in particular in the UK where the level of rates are lower.
- Group Treasury, the Centre and other NII increased due to:
  - improved liquidity management outcomes year on year, in rand and hard currencies, driven by liability management, lower institutional funding costs and franchise asset growth; and
  - improvements in accounting mismatches.
- FNB broader Africa's NII benefited from higher endowment given the high rate cycle and growth in both advances (+7%) and deposits (+10%).
- The UK operations' NII contracted 3% in pound terms, reflecting muted lending markets (which impacted balance sheet growth) and price-led competitive pressures. This is partly as a consequence of the industry-wide refinancing of the BoE term funding scheme as banks seek to pre-fund the repayment commitments, and resulted in deposit rates that are elevated relative to historical levels. Moreover, heightened competition has reduced lending rates, preventing the full transmission of higher funding costs. The NII growth in rand terms was a result of positive foreign currency translation effects.

**Net interest income (before impairment of advances)** continued

**Core lending advances – up 6%**

Gross advances growth by business  
(R billion)



Note: Percentages are calculated on R million numbers.

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 the UK operations and the RMB cross-border book.

R million	As at 30 June		% change
	2024	2023	
Total advances	1 665 706	1 590 447	5
Assets under agreements to resell	(67 808)	(79 410)	(15)
Total core lending advances (before currency impact)	1 597 898	1 511 037	6
UK operations and dollar cross-border book currency impact*	18 010	–	–
Core lending advances after currency impact	1 615 908	1 511 037	7

\* If the exchange rate (£1 = R22.99 and \$1 = R18.22) had remained unchanged from 30 June 2023 (£1 = R23.95 and \$1 = R18.84). For further information on the exchange rate, refer to page 166.

**Key drivers – advances**

- Core lending advances increased 6% as growth remained resilient across most portfolios, with a deceleration in certain portfolios given the current economic challenges. Excluding the currency impact of the UK operations and the RMB cross-border book, core lending growth was 7%, reflecting the impact of the strengthening of the rand against the pound and US dollar at 30 June 2024.
- SA retail secured advances increased 5% with growth in residential mortgages advances continuing to slow, in line with expectations, given the demand contraction in the housing market due to continued elevated interest rates. WesBank VAF also experienced a slowdown, with 4% advances growth as payouts declined 12% due to lower demand and affordability pressures.
- The unsecured lending portfolio increased 8% year on year. The growth in card (+11%) reflects increased sales and utilisation. The personal loans portfolio growth (+6%) continued to be impacted by declining volumes in the DirectAxis portfolio and the rundown of the Covid-19 relief book, offset by customer demand for term loan products.
- FNB and WesBank commercial delivered good growth given the consistent strategy to focus on targeted origination in sectors and specific customer cohorts, which are expected to perform well even in an inflationary and high interest rate environment. The largest contributors to the growth were asset-based finance (+19%), property finance (+16%), specialised finance (+18%) and the transaction product house (+16%).
- RMB's core advances growth of 11% reflects the targeted origination approach focusing on specific counters (large corporates, infrastructure, private power enablement and family offices), as well as a focus on TTS clients trade flows and capital conversion cycles. The portfolio continued to lean to better-rated counterparties, balancing growth and returns. The cross-border book reflected year-on-year growth of 15% in rand terms and 19% in dollar terms.
- FNB broader Africa advances increased in both rand (+7%) and local currency (+11%), reflecting growth strategies focused on banked customers in the commercial and retail portfolios. The largest contributors to the increase were Zambia (+21%), Botswana (+6%) and Namibia (+6%).
- UK operations advances increased 1% in pound terms, reflecting:
  - Growth of 3% in the property finance portfolio, supported by continued growth in the buy-to-let portfolio and good loan refinancing execution, more than offsetting the impact of subdued owner-occupied markets.
  - Growth of 4% in structured and specialised finance advances was underpinned by targeted origination in the asset finance portfolio, which more than offset the impact of subdued commercial real estate and invoice finance markets.
  - A contraction in the motor finance portfolio of 7% due to subdued motor markets, a maturing portfolio and a focus on ensuring portfolio growth is delivered at appropriate returns.
- Group Treasury and Centre advances increased following the extension of a R3.8 billion liquidity facility to the CoDI related to the deposit insurance scheme, and the transfer of the MotoNovo back book to the Centre (refer to page 83 for details).
- Assets under agreements to resell (reverse repos) decreased due to competitive pricing pressures led by increased system liquidity and availability. Larger deposit quotas with the SARB reduced the demand for interbank reverse repo transactions to clear excess liquidity.

**Net interest income (before impairment of advances)** continued

AVERAGE BALANCE SHEET

R million	Notes	June 2024			June 2023		
		Average balance	Interest income/(expense)	Average rate %	Average balance	Interest income/(expense)	Average rate %
<b>INTEREST-EARNING ASSETS</b>							
<b>Average prime rate (RSA)</b>			<b>11.75</b>				10.27
Balances with central banks		41 506	–	–	36 938	–	–
Cash and cash equivalents*		35 036	1 926	5.50	45 876	2 276	4.96
Liquid assets portfolio**		322 653	22 580	7.00	305 386	18 476	6.05
Loans and advances to customers	1	1 052 190	124 806	11.86	947 710	98 935	10.44
<b>Interest-earning assets</b>		<b>1 451 385</b>	<b>149 312</b>	<b>10.29</b>	<b>1 335 910</b>	<b>119 687</b>	<b>8.96</b>
<b>INTEREST-BEARING LIABILITIES</b>							
<b>Average repo rate (RSA)</b>			<b>8.25</b>				6.77
Deposits due to customers	2	(1 112 234)	(70 330)	6.32	(1 022 872)	(51 712)	5.06
Group Treasury funding		(302 973)	(26 377)	8.71	(290 757)	(18 331)	6.30
<b>Interest-bearing liabilities</b>		<b>(1 415 207)</b>	<b>(96 707)</b>	<b>6.83</b>	<b>(1 313 629)</b>	<b>(70 043)</b>	<b>5.33</b>
<b>ENDOWMENT AND TRADING BOOK</b>							
Other assets#		281 258	–	–	257 975	–	–
Other liabilities†		(155 064)	–	–	(134 332)	–	–
AT1 instruments and NCNR preference shares		(11 587)	–	–	(6 902)	–	–
Equity		(150 785)	–	–	(139 022)	–	–
<b>Endowment and trading book</b>		<b>(36 178)</b>	<b>19 268</b>	<b>(53.25)</b>	<b>(22 281)</b>	<b>15 752</b>	<b>(70.70)</b>
<b>Total interest-bearing liabilities, endowment and trading book</b>		<b>(1 451 385)</b>	<b>(77 439)</b>	<b>5.34</b>	<b>(1 335 910)</b>	<b>(54 291)</b>	<b>4.06</b>
<b>Net interest margin on average interest-earning assets – excluding UK operations</b>							
		<b>1 451 385</b>	<b>71 873</b>	<b>4.95</b>	<b>1 335 910</b>	<b>65 396</b>	<b>4.90</b>
<b>Net interest margin on average interest-earning assets – UK operations</b>							
		<b>473 445</b>	<b>14 232</b>	<b>3.01</b>	<b>422 171</b>	<b>13 219</b>	<b>3.13</b>
– Motor finance		99 209	4 010	4.04	103 464	3 660	3.54
– Aldermore bank		374 236	10 222	2.73	318 707	9 559	3.00
<b>Net interest margin on average interest-earning assets – including UK operations</b>							
		<b>1 924 830</b>	<b>86 105</b>	<b>4.47</b>	<b>1 758 081</b>	<b>78 615</b>	<b>4.47</b>

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

\* Includes margin balances related to derivative transactions.

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

# Include preference share advances, trading assets and securitisation notes.

† Include trading liabilities.

NOTE 1 – MARGIN ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS

R million	June 2024		June 2023	
	Average balance	Average margin %	Average balance	Average margin %
<b>Average prime rate (RSA)</b>		<b>11.75</b>		10.27
<b>Advances</b>				
<b>Retail – secured</b>	<b>380 211</b>	<b>1.85</b>	358 256	1.97
Residential mortgages	268 839	1.35	253 692	1.53
VAF	111 372	3.05	104 564	3.03
<b>Retail – unsecured</b>	<b>98 747</b>	<b>10.57</b>	90 189	10.93
Card	40 419	7.20	35 804	7.33
Personal loans	52 401	13.62	47 868	14.01
Retail other	5 927	6.55	6 517	8.12
<b>Corporate and commercial</b>	<b>512 101</b>	<b>2.21</b>	443 121	2.38
FNB commercial	118 266	3.30	108 080	3.41
– Mortgages	35 101	1.91	31 276	2.17
– Overdrafts	48 690	4.63	44 290	4.66
– Term loans	34 475	2.83	32 514	2.89
WesBank corporate and commercial	57 637	2.15	50 183	2.32
RMB CIB	336 198	1.83	284 858	2.00
<b>FNB broader Africa</b>	<b>61 131</b>	<b>4.22</b>	56 144	4.32
<b>Total advances excluding UK operations</b>	<b>1 052 190</b>	<b>2.98</b>	947 710	3.15
<b>UK operations</b>	<b>363 200</b>	<b>3.92</b>	342 816	3.86
– Motor finance	97 697	4.10	101 798	3.60
– Aldermore bank	265 503	3.85	241 018	3.97
<b>Total advances including UK operations</b>	<b>1 415 390</b>	<b>3.22</b>	1 290 526	3.34

Margin analysis is based on net interest income as a percentage of average advances/deposits. Net interest income 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 transfer pricing framework that transmits the base interest rate, statutory cost and benefits into product pricing, including any regulatory costs 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.



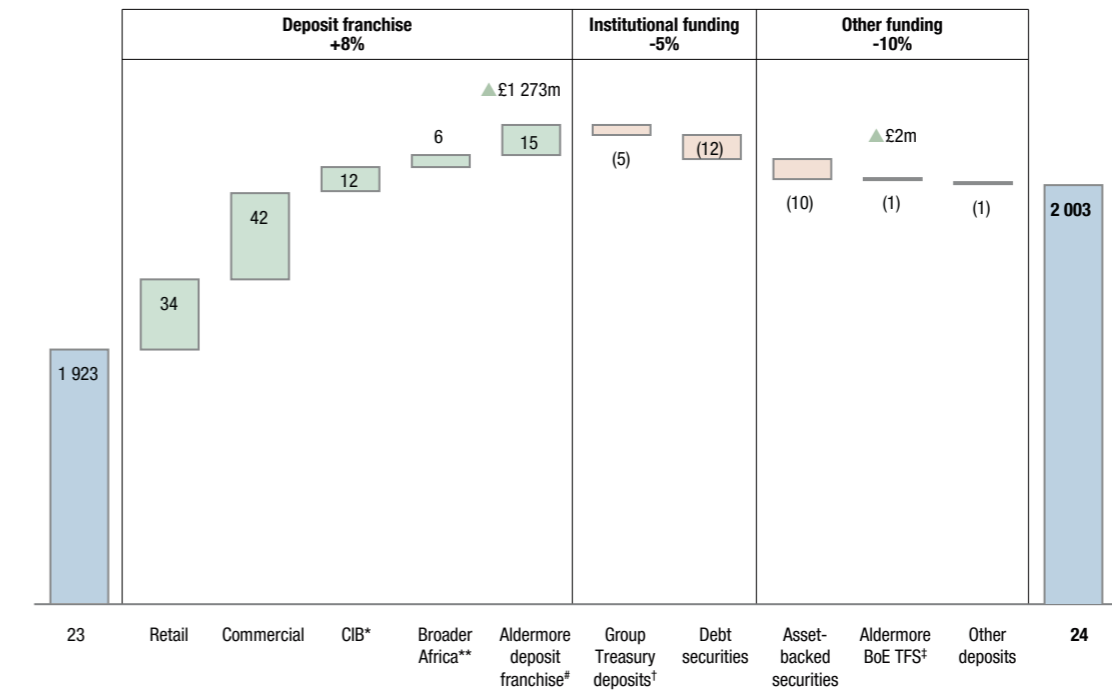
**Net interest income (before impairment of advances)** continued

**Key drivers – advances margin**

- Advances margins continue to reflect the group’s origination approach in retail and stronger growth in lower-margin commercial and corporate portfolios. The market remained highly competitive for all customer segments.
- As a result of this origination tilt and the shift in asset mix, given stronger growth in secured origination replacing the higher margin books as they run off, SA retail margins decreased. Increased interest in suspense on non-performing loans further contributed to margin contraction.
- FNB and WesBank commercial margins decreased as a result of a change in mix of new business, with significant counters repricing on the back of competitive pricing pressures.
- In addition to the factors set out above, retail and commercial mortgage and personal loans margins were impacted by the increases in the behavioural tenor estimates and the cumulative adjustment recognised in the current year, which contributed to margin contraction.
- RMB margins decreased, reflecting competitive pressure in the large corporate client sector as well as portfolio mix changes and client retention strategies.
- FNB broader Africa advances margins declined with the key drivers broadly aligned to those in the SA retail and commercial portfolios, as well as the impact of higher cash-reserve requirements in various jurisdictions.
- The impact of the UK operations on the group’s margin is reflected on page 71. The decrease in the UK operations’ net interest margin reflects competitive pricing pressure in lending markets and a focus on optimising funding costs. MotoNovo margins continued to be impacted by the NOSIA remediation project for a significant portion of the year. In addition, as referenced on page 83, the prior year margin included the MotoNovo back book, while June 2024 excludes the back book.

**Funding – up 4%**

**Funding growth by segment**  
(R billion)



\* South Africa and the London branch.

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

# The Aldermore deposit franchise increased 8% to £16 billion.

† Group Treasury deposits include the SARB funding facility related to the South African Covid-19 government-guaranteed loan scheme and the government’s bounce-back facility.

‡ Aldermore’s BoE term funding scheme increased 0.2% to £1.08 billion.

**Net interest income (before impairment of advances)** continued

**Key drivers – deposits and funding**

**Deposit franchise**

- The ongoing growth in FNB retail (+9%) and commercial (+10%) deposits reflects the focus on maintaining competitive pricing, appropriate client offerings given the cycle and customer take-up of on-platform deposit offerings. Growth was driven by higher client rate investment deposits (+11% retail and +15% in commercial). Transactional deposit growth (+2% in both portfolios) reflects macro pressures weighing on available disposable income and customers seeking higher yields on savings and investments given the rate cycle.
- RMB's strategy to grow primary-banked clients resulted in good growth in operational balances, translating into an overall increase in the deposit franchise of 6%.
- Broader Africa deposits increased 6% in rand terms (+14% on a local currency basis), benefiting from new customer acquisition supported by innovative product offerings.
- Aldermore delivered deposit growth of 8% (in pounds) supported by growth across all core deposit offerings. Personal savings balances increased 8% despite intense competition for consumer deposits, led by strong demand for fixed rate accounts as customers look to take advantage of tax efficient products in the higher interest rate environment. Business savings and corporate treasury balances increased 9% year on year, supported by the launch of a new business customer platform in January 2024. These initiatives support Aldermore's strategy to diversify sources of funding.

**Institutional funding**

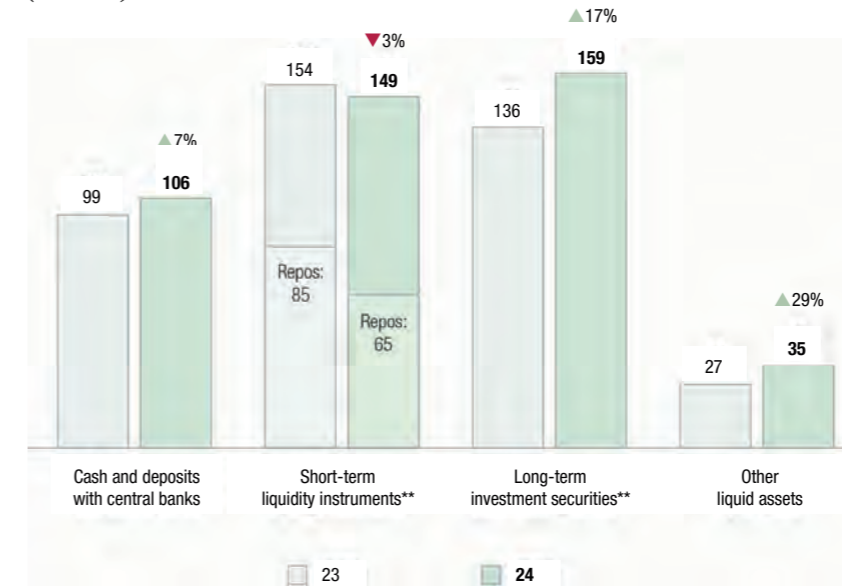
- Strong growth in the deposit franchise reduced reliance on institutional funding. Lower money market issuance was offset by additional senior and thematic capital market issuance, together with Tier 2 and AT1 issuances.

**Other funding**

- Funding from asset-backed securities decreased as a result of the continued amortisation of existing transactions, partially offset by the execution of an SA retail home loan securitisation during the year.
- Aldermore's term funding scheme increased in pound terms as a consequence of interest accrual.

The group manages excess liquidity by deploying it primarily into central bank deposits, treasury bills and government bonds (acquired outright and through reverse repos) in the normal course of business.

**Liquidity management by investment type\***  
(R billion)



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

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

\*\* Restated to reflect a portion of reverse repos as short-term liquidity instruments, reflecting the transaction tenor rather than the tenor of the underlying repo asset.

**Net interest income (before impairment of advances)** continued

NOTE 2 – MARGIN ANALYSIS ON DEPOSITS DUE TO CUSTOMERS

R million	June 2024		June 2023	
	Average balance	Average margin %	Average balance	Average margin %
<b>Average repo rate (RSA)</b>		<b>8.25</b>		6.77
<b>Deposits</b>				
<b>Retail</b>	<b>344 165</b>	<b>1.96</b>	315 134	1.96
Current and savings	<b>92 080</b>	<b>5.74</b>	89 122	5.25
Call	<b>131 797</b>	<b>0.75</b>	118 940	0.85
Term	<b>120 288</b>	<b>0.39</b>	107 072	0.47
<b>Commercial</b>	<b>438 182</b>	<b>2.52</b>	390 151	2.52
Current and savings	<b>148 241</b>	<b>6.05</b>	141 003	5.46
Call	<b>133 978</b>	<b>1.14</b>	120 201	1.34
Term	<b>155 963</b>	<b>0.36</b>	128 947	0.40
<b>Corporate and investment banking</b>	<b>261 549</b>	<b>1.13</b>	257 867	1.03
Current and savings	<b>124 520</b>	<b>1.87</b>	115 070	1.79
Call	<b>84 778</b>	<b>0.57</b>	80 727	0.60
Term	<b>52 251</b>	<b>0.29</b>	62 070	0.16
<b>FNB broader Africa</b>	<b>68 338</b>	<b>3.97</b>	59 720	3.61
<b>Total deposits excluding UK operations</b>	<b>1 112 234</b>	<b>2.11</b>	1 022 872	2.04
UK operations*	<b>418 680</b>	–	363 779	–
<b>Total deposits including Aldermore</b>	<b>1 530 914</b>	<b>1.53</b>	1 386 651	1.50

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

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

**Key drivers – deposit margins**

- FNB’s retail and commercial deposit margins reflect the strategy to offer savings and investment products, which are sold at better rates for customers. Competitive pressures and the implementation of the deposit insurance scheme also impacted margins.
- RMB deposit margins expanded, attributable to a decrease in lower margin earning investment balances and an increase in transactional balances, and an endowment benefit within broader Africa.
- FNB’s broader Africa deposit margins increased year on year, largely as a result of the endowment benefit from the higher interest rate environment.

**Credit**

CREDIT HIGHLIGHTS AT A GLANCE

R million	Notes	Year ended 30 June		
		2024	2023	% change
Total gross advances		<b>1 665 706</b>	1 590 447	5
Total core lending advances	1 on p.100	<b>1 597 898</b>	1 511 037	6
– Performing core lending advances		<b>1 530 058</b>	1 453 605	5
– Stage 1		<b>1 415 192</b>	1 338 938	6
– Stage 2		<b>114 866</b>	114 667	–
– Stage 3/NPLs	3 on p.106	<b>67 840</b>	57 432	18
Assets under agreements to resell		<b>67 808</b>	79 410	(15)
Stage 3/NPLs as a % of core lending advances	3 on p.106	<b>4.25</b>	3.80	
Core lending advances (net of impairment)		<b>1 543 733</b>	1 459 965	6
Total impairments		<b>54 165</b>	51 072	6
Portfolio impairments	2 on p.104	<b>24 228</b>	25 034	(3)
– Stage 1		<b>11 644</b>	12 779	(9)
– Stage 2		<b>12 584</b>	12 255	3
Stage 3 impairments	3 on p.106	<b>29 937</b>	26 038	15
<b>Coverage ratios</b>				
Performing book coverage ratio (%) – core lending advances*	2 on p.104	<b>1.58</b>	1.72	
Specific coverage ratio (%)**	3 on p.106	<b>44.1</b>	45.3	
<b>Income statement analysis</b>				
Impairment charge	4 on p.110	<b>12 555</b>	10 949	15
Credit loss ratio (%) – core lending advances	4 on p.110	<b>0.81</b>	0.78	
Impairment charge excluding UK operations	4 on p.110	<b>12 987</b>	9 023	44
Credit loss ratio excluding UK operations (%) – core lending advances	4 on p.110	<b>1.09</b>	0.84	

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

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

**Updated through-the-cycle range**

The group updated its TTC range for its South African and broader Africa operations (previously 90 bps – 120 bps). This was as a result of changes in the underlying SA retail portfolios’ ranges to cater for product composition shifts and long run actual credit losses. The UK operations previous range of 40 bps – 70 bps was updated as more data is now available in-country, and the credit capability has matured. The total group TTC range has however remained unchanged.

South African and broader Africa operations	100 bps – 130 bps
UK operations	30 bps – 50 bps
<b>Total group</b>	<b>80 bps – 110 bps</b>

**Changes in the presentation of credit information**

**MotoNovo back book**

As MotoNovo’s back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023. Prior year information has not been restated.

**Credit** continued**Impairment charge**

The impairment charge increased 15%, driven mainly by SA retail portfolios on the back of average book growth over the last two financial years, combined with the impact of continued weak macros on the back book. This was offset by an improved credit performance from the UK operations. The CLR at 81 bps (2023: 78 bps) is at the bottom end of the group's TTC range of 80 bps – 110 bps. Excluding the UK operations, the CLR is at 109 bps (2023: 84 bps) which is still below the TTC mid-point of the group (excluding Aldermore) of 100 bps – 130 bps. The impact of the NOSIA remediation process is a 7 bps benefit to the group CLR.

The impairment charge increased R1 606 million, largely attributable to the following factors (a further analysis is contained on pages 86 to 88, and in note 4 on page 110):

- Overall stage 1 provisions decreased R1 135 million, primarily because of lower stage 1 coverage related to the SA retail, broader Africa and UK portfolios, and higher coverage in the commercial and corporate portfolios. The decrease was largely attributable to the UK operations on the back of reducing cost-of-living pressures, coupled with an improved forward looking macro-economic outlook in the retail portfolios resulting in the release of FLI modelled provisions. These releases more than offset provisions raised for new advances growth.
- Overall stage 2 provisions increased R329 million, driven by higher stage 2 advances due to a few significant exposures migrating into stage 2 within RMB and new inflows in the retail unsecured portfolios, reflecting the stressed macro environment and its impact on customers across these portfolios.
- Overall stage 2 coverage increased, largely driven by the retail secured portfolio and corporate, with the stage 2 coverage on the remaining portfolios reducing due to the improved forward looking macro-economic outlook. Stage 2 cover is unpacked on page 96.
- Stage 3 provisions increased as NPL inflows accelerated in line with expectations given the macros, driven largely by the retail personal loans, card, and residential mortgage portfolios.
- The group's stage 3 coverage declined, mainly as a result of the resolution of the NOSIA remediation process, resulting in the release of the cumulative provisions raised to date. Stage 3 coverage in the remaining portfolios was largely maintained at June 2023 levels as changes in coverage levels in the underlying portfolios offset each other. NPL formation in the SA retail portfolio was as a result of new inflows and debt counselling inflows, which have lower coverage. This was partially offset by increases in stage 3 coverage in the commercial portfolio due to mix changes between the secured and unsecured book. These changes are unpacked on page 96.
- Net write-offs increased, driven by higher bad debts written off in the retail unsecured and corporate portfolios, with post-write off recoveries remaining at June 2023 levels.

The increase in the CLR was driven by:

- SA retail's CLR increased to 224 bps, due to strong growth in the unsecured portfolio resulting in front book strain, at higher coverages, increases in both arrears and SICR levels and accelerated NPL formation as economic strain continued to play out in the portfolio. The overall increase was partially offset by moderate reductions in forward looking balance sheet impairments due to an improving macro-outlook in the current year. In addition, the following portfolio specific drivers were noted:
  - Residential mortgages' CLR increased to 45 bps (2023: 18 bps), primarily driven by house-price pressure impacting LGDs, reflected in a year-on-year increase in performing and stage 3 coverage.
  - The WesBank VAF CLR decreased to 162 bps (2023: 165 bps), reflecting slowing advances growth and supported by moderate reductions in forward looking impairments.
- FNB commercial's CLR increased to 69 bps, driven by advances growth as origination strain plays out in the portfolio. The impact of the current economic conditions is less pronounced in this portfolio due to the lag effect of the economic cycle, impacting commercial on a latent basis to retail.

**Impairment charge**

- The RMB (excl HQLA) CLR of 33 bps (2023: 12 bps) was as a result of strong book growth, stress in certain sectors of the South African economy, together with the overall challenging macro environment, which resulted in additional stage 2 and stage 3 provisions being raised. This resulted in increased impairments across the lending and private equity lending portfolios. The prior year charge included the benefit of a debt-to-equity restructure. Refer below for more details.
- Broader Africa's CLR decreased because of releases in modelled FLI provisions across most portfolios due to improved forward looking outlooks in macros and the stabilisation of interest rates, partly offset by deteriorating underlying performance in Namibia and Zambia.
- The UK operations' CLR decreased to a release of 12 bps as the economic outlook stabilised and the resultant decrease in cost-of-living pressures, which allowed for partial provision releases, reducing the CLR by 15 bps. In addition, the resolution of the previously disclosed NOSIA remediation process allowed for further provision releases and recoveries. Excluding the NOSIA remediation process provision release, the UK operations' CLR is 14 bps. The decrease was from a high base as the prior year included prudent modelled FLI provisions, which have now been partially released as the economy in the UK was more benign than expected.
- During the prior year a private equity investee company implemented a debt-to-equity restructure. As a result, a portion of the investee's loan was converted to equity whilst the other was settled according to the contractual terms of the loan. Due to the IFRS requirements, a gain of R715 million was recognised in investment income relating to the portion of the loan that was converted to equity – refer to note 4 on page 115. The portion of the advance settled resulted in a R105 million impairment release, with the majority of the loan being written off (R715 million). The impairment of the equity portion resulting from the restructure was recognised in the share of profits from associates and joint ventures (R820 million) – refer to page 117. The net earnings impact of this transaction was zero.

**Credit** continued

**ANALYSIS OF IMPAIRMENT CHARGE**

R million	Year ended 30 June		% change
	2024	2023	
<b>Movement in balance sheet provisions</b>			
Performing book provisions	(806)	2 622	(>100)
NPL provision	3 899	716	>100
– Provision movements	3 899	1 537	>100
– NPL release due to debt-to-equity restructure*	–	(821)	(100)
Credit provision increase	3 093	3 338	(7)
Gross write-off and other	14 356	12 248	17
– Bad debts written off**	13 732	13 160	4
– Debt-to-equity restructure*	–	716	(100)
– Exchange rate and other	624	(1 628)	(>100)
<b>Amounts recognised directly in income statement</b>			
Modification loss	861	670	29
Interest suspended on stage 3 advances	(3 272)	(2 850)	15
Post write-off recoveries	(2 483)	(2 457)	1
<b>Total impairment charge</b>	<b>12 555</b>	<b>10 949</b>	<b>15</b>
Credit loss ratio (%) - core lending advances	0.81	0.78	
Credit loss ratio excluding UK operations (%) - core lending advances	1.09	0.84	

\* Refer to page 85 for more information on the debt-to-equity restructure.

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

**Income statement components**

The table on the next page analyses the income statement charge based on total balance sheet provision movements and amounts that are recognised directly in the income statement. Below are the definitions of the income statement components.

Income statement component	Definition
<b>Volume change in stage 1</b>	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.
<b>Change in stage 1 coverage</b>	Calculated as the difference in coverage year on year, multiplied by the comparative year stage 1 advances.
<b>Volume change in stage 2</b>	Determined by using the stage 2 coverage in the prior year applied to the movement between prior and current year stage 2 advances.
<b>Change in stage 2 coverage</b>	Calculated as the difference in coverage year on year, multiplied by the comparative year stage 2 advances.
<b>Change in stage 3 provisions</b>	Difference between current and prior year NPLs. Includes the movements in interest suspended on stage 3 advances.
<b>Gross write-offs and other</b>	Gross advances written off and foreign exchange movements, acquisition and disposal of advances and transfers to non-current assets held for sale.

**Credit** continued

**INCOME STATEMENT ANALYSIS**

R million	Year ended						
	Movement in the balance sheet provisions						
	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	Performing book provisions	Change in stage 3 provisions	Credit provision increase
SA retail	173	(423)	413	28	191	3 272	3 463
– Secured	50	(81)	28	184	181	1 311	1 492
– Unsecured	123	(342)	385	(156)	10	1 961	1 971
– Temporary stress scenario	–	–	–	–	–	–	–
Commercial	139	115	46	(276)	24	233	257
Corporate	169	153	416	12	750	(186)	564
Broader Africa	89	(239)	6	40	(104)	89	(15)
UK operations**	(142)	(1 028)	(175)	(75)	(1 420)	735	(685)
Centre**	75	(216)	(108)	2	(247)	(244)	(491)
<b>Total</b>	<b>503</b>	<b>(1 638)</b>	<b>598</b>	<b>(269)</b>	<b>(806)</b>	<b>3 899</b>	<b>3 093</b>

R million	Year ended 30 June 2023						
	Movement in the balance sheet provisions						
	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	Performing book provisions	Change in stage 3 provisions	Credit provision increase
SA retail	236	(412)	465	375	664	434	1 098
– Secured	114	(98)	285	387	688	50	738
– Unsecured	278	(314)	341	(12)	293	384	677
– Temporary stress scenario	(156)	–	(161)	–	(317)	–	(317)
Commercial	95	(151)	89	(49)	(16)	(335)	(351)
Corporate <sup>#</sup>	405	(252)	(47)	(103)	3	(599)	(596)
Broader Africa	124	126	236	(304)	182	102	284
UK operations	432	1 102	94	249	1 877	1 095	2 972
Centre	83	(172)	–	1	(88)	19	(69)
<b>Total</b>	<b>1 375</b>	<b>241</b>	<b>837</b>	<b>169</b>	<b>2 622</b>	<b>716</b>	<b>3 338</b>

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

\*\* The transfer of MotoNovo back book provisions as at 1 July 2023 has been excluded from the UK operations and Centre balance sheet movements, as it has a nil impact on current year ECL provisions raised at an overall group level.

<sup>#</sup> The movement in stage 3 provisions includes the impact of the balance sheet provisions of R716 million written off as part of the debt-to-equity restructure. Refer to page 85 for more information.

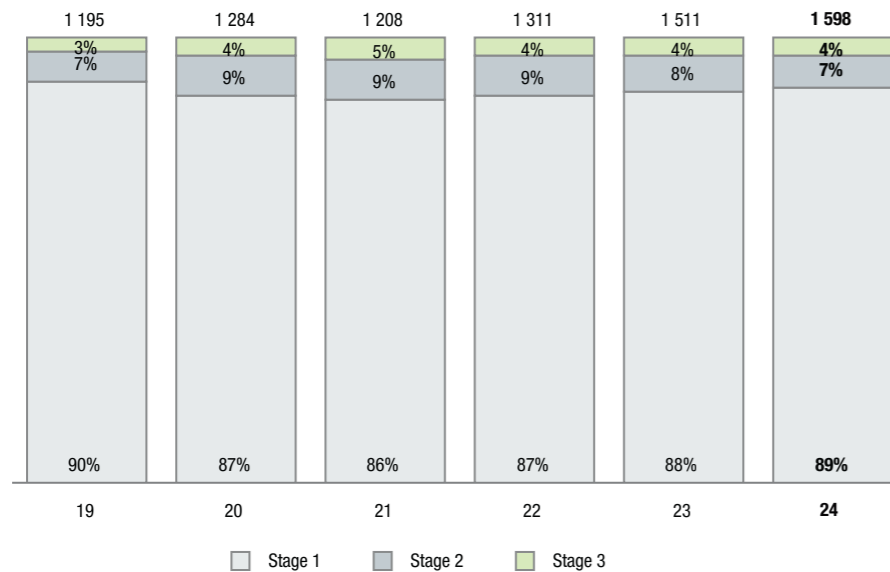
ns	Year ended 30 June 2024						
	Recognised directly in the income statement						
	Gross write-off and other*	Current year ECL provided	Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	Total	CLR %
	10 007	13 470	861	(2 393)	(1 298)	10 640	2.24
	2 296	3 788	84	(647)	(239)	2 986	0.79
	7 711	9 682	777	(1 746)	(1 059)	7 654	7.79
	–	–	–	–	–	–	–
	1 531	1 788	–	(531)	(160)	1 097	0.61
	896	1 460	–	(93)	(5)	1 362	0.32
	883	868	–	(180)	(202)	486	0.62
	978	293	–	(78)	(647)	(432)	(0.12)
	61	(430)	–	3	(171)	(598)	(2.03)
	14 356	17 449	861	(3 272)	(2 483)	12 555	0.81

ns	Year ended 30 June 2023						
	Recognised directly in the income statement						
	Gross write-off and other*	Current year ECL provided	Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	Total	CLR %
	9 493	10 591	675	(2 073)	(1 765)	7 428	1.66
	2 144	2 882	179	(455)	(438)	2 168	0.61
	7 349	8 026	496	(1 618)	(1 327)	5 577	6.13
	–	(317)	–	–	–	(317)	–
	1 741	1 390	(5)	(487)	(225)	673	0.42
	1 105	509	–	(40)	(42)	427	0.12
	644	928	–	(201)	(232)	495	0.69
	(804)	2 168	–	(49)	(193)	1 926	0.57
	69	–	–	–	–	–	–
	12 248	15 586	670	(2 850)	(2 457)	10 949	0.78

**Credit** continued

**Stage distribution**

**Core lending advances by stage**  
(% per stage in R billion)



**Stage 2 advances**

R million	As at 30 June 2024			As at 30 June 2023		
	Stage 2 arrears	Stage 2 current	Total stage 2	Stage 2 arrears	Stage 2 current	Total stage 2
Residential mortgages	5 375	16 874	22 249	5 571	16 895	22 466
WesBank VAF	4 259	8 293	12 552	3 753	8 547	12 300
FNB card	537	2 493	3 030	462	2 557	3 019
Personal loans	2 777	6 156	8 933	2 571	4 930	7 501
Retail other	194	390	584	174	465	639
<b>Total SA retail</b>	<b>13 142</b>	<b>34 206</b>	<b>47 348</b>	12 531	33 394	45 925
FNB commercial	999	7 902	8 901	1 168	7 487	8 655
WesBank corporate and commercial	802	3 039	3 841	730	2 734	3 464
<b>Total SA commercial</b>	<b>1 801</b>	<b>10 941</b>	<b>12 742</b>	1 898	10 221	12 119
<b>Total SA retail and commercial</b>	<b>14 943</b>	<b>45 147</b>	<b>60 090</b>	14 429	43 615	58 044

**Stage distribution of advances**

**Stage 1 advances**

The increase in stage 1 core lending advances reflects the current period advances growth. A further analysis is contained in note 1 on page 100.

**Stage 2 advances**

Stage 2 advances were largely flat, as the increase across most portfolios was offset by a decline in the UK operations and FNB broader Africa. The increase in stage 2 advances reflects advances growth coupled with the impact of interest rate hikes and inflation on customers, with continued repayment pressure being experienced. This resulted in an increase in both stage 2 advances in current status and in arrears. Stage 2 advances continue to consist predominantly of current exposures that are triggered by SICR indicators.

Commentary in the following section refers to stage 2 movements. A further analysis is contained in note 1 on page 100.

- The increase in stage 2 advances across the SA retail portfolios reflects the continued repayment pressure experienced by customers, with an increase in customers entering the debt counselling process. The composition of the stage 2 portfolio continues to be largely driven by exposures triggering the SICR indicators, with the drivers across the portfolios as follows:
  - Residential mortgage stage 2 advances have declined marginally as arrears exposures flowed into NPL. Stage 2 exposures in current status have remained flat.
  - The increase in WesBank VAF stage 2 advances was driven by SICR exposures flowing into arrears, reflecting ongoing pressure from the economic conditions. Overall arrears levels as a percentage of stage 2 advances increased from June 2023.
  - SA retail unsecured stage 2 advances increased since June 2023, driven primarily by stage 2 modelled SICR. Although arrears continue to see inflows, a slowdown in the increase in arrears was noted.
- The increase in FNB commercial and WesBank’s commercial and corporate stage 2 advances was driven by origination strain given book growth. The main contributor was paying accounts in current status as ongoing pressures from interest rate hikes, inflation and logistical constraints triggered SICR indicators in the agric and commercial property finance portfolios.
- RMB stage 2 advances increased year on year as a result of the migration into stage 2 of a few significant exposures, offset to some extent by the migration of a limited number of counters to stage 3. Stage 2 advances as a percentage of overall advances have decreased marginally as a result of the strong book growth.
- Broader Africa stage 2 advances decreased, driven in part by reduced SICR exposures due to an improvement in the macros, most notably in Botswana.
- UK operations stage 2 advances contracted driven by the property and motor portfolio. This was predominantly driven by an improvement in the macro-economic outlook, reducing the probability of default for accounts that were written at the peak of the macro uncertainty, resulting in these exposures curing to stage 1. This was somewhat offset by a deterioration in underlying credit performance, which resulted in some accounts migrating to stage 3. The increase in the structured and specialist finance was due to an enhanced watchlist process for large exposures.

**Credit** continued

**Stage distribution of advances**

**Stage 3 advances/NPLs**

Stage drift continued as the impact of elevated interest rates combined with weak macros played out. As a result, stage 3 advances continued to trend upwards across most portfolios and NPLs as a percentage of core lending advances increased to 4.25% (2023: 3.80%). A further analysis is provided in note 3 on page 106.

- SA retail NPL formation accelerated, increasing 24% year on year. The NPL ratio increased to 8.35% (2023: 7.08%) reflecting the impact of origination strain and inflationary and interest rate pressure on customers, most notably in the residential mortgage and unsecured portfolios. A moderate increase in the proportion of paying stage 3 advances was noted year on year, with a noticeable increase in customers entering the debt counselling process. Retail advances under debt review increased by 16.9% and amounts to 4.2% (2023: 3.8%) of total retail advances. The increase is driven by value rather than volume as more customers in higher-income segments with higher average balances went into debt review, including many who have not yet fallen into arrears.
- FNB commercial and WesBank corporate and commercial NPL advances remained relatively flat since June 2023, driven by low inflows and good collections performance, resulting in clients curing out of stage 3.
- The decrease of 9% in RMB NPLs can be attributed to the settlement and write-off of specific exposures, partially offset by the inflow of highly collateralised counterparties into NPLs. The RMB NPL ratio improved from 1.33% (2023) to 1.09% with coverage remaining stable at 37.3% from 37.4% in 2023.
- NPLs in broader Africa increased since June 2023 due to continuing customer strain across all jurisdictions, most notably in Namibia and Ghana. The NPL ratio increased to 4.89% (2023: 4.62%).
- The UK operations' NPLs increased 24% (in pound terms) driven by economic pressures and rate shocks from customers that were refinanced onto higher rates. The motor portfolio continued to be impacted by the NOSIA remediation activities, which limited the ability to enforce collection for a significant portion of the financial year, with resolution towards latter part of the financial year. These factors, coupled with muted advances growth, resulted in the NPL ratio increasing to 3.35% (2023: 2.72%).

**Stage 3 non-performing loans**

**CHANGE IN NPLs**

	30 June 2024 vs 30 June 2023		
	R million	% change	Percentage point contribution to overall NPL increase
Operational NPLs*	5 871	17	10
Other paying NPLs**	2 608	25	5
<b>NPLs (excluding UK operations)</b>	<b>8 479</b>	<b>18</b>	<b>15</b>
UK operations	1 929	19	3
<b>Change in total group NPLs</b>	<b>10 408</b>	<b>18</b>	<b>18</b>

\* Include debt-review and other core lending advances  $\geq 90$  days in arrears.

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

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

R million	As at 30 June 2024			As at 30 June 2023		
	Operational NPLs*	Other paying NPLs**	Total NPLs	Operational NPLs*	Other paying NPLs**	Total NPLs
Residential mortgages	11 920	6 303	18 223	9 485	4 588	14 073
WesBank VAF	4 794	2 422	7 216	4 076	2 093	6 169
FNB card	4 128	1 105	5 233	3 152	905	4 057
Personal loans	6 456	2 552	9 008	5 735	1 812	7 547
Retail other	894	121	1 015	805	119	924
<b>Total SA retail</b>	<b>28 192</b>	<b>12 503</b>	<b>40 695</b>	<b>23 253</b>	<b>9 517</b>	<b>32 770</b>
FNB commercial	4 444	289	4 733	4 294	479	4 773
WesBank corporate and commercial	852	257	1 109	621	445	1 066
<b>Total SA commercial</b>	<b>5 296</b>	<b>546</b>	<b>5 842</b>	<b>4 915</b>	<b>924</b>	<b>5 839</b>
<b>Total SA retail and commercial</b>	<b>33 488</b>	<b>13 049</b>	<b>46 537</b>	<b>28 168</b>	<b>10 441</b>	<b>38 609</b>

\* Include core lending advances and debt-review advances  $\geq 90$  days in arrears.

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

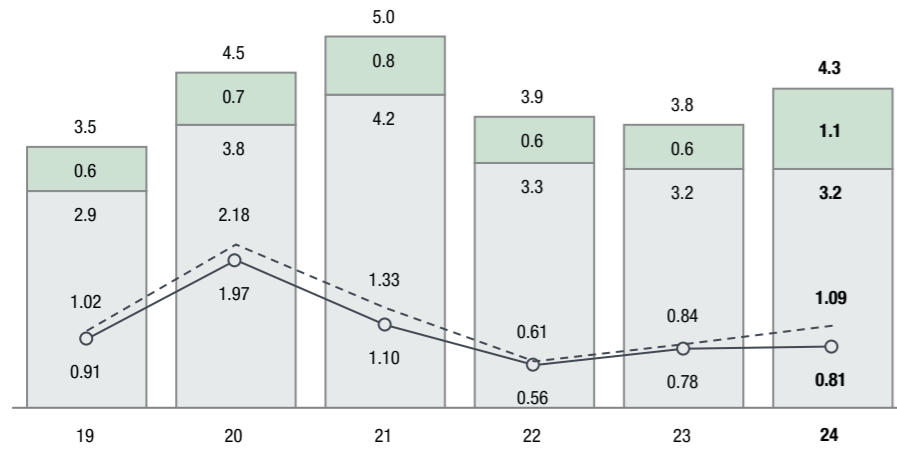


**Credit** continued

**Stage 3 non-performing loans**

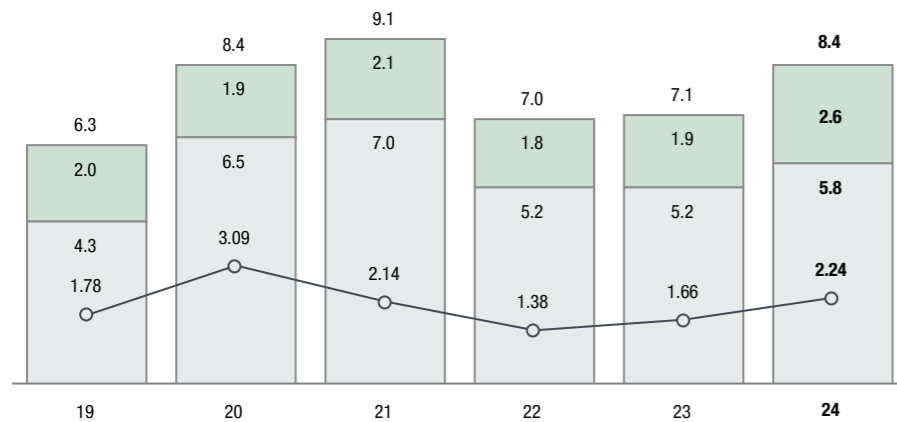
**NPL and impairment history**

%



**SA retail NPLs and impairments**

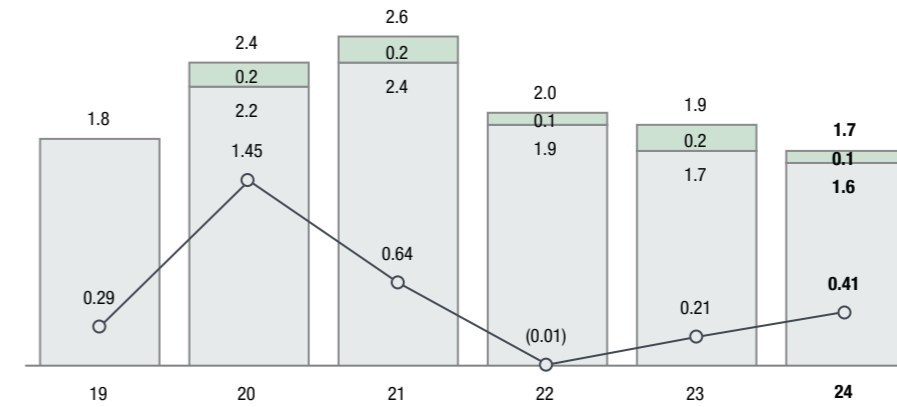
%



Stage 3/NPLs as a % of core lending advances  
 Debt-review and other advances <90 days in arrears and still subject to curing criteria 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

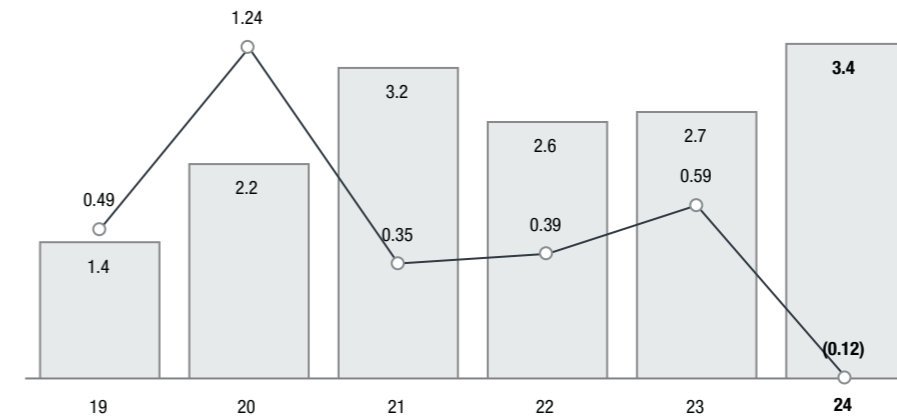
**SA corporate and commercial NPLs and impairments**

%



**UK operations NPLs and impairments**

£%



Stage 3/NPLs as a % of core lending advances  
 Debt-review and other advances <90 days in arrears and still subject to curing criteria as a % of core lending advances  
 Impairment charge as a % of average core lending advances

**Credit** continued

**Coverage**

The performing book coverage decreased to 1.58% (2023: 1.72%). The decline was largely driven by reduced cost-of-living pressures in the UK portfolio, FLI releases as a consequence of an improved forward-looking macro outlook and the change in mix towards a higher proportion of secured advances driven by the higher growth in RMB and FNB commercial, which attracts lower coverages than the retail book. The performing book coverage decrease is also reflective of the quality of new front book origination.

The overall decline in the group NPL coverage was driven by the UK operations. Excluding the UK operations, NPL coverage remained largely similar to June 2023 levels given increased coverage in the unsecured retail, residential mortgages and commercial portfolios, offset by declines in the remaining portfolios. Despite the decrease in stage 3 coverage, balance sheet provisions are in line with pre-pandemic levels.

**Performing coverage**

A further analysis is provided in note 2 on pages 104.

- SA retail performing coverage decreased primarily due to an improved baseline outlook (specifically related to lower forward looking inflation and interest rate outlooks), resulting in a release of FLI provisions.
- Residential mortgages performing coverage increased, primarily to reflect the latest negative growth trends in house prices observed, and the subsequent impact it has on modelled LGDs.
- FNB commercial performing coverage reduced, mainly due to the release of industry-specific and event risk provisions, and certain exposures curing to stage 1 (at lower coverage levels).
- RMB core advances performing coverage increased 6 bps despite strong book growth to better-rated counterparties, driven by the migration of a few but large exposures to stage 2 (at higher coverage levels).
- Broader Africa performing coverage declined, largely driven by book growth and an improved macro-outlook in certain countries.
- Performing coverage in the UK operations decreased across all portfolios, mainly due to the release of cost-of-living provisions as the macroeconomic outlook stabilised and exposures migrate to stage 3.

**Stage 3 coverage**

A further analysis is provided in note 3 on pages 106.

- SA retail NPL coverage decreased marginally since June 2023 due to new NPL inflows (including more debt counselling accounts), requiring lower coverage, coupled with the write-offs of higher-covered loans. The overall coverage levels were further impacted by the following:
  - Residential mortgages coverage increased despite an increase in the overall paying stage 3 advances, to reflect recent negative growth trends in house prices.
  - WesBank VAF coverage decreased due to the relative mix change between paying and operational NPLs, and curing.
  - SA retail unsecured coverage increased marginally, as an increase in coverage in the card portfolio was partially offset by a decrease in the personal loans portfolio. In the card portfolio, NPL inflows were driven by non-paying customers, while in the personal loans portfolio there was a higher increase in paying NPLs and customers entering debt counselling, compared to operational NPLs.
- FNB commercial and WesBank corporate and commercial's coverage increased mainly due to a mix change between the secured and unsecured book, and the curing of lower covered clients.
- Stage 3 coverage declined marginally in RMB despite the write-off and settlements of significant exposures as the impact was largely offset by new inflows of highly collateralised counterparties into NPL.
- UK operations stage 3 coverage decreased from June 2023 levels across all portfolios. This was in part driven by the transfer of the MotoNovo back book to the Centre effective 1 July 2023 and as a result of the resolution of the NOSIA remediation process, resulting in the release of the cumulative provisions raised in the past in the motor portfolio. In the Aldermore property finance portfolio, coverage decreased due to the release of FLI provisions as macro forecasts improved. Structured and specialised finance coverage decreased despite the increase in stage 3 advances, impacted by the write-off of large exposures and the stabilisation of commercial real estate prices.

**Movement in balance sheet impairments**

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

R million	30 June 2024				30 June 2023			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
<b>Opening balance</b>	<b>51 072</b>	<b>12 779</b>	<b>12 255</b>	<b>26 038</b>	47 734	11 163	11 249	25 322
Total credit provision increase/(release)	<b>3 093</b>	<b>(1 135)</b>	<b>329</b>	<b>3 899</b>	3 338	1 616	1 006	716
Transfers between stages	–	<b>891</b>	<b>(3 418)</b>	<b>2 527</b>	–	833	(2 386)	1 553
Current year impairment provided	<b>17 449</b>	<b>(1 836)</b>	<b>3 868</b>	<b>15 417</b>	15 586	156	3 143	12 287
ECL provided on new business*	<b>7 410</b>	<b>2 922</b>	<b>2 196</b>	<b>2 292</b>	8 267	3 430	2 652	2 185
ECL provided/(released) on back book*	<b>10 039</b>	<b>(4 758)</b>	<b>1 672</b>	<b>13 125</b>	7 691	(3 095)	684	10 102
Temporary stress scenario	–	–	–	–	(372)	(179)	(193)	–
Gross write-off and other**	<b>(14 356)</b>	<b>(190)</b>	<b>(121)</b>	<b>(14 045)</b>	(12 248)	627	249	(13 124)
<b>Closing balance</b>	<b>54 165</b>	<b>11 644</b>	<b>12 584</b>	<b>29 937</b>	51 072	12 779	12 255	26 038

\* Interest suspended on stage 3 core lending advances of R3 272 million (June 2023: R2 850 million) is included in the expected credit losses provided/(released) amounts.

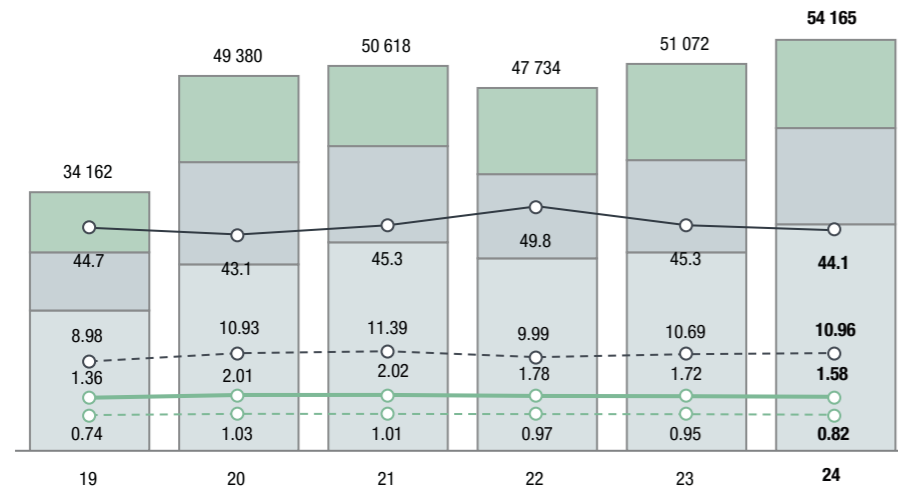
\*\* Write-off of gross balances, excluding prior year provisions held, which have been recognised in the income statement over various reporting periods.

Note: The basis of presentation of this reconciliation can be found in Note 11 – Advances in the annual financial statements on the group's website at [www.firstrand.co.za/investors/integrated-reporting/](http://www.firstrand.co.za/investors/integrated-reporting/).

**Credit** continued

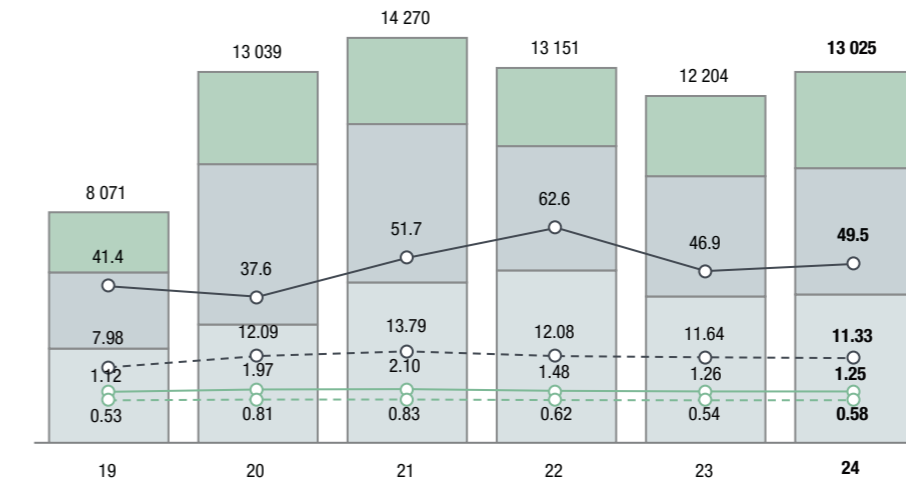
**Balance sheet impairments and coverage ratios**

(R million and %)



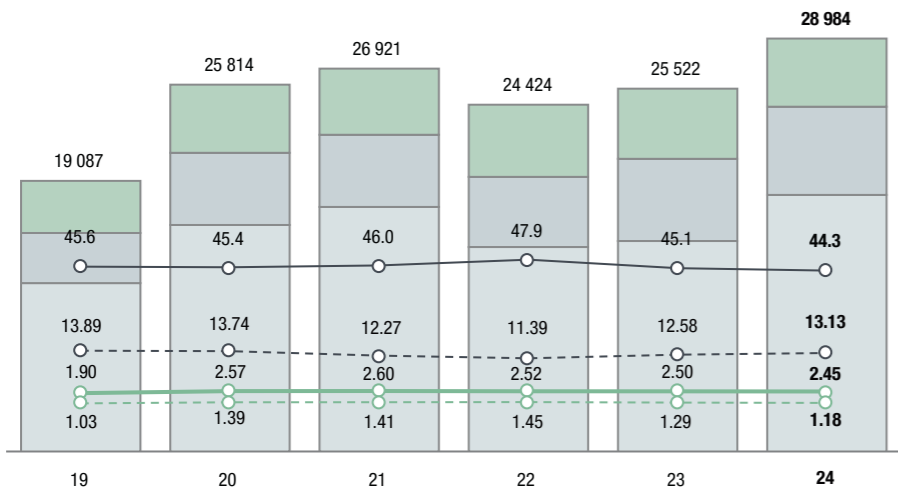
**SA corporate and commercial balance sheet impairments and coverage ratios**

(R million and %)



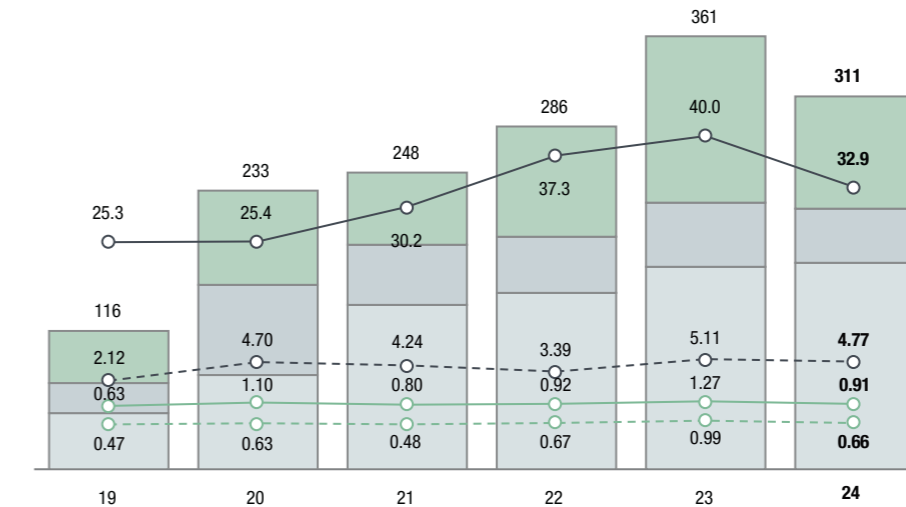
**SA retail balance sheet impairments and coverage ratios**

(R million and %)



**UK operations balance sheet impairments and coverage ratios**

(£ million and %)



- Stage 3
- Stage 2
- Stage 1
- Specific/NPL coverage ratio (%)
- Stage 2 coverage ratio (%)
- Performing book coverage ratio (%) – core lending advances
- Stage 1 coverage ratio (%) – core lending advances

- Stage 3
- Stage 2
- Stage 1
- Specific/NPL coverage ratio (%)
- Stage 2 coverage ratio (%)
- Performing book coverage ratio (%) – core lending advances
- Stage 1 coverage ratio (%) – core lending advances

**Credit** continued

**Supplementary credit information**

**Note 1: Analysis of advances**

Advances

R million	Advances										% composition 2024
	As at 30 June			As at 30 June 2024			As at 30 June 2023				
	2024	2023	% change	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3		
<b>SA retail</b>	<b>487 381</b>	463 041	5	<b>399 338</b>	<b>47 348</b>	<b>40 695</b>	384 346	45 925	32 770	<b>28</b>	
<b>Retail – secured</b>	<b>385 407</b>	368 414	5	<b>325 167</b>	<b>34 801</b>	<b>25 439</b>	313 406	34 766	20 242	<b>23</b>	
Residential mortgages	<b>272 363</b>	259 635	5	<b>231 891</b>	<b>22 249</b>	<b>18 223</b>	223 096	22 466	14 073	<b>16</b>	
WesBank VAF	<b>113 044</b>	108 779	4	<b>93 276</b>	<b>12 552</b>	<b>7 216</b>	90 310	12 300	6 169	<b>7</b>	
<b>Retail – unsecured</b>	<b>101 974</b>	94 627	8	<b>74 171</b>	<b>12 547</b>	<b>15 256</b>	70 940	11 159	12 528	<b>5</b>	
FNB card	<b>41 374</b>	37 149	11	<b>33 111</b>	<b>3 030</b>	<b>5 233</b>	30 073	3 019	4 057	<b>2</b>	
Personal loans	<b>53 286</b>	50 072	6	<b>35 345</b>	<b>8 933</b>	<b>9 008</b>	35 024	7 501	7 547	<b>3</b>	
– FNB and DirectAxis	<b>52 728</b>	48 926	8	<b>35 021</b>	<b>8 834</b>	<b>8 873</b>	34 276	7 290	7 360	<b>3</b>	
– Covid-19 relief	<b>558</b>	1 146	(51)	<b>324</b>	<b>99</b>	<b>135</b>	748	211	187	<b>–</b>	
Retail other	<b>7 314</b>	7 406	(1)	<b>5 715</b>	<b>584</b>	<b>1 015</b>	5 843	639	924	<b>–</b>	
<b>SA corporate and commercial</b>	<b>637 554</b>	571 918	11	<b>587 871</b>	<b>39 187</b>	<b>10 496</b>	524 482	36 461	10 975	<b>39</b>	
<b>FNB commercial</b>	<b>129 844</b>	116 448	12	<b>116 210</b>	<b>8 901</b>	<b>4 733</b>	103 020	8 655	4 773	<b>8</b>	
– FNB commercial	<b>129 256</b>	115 533	12	<b>115 688</b>	<b>8 901</b>	<b>4 667</b>	102 188	8 655	4 690	<b>8</b>	
– SME government-guaranteed loan scheme	<b>588</b>	915	(36)	<b>522</b>	<b>–</b>	<b>66</b>	832	–	83	<b>–</b>	
<b>WesBank corporate and commercial</b>	<b>60 218</b>	54 212	11	<b>55 268</b>	<b>3 841</b>	<b>1 109</b>	49 682	3 464	1 066	<b>4</b>	
<b>RMB CIB*</b>	<b>426 928</b>	387 137	10	<b>395 829</b>	<b>26 445</b>	<b>4 654</b>	357 659	24 342	5 136	<b>26</b>	
– Lending	<b>417 164</b>	378 314	10	<b>389 584</b>	<b>23 553</b>	<b>4 027</b>	351 644	22 130	4 540	<b>25</b>	
– Loans to private equity investee companies	<b>9 764</b>	8 823	11	<b>6 245</b>	<b>2 892</b>	<b>627</b>	6 015	2 212	596	<b>1</b>	
<b>HQLA corporate advances *,**</b>	<b>20 564</b>	14 121	46	<b>20 564</b>	<b>–</b>	<b>–</b>	14 121	–	–	<b>1</b>	
<b>Broader Africa#</b>	<b>80 711</b>	76 804	5	<b>69 695</b>	<b>7 071</b>	<b>3 945</b>	65 913	7 346	3 545	<b>5</b>	
FNB	<b>62 463</b>	58 418	7	<b>52 535</b>	<b>5 997</b>	<b>3 931</b>	48 417	6 491	3 510	<b>4</b>	
RMB CIB*	<b>18 248</b>	18 386	(1)	<b>17 160</b>	<b>1 074</b>	<b>14</b>	17 496	855	35	<b>1</b>	
<b>Centre (including Group Treasury)</b>	<b>32 454</b>	26 532	22	<b>31 808</b>	<b>13</b>	<b>633</b>	26 489	43	–	<b>2</b>	
Securitisation notes	<b>26 951</b>	25 359	6	<b>26 951</b>	<b>–</b>	<b>–</b>	25 359	–	–	<b>2</b>	
Other	<b>5 503</b>	1 173	>100	<b>4 857</b>	<b>13</b>	<b>633</b>	1 130	43	–	<b>–</b>	
<b>Total core lending advances excluding UK operations</b>	<b>1 238 100</b>	1 138 295	9	<b>1 088 712</b>	<b>93 619</b>	<b>55 769</b>	1 001 230	89 775	47 290	<b>74</b>	
<b>UK operations (£ million)</b>	<b>15 648</b>	15 561	1	<b>14 199</b>	<b>924</b>	<b>525</b>	14 099	1 039	423		
Property finance	<b>7 833</b>	7 581	3	<b>7 282</b>	<b>267</b>	<b>284</b>	6 965	388	228		
Structured and specialist finance	<b>3 717</b>	3 583	4	<b>3 186</b>	<b>449</b>	<b>82</b>	3 247	277	59		
Motor finance	<b>4 098</b>	4 397	(7)	<b>3 731</b>	<b>208</b>	<b>159</b>	3 887	374	136		
<b>UK operations (R million)</b>	<b>359 798</b>	372 742	(3)	<b>326 480</b>	<b>21 247</b>	<b>12 071</b>	337 708	24 892	10 142	<b>22</b>	
<b>Total core lending advances including UK operations</b>	<b>1 597 898</b>	1 511 037	6	<b>1 415 192</b>	<b>114 866</b>	<b>67 840</b>	1 338 938	114 667	57 432	<b>96</b>	
<b>Assets under agreements to resell</b>	<b>67 808</b>	79 410	(15)	<b>67 808</b>	<b>–</b>	<b>–</b>	79 410	–	–	<b>4</b>	
<b>Total advances</b>	<b>1 665 706</b>	1 590 447	5	<b>1 483 000</b>	<b>114 866</b>	<b>67 840</b>	1 418 348	114 667	57 432	<b>100</b>	
<b>Total advances excluding currency impact of UK operations and RMB cross-border†</b>	<b>1 683 716</b>	1 590 447	6	<b>1 499 470</b>	<b>115 863</b>	<b>68 383</b>	1 418 348	114 667	57 432		
Of which:											
Amortised cost book	<b>1 551 374</b>	1 459 196	6	<b>1 371 586</b>	<b>112 872</b>	<b>66 916</b>	1 292 764	109 777	56 655	<b>93</b>	
Fair value book	<b>114 332</b>	131 251	(13)	<b>111 414</b>	<b>1 994</b>	<b>924</b>	125 584	4 890	777	<b>7</b>	

\* RMB CIB, HQLA and RMB broader Africa core lending advances of R465.7 billion (June 2023: R419.6 billion).

\*\* Managed by the Group Treasurer.

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

† If the exchange rate had remained unchanged from 30 June 2023.

**Credit** continued

**CIB ADVANCES BREAKDOWN**

R million	Advances			% composition 2024
	As at 30 June		% change	
	2024	2023		
<b>RMB CIB core lending advances</b>	<b>426 928</b>	387 137	10	<b>82</b>
– South Africa	<b>339 602</b>	311 019	9	<b>65</b>
– Cross-border (broader Africa)	<b>87 326</b>	76 118	15	<b>17</b>
– Cross-border (broader Africa) – \$ million	<b>4 793</b>	4 040	19	
<b>HQLA corporate advances*</b>	<b>20 564</b>	14 121	46	<b>4</b>
<b>RMB broader Africa (in-country)</b>	<b>18 248</b>	18 386	(1)	<b>3</b>
<b>CIB total core lending advances</b>	<b>465 740</b>	419 644	11	<b>89</b>
<b>CIB total lending advances</b>	<b>455 976</b>	410 821	11	<b>87</b>
<b>CIB shareholder loans to private equity investing companies</b>	<b>9 764</b>	8 823	11	<b>2</b>
<b>CIB total core lending advances</b>	<b>465 740</b>	419 644	11	<b>89</b>
CIB core advances – South Africa**	<b>360 166</b>	325 140	11	<b>69</b>
CIB core advances – broader Africa#	<b>105 574</b>	94 504	12	<b>20</b>
<b>CIB total core lending advances</b>	<b>465 740</b>	419 644	11	<b>89</b>
<b>Assets under agreements to resell</b>	<b>60 352</b>	65 005	(7)	<b>11</b>
<b>CIB total advances</b>	<b>526 092</b>	484 649	9	<b>100</b>
<b>RMB cross-border total advances excluding currency impact†</b>	<b>90 300</b>	76 118	19	

\* 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 2023.

**CENTRE (INCLUDING GROUP TREASURY) ADVANCES BREAKDOWN**

R million	Advances			% composition 2024
	As at 30 June		% change	
	2024	2023		
Core lending advances*	<b>32 454</b>	26 532	22	<b>81</b>
Assets under agreements to resell	<b>7 456</b>	14 405	(48)	<b>19</b>
<b>Total advances</b>	<b>39 910</b>	40 937	(3)	<b>100</b>

\* Includes MotoNovo back book effective 1 July 2023. Comparatives have not been restated.

**CREDIT OVERVIEW – TOTAL UK OPERATIONS**

£ million	Total UK operations	Property finance	Structured and specialist finance	Motor finance
<b>Year ended 30 June 2024</b>				
Total gross advances	<b>15 648</b>	<b>7 833</b>	<b>3 717</b>	<b>4 098</b>
– Stage 1	<b>14 199</b>	<b>7 282</b>	<b>3 186</b>	<b>3 731</b>
– Stage 2	<b>924</b>	<b>267</b>	<b>449</b>	<b>208</b>
– Stage 3/NPLs	<b>525</b>	<b>284</b>	<b>82</b>	<b>159</b>
Stage 3/NPLs as a % of advances*	<b>3.35</b>	<b>3.64</b>	<b>2.19</b>	<b>3.87</b>
Total impairments	<b>311</b>	<b>60</b>	<b>73</b>	<b>178</b>
– Portfolio impairments	<b>138</b>	<b>26</b>	<b>50</b>	<b>62</b>
– Stage 1	<b>94</b>	<b>19</b>	<b>31</b>	<b>44</b>
– Stage 2	<b>44</b>	<b>7</b>	<b>19</b>	<b>18</b>
– Stage 3 impairments	<b>173</b>	<b>34</b>	<b>23</b>	<b>116</b>
<b>Coverage ratios</b>				
Performing book coverage ratio (%)*	<b>0.91</b>	<b>0.35</b>	<b>1.36</b>	<b>1.58</b>
– Stage 1 (%)*	<b>0.66</b>	<b>0.27</b>	<b>0.96</b>	<b>1.17</b>
– Stage 2 (%)*	<b>4.77</b>	<b>2.53</b>	<b>4.19</b>	<b>8.90</b>
Specific coverage ratio (%)*	<b>32.9</b>	<b>11.8</b>	<b>28.8</b>	<b>72.9</b>
<b>Income statement analysis</b>				
Impairment charge	<b>(18)</b>	<b>(29)</b>	<b>10</b>	<b>1</b>
Credit loss ratio (%)*	<b>(0.12)</b>	<b>(0.37)</b>	<b>0.25</b>	<b>0.02</b>
<b>Year ended 30 June 2023</b>				
Total gross advances	15 561	7 581	3 583	4 397
– Stage 1	14 099	6 965	3 247	3 887
– Stage 2	1 039	388	277	374
– Stage 3/NPLs	423	228	59	136
Stage 3/NPLs as a % of advances*	2.72	3.01	1.65	3.10
Total impairments	361	89	75	197
– Portfolio impairments	192	60	56	76
– Stage 1	139	51	40	48
– Stage 2	53	9	16	28
– Stage 3 impairments	169	29	19	121
<b>Coverage ratios</b>				
Performing book coverage ratio (%)*	1.27	0.82	1.59	1.78
– Stage 1 (%)*	0.99	0.74	1.24	1.23
– Stage 2 (%)*	5.11	2.33	5.76	7.50
Specific coverage ratio (%)*	40.0	12.9	31.6	88.9
<b>Income statement analysis</b>				
Impairment charge	90	29	22	39
Credit loss ratio (%)*	0.59	0.40	0.61	0.89

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

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

## Total portfolio impairments

R million	Total portfolio impairments												
	As at 30 June			As at 30 June				Performing book coverage ratios (% of performing core lending advances)					
	2024	2023	% change	2024		2023		As at 30 June			2023	Stage 1	Stage 2
				Stage 1	Stage 2	Stage 1	Stage 2	2024	Stage 1	Stage 2			
<b>SA retail</b>	<b>10 940</b>	10 749	2	<b>4 721</b>	<b>6 219</b>	4 971	5 778	<b>2.45</b>	<b>1.18</b>	<b>13.13</b>	2.50	1.29	12.58
<b>Retail – secured</b>	<b>4 563</b>	4 382	4	<b>1 396</b>	<b>3 167</b>	1 427	2 955	<b>1.27</b>	<b>0.43</b>	<b>9.10</b>	1.26	0.46	8.50
Residential mortgages	<b>1 704</b>	1 508	13	<b>414</b>	<b>1 290</b>	432	1 076	<b>0.67</b>	<b>0.18</b>	<b>5.80</b>	0.61	0.19	4.79
WesBank VAF	<b>2 859</b>	2 874	(1)	<b>982</b>	<b>1 877</b>	995	1 879	<b>2.70</b>	<b>1.05</b>	<b>14.95</b>	2.80	1.10	15.28
<b>Retail – unsecured</b>	<b>6 377</b>	6 367	–	<b>3 325</b>	<b>3 052</b>	3 544	2 823	<b>7.35</b>	<b>4.48</b>	<b>24.32</b>	7.76	5.00	25.30
FNB card	<b>1 930</b>	1 919	1	<b>1 157</b>	<b>773</b>	1 165	754	<b>5.34</b>	<b>3.49</b>	<b>25.51</b>	5.80	3.87	24.98
Personal loans	<b>3 996</b>	3 970	1	<b>1 884</b>	<b>2 112</b>	2 069	1 901	<b>9.02</b>	<b>5.33</b>	<b>23.64</b>	9.34	5.91	25.34
– FNB and DirectAxis	<b>3 961</b>	3 885	2	<b>1 869</b>	<b>2 092</b>	2 026	1 859	<b>9.03</b>	<b>5.34</b>	<b>23.68</b>	9.35	5.91	25.50
– Covid-19 relief	<b>35</b>	85	(59)	<b>15</b>	<b>20</b>	43	42	<b>8.27</b>	<b>4.63</b>	<b>20.20</b>	8.86	5.75	19.91
Retail other	<b>451</b>	478	(6)	<b>284</b>	<b>167</b>	310	168	<b>7.16</b>	<b>4.97</b>	<b>28.60</b>	7.37	5.31	26.29
<b>SA corporate and commercial</b>	<b>7 832</b>	7 058	11	<b>3 391</b>	<b>4 441</b>	2 815	4 243	<b>1.25</b>	<b>0.58</b>	<b>11.33</b>	1.26	0.54	11.64
<b>FNB commercial</b>	<b>2 142</b>	2 171	(1)	<b>1 195</b>	<b>947</b>	958	1 213	<b>1.71</b>	<b>1.03</b>	<b>10.64</b>	1.94	0.93	14.02
– FNB commercial	<b>2 097</b>	2 144	(2)	<b>1 150</b>	<b>947</b>	931	1 213	<b>1.68</b>	<b>0.99</b>	<b>10.64</b>	1.93	0.91	14.02
– SME government-guaranteed loan scheme	<b>45</b>	27	67	<b>45</b>	<b>–</b>	27	–	<b>8.62</b>	<b>8.62</b>	<b>–</b>	3.25	3.25	–
<b>WesBank corporate and commercial</b>	<b>392</b>	339	16	<b>245</b>	<b>147</b>	228	111	<b>0.66</b>	<b>0.44</b>	<b>3.83</b>	0.64	0.46	3.20
<b>RMB CIB</b>	<b>5 298</b>	4 548	16	<b>1 951</b>	<b>3 347</b>	1 629	2 919	<b>1.25</b>	<b>0.49</b>	<b>12.66</b>	1.19	0.46	11.99
– Lending	<b>4 014</b>	3 509	14	<b>1 863</b>	<b>2 151</b>	1 530	1 979	<b>0.97</b>	<b>0.48</b>	<b>9.13</b>	0.94	0.44	8.94
– Loans to private equity investee companies	<b>1 284</b>	1 039	24	<b>88</b>	<b>1 196</b>	99	940	<b>14.05</b>	<b>1.41</b>	<b>41.36</b>	12.63	1.65	42.50
<b>Broader Africa*</b>	<b>1 989</b>	2 093	(5)	<b>1 135</b>	<b>854</b>	1 285	808	<b>2.59</b>	<b>1.63</b>	<b>12.08</b>	2.86	1.95	11.00
FNB	<b>1 622</b>	1 704	(5)	<b>960</b>	<b>662</b>	1 098	606	<b>2.77</b>	<b>1.83</b>	<b>11.04</b>	3.10	2.27	9.34
RMB CIB	<b>367</b>	389	(6)	<b>175</b>	<b>192</b>	187	202	<b>2.01</b>	<b>1.02</b>	<b>17.88</b>	2.12	1.07	23.63
<b>Centre (including Group Treasury)</b>	<b>293</b>	529	(45)	<b>236</b>	<b>57</b>	374	155	<b>0.92</b>	<b>0.74</b>	<b>438.46</b>	1.99	1.41	360.47
Securitisation notes	<b>36</b>	32	13	<b>36</b>	<b>–</b>	32	–	<b>0.13</b>	<b>0.13</b>	<b>–</b>	0.13	0.13	–
Other	<b>257</b>	497	(48)	<b>200</b>	<b>57</b>	342	155	<b>5.28</b>	<b>4.12</b>	<b>438.46</b>	42.37	30.27	360.47
<b>Total portfolio impairments excluding UK operations</b>	<b>21 054</b>	20 429	3	<b>9 483</b>	<b>11 571</b>	9 445	10 984	<b>1.78</b>	<b>0.87</b>	<b>12.36</b>	1.87	0.94	12.24
<b>UK operations</b>	<b>3 174</b>	4 605	(31)	<b>2 161</b>	<b>1 013</b>	3 334	1 271	<b>0.91</b>	<b>0.66</b>	<b>4.77</b>	1.27	0.99	5.11
Property finance	<b>609</b>	1 445	(58)	<b>454</b>	<b>155</b>	1 228	217	<b>0.35</b>	<b>0.27</b>	<b>2.52</b>	0.82	0.74	2.33
Structured and specialist finance	<b>1 134</b>	1 344	(16)	<b>701</b>	<b>433</b>	962	382	<b>1.36</b>	<b>0.96</b>	<b>4.19</b>	1.59	1.24	5.76
Motor finance	<b>1 431</b>	1 816	(21)	<b>1 006</b>	<b>425</b>	1 144	672	<b>1.58</b>	<b>1.17</b>	<b>8.90</b>	1.78	1.23	7.50
<b>Total portfolio impairments including UK operations</b>	<b>24 228</b>	25 034	(3)	<b>11 644</b>	<b>12 584</b>	12 779	12 255	<b>1.58</b>	<b>0.82</b>	<b>10.96</b>	1.72	0.95	10.69

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

**Credit** continued

**Note 3: Analysis of stage 3/NPLs and impairments**

R million	Stage 3/NPLs			% com- position 2024	Stage 3/NPLs as a % of core lending advances			Stage 3 specific provisions			Coverage ratios (% of stage 3/NPLs)	
	As at 30 June		% change		As at 30 June		% change	As at 30 June		% change	As at 30 June	
	2024	2023			2024	2023		2024	2023		2024	2023
<b>SA retail</b>	<b>40 695</b>	32 770	24	<b>60</b>	<b>8.35</b>	7.08	<b>18 045</b>	14 773	22	<b>44.3</b>	45.1	
<b>Retail – secured</b>	<b>25 439</b>	20 242	26	<b>37</b>	<b>6.60</b>	5.49	<b>7 147</b>	5 836	22	<b>28.1</b>	28.8	
Residential mortgages	<b>18 223</b>	14 073	29	<b>26</b>	<b>6.69</b>	5.42	<b>3 747</b>	2 848	32	<b>20.6</b>	20.2	
WesBank VAF	<b>7 216</b>	6 169	17	<b>11</b>	<b>6.38</b>	5.67	<b>3 400</b>	2 988	14	<b>47.1</b>	48.4	
<b>Retail – unsecured</b>	<b>15 256</b>	12 528	22	<b>23</b>	<b>14.96</b>	13.24	<b>10 898</b>	8 937	22	<b>71.4</b>	71.3	
FNB card	<b>5 233</b>	4 057	29	<b>8</b>	<b>12.65</b>	10.92	<b>3 775</b>	2 848	33	<b>72.1</b>	70.2	
Personal loans	<b>9 008</b>	7 547	19	<b>14</b>	<b>16.91</b>	15.07	<b>6 247</b>	5 319	17	<b>69.3</b>	70.5	
– FNB and DirectAxis	<b>8 873</b>	7 360	21	<b>14</b>	<b>16.83</b>	15.04	<b>6 136</b>	5 168	19	<b>69.2</b>	70.2	
– Covid-19 relief	<b>135</b>	187	(28)	<b>–</b>	<b>24.19</b>	16.32	<b>111</b>	151	(26)	<b>82.2</b>	80.7	
Retail other	<b>1 015</b>	924	10	<b>1</b>	<b>13.88</b>	12.48	<b>876</b>	770	14	<b>86.3</b>	83.3	
<b>SA corporate and commercial</b>	<b>10 496</b>	10 975	(4)	<b>16</b>	<b>1.65</b>	1.92	<b>5 193</b>	5 146	1	<b>49.5</b>	46.9	
<b>FNB commercial</b>	<b>4 733</b>	4 773	(1)	<b>7</b>	<b>3.65</b>	4.10	<b>2 935</b>	2 832	4	<b>62.0</b>	59.3	
– FNB commercial	<b>4 667</b>	4 690	–	<b>7</b>	<b>3.61</b>	4.06	<b>2 869</b>	2 749	4	<b>61.5</b>	58.6	
– SME government-guaranteed loan scheme	<b>66</b>	83	(20)	<b>–</b>	<b>11.22</b>	9.07	<b>66</b>	83	(20)	<b>100.0</b>	100.0	
<b>WesBank corporate and commercial</b>	<b>1 109</b>	1 066	4	<b>2</b>	<b>1.84</b>	1.97	<b>524</b>	394	33	<b>47.2</b>	37.0	
<b>RMB CIB</b>	<b>4 654</b>	5 136	(9)	<b>7</b>	<b>1.09</b>	1.33	<b>1 734</b>	1 920	(10)	<b>37.3</b>	37.4	
– Lending	<b>4 027</b>	4 540	(11)	<b>6</b>	<b>0.97</b>	1.20	<b>1 120</b>	1 336	(16)	<b>27.8</b>	29.4	
– Loans to private equity investee companies	<b>627</b>	596	5	<b>1</b>	<b>6.42</b>	6.76	<b>614</b>	584	5	<b>97.9</b>	98.0	
<b>Broader Africa*</b>	<b>3 945</b>	3 545	11	<b>6</b>	<b>4.89</b>	4.62	<b>2 136</b>	2 047	4	<b>54.1</b>	57.7	
FNB	<b>3 931</b>	3 510	12	<b>6</b>	<b>6.29</b>	6.01	<b>2 127</b>	2 022	5	<b>54.1</b>	57.6	
RMB CIB	<b>14</b>	35	(60)	<b>–</b>	<b>0.08</b>	0.19	<b>9</b>	25	(64)	<b>64.3</b>	71.4	
<b>Centre (including Group Treasury)</b>	<b>633</b>	–	–	<b>–</b>	<b>1.95</b>	–	<b>591</b>	19	>100	<b>93.4</b>	–	
Securitisation notes	<b>–</b>	–	–	<b>–</b>	<b>–</b>	–	<b>–</b>	–	–	<b>–</b>	–	
Other	<b>633</b>	–	–	<b>–</b>	<b>11.50</b>	–	<b>591</b>	19	>100	<b>93.4</b>	–	
<b>Total stage 3/NPLs excluding UK operations</b>	<b>55 769</b>	47 290	18	<b>82</b>	<b>4.50</b>	4.15	<b>25 965</b>	21 985	18	<b>46.6</b>	46.5	
<b>UK operations</b>	<b>12 071</b>	10 142	19	<b>18</b>	<b>3.35</b>	2.72	<b>3 972</b>	4 053	(2)	<b>32.9</b>	40.0	
Property finance	<b>6 553</b>	5 464	20	<b>10</b>	<b>3.64</b>	3.01	<b>776</b>	706	10	<b>11.8</b>	12.9	
Structured and specialist finance	<b>1 873</b>	1 418	32	<b>3</b>	<b>2.19</b>	1.65	<b>539</b>	448	20	<b>28.8</b>	31.6	
Motor finance	<b>3 645</b>	3 260	12	<b>5</b>	<b>3.87</b>	3.10	<b>2 657</b>	2 899	(8)	<b>72.9</b>	88.9	
<b>Total stage 3/NPLs including UK operations</b>	<b>67 840</b>	57 432	18	<b>100</b>	<b>4.25</b>	3.80	<b>29 937</b>	26 038	15	<b>44.1</b>	45.3	
Of which:												
Amortised cost book	<b>66 916</b>	56 655	18	<b>99</b>	<b>4.31</b>	3.88						
Fair value book	<b>924</b>	777	19	<b>1</b>	<b>0.81</b>	0.59						

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

**Credit** continued

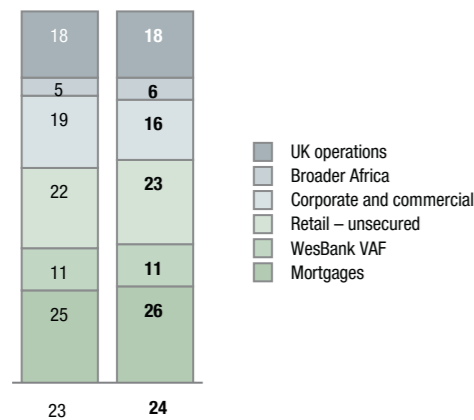
**SECTOR AND GEOGRAPHICAL ANALYSIS OF ADVANCES AND NPLs**

R million	Advances			% com- position 2024	Stage 3/NPLs			% com- position 2024
	As at 30 June		% change		As at 30 June		% change	
	2024	2023			2024	2023		
<b>Sector analysis</b>								
Agriculture	61 671	59 067	4	4	1 906	2 578	(26)	3
Banks	30 301	45 654	(34)	2	-	-	-	-
Financial institutions*	211 465	199 191	6	13	316	289	9	-
Building and property development	94 213	93 456	1	6	2 990	1 701	76	4
Government, Land Bank and public authorities	33 286	31 047	7	2	1 162	2 150	(46)	2
Individuals	721 132	727 042	(1)	43	51 601	41 895	23	77
Manufacturing and commerce	235 392	199 573	18	14	4 856	4 591	6	7
Mining	23 462	14 249	65	1	178	158	13	-
Transport and communication	64 197	50 786	26	4	897	995	(10)	1
Other services	190 587	170 382	12	11	3 934	3 075	28	6
<b>Total including UK operations</b>	<b>1 665 706</b>	<b>1 590 447</b>	<b>5</b>	<b>100</b>	<b>67 840</b>	<b>57 432</b>	<b>18</b>	<b>100</b>
<b>Geographical analysis</b>								
South Africa	1 102 898	1 015 147	9	66	49 869	41 454	20	73
Broader Africa	144 569	135 615	7	9	5 206	5 713	(9)	8
UK	384 368	394 661	(3)	23	12 713	10 149	25	19
Other Europe	17 696	19 841	(11)	1	30	10	>100	-
Asia, Americas and Australia	16 175	25 183	(36)	1	22	106	(79)	-
<b>Total including UK operations</b>	<b>1 665 706</b>	<b>1 590 447</b>	<b>5</b>	<b>100</b>	<b>67 840</b>	<b>57 432</b>	<b>18</b>	<b>100</b>

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

**NPL DISTRIBUTION**

(%)





**Credit** continued

**Note 4: Analysis of income statement credit impairments**

R million	Total impairment charge			As a % of average core lending advances	
	Year ended 30 June			Year ended 30 June	
	2024	2023	% change	2024	2023
<b>SA retail</b>	<b>10 640</b>	7 428	43	<b>2.24</b>	1.66
<b>Retail – secured</b>	<b>2 986</b>	2 168	38	<b>0.79</b>	0.61
Residential mortgages	<b>1 188</b>	452	>100	<b>0.45</b>	0.18
WesBank VAF	<b>1 798</b>	1 716	5	<b>1.62</b>	1.65
<b>Retail – unsecured</b>	<b>7 654</b>	5 577	37	<b>7.79</b>	6.13
FNB card	<b>2 256</b>	1 516	49	<b>5.75</b>	4.33
Personal loans	<b>4 814</b>	3 688	31	<b>9.32</b>	7.63
– FNB and DirectAxis	<b>4 864</b>	3 731	30	<b>9.57</b>	7.97
– Covid-19 relief	<b>(50)</b>	(43)	16	<b>(5.87)</b>	(2.77)
Retail other	<b>584</b>	373	57	<b>7.93</b>	4.87
Temporary stress scenario	–	(317)	(100)	–	–
<b>SA corporate and commercial</b>	<b>2 459</b>	1 100	>100	<b>0.41</b>	0.21
<b>FNB commercial</b>	<b>844</b>	615	37	<b>0.69</b>	0.55
– FNB commercial	<b>842</b>	676	25	<b>0.69</b>	0.61
– SME government-guaranteed loan scheme	<b>2</b>	(6)	(>100)	<b>0.27</b>	(0.54)
– Temporary stress scenario	–	(55)	(100)	–	–
<b>WesBank corporate and commercial</b>	<b>253</b>	58	>100	<b>0.44</b>	0.12
<b>RMB CIB</b>	<b>1 362</b>	427	>100	<b>0.33</b>	0.12
– Lending	<b>935</b>	397	>100	<b>0.24</b>	0.12
– Loans to private equity investee companies	<b>427</b>	30	>100	<b>4.59</b>	0.35
<b>Broader Africa*</b>	<b>486</b>	495	(2)	<b>0.62</b>	0.69
FNB	<b>462</b>	371	25	<b>0.76</b>	0.67
RMB CIB	<b>24</b>	124	(81)	<b>0.13</b>	0.76
<b>Centre (including Group Treasury)</b>	<b>(598)</b>	–	–	<b>(2.03)</b>	–
Securitisation notes	<b>4</b>	11	(64)	<b>0.02</b>	0.05
Other	<b>(602)</b>	(11)	>100	<b>(18.03)</b>	(1.01)
<b>Total impairment charge excluding UK operations</b>	<b>12 987</b>	9 023	44	<b>1.09</b>	0.84
<b>UK operations</b>	<b>(432)</b>	1 926	(>100)	<b>(0.12)</b>	0.57
Property finance	<b>(663)</b>	628	(>100)	<b>(0.37)</b>	0.38
Structured and specialist finance	<b>213</b>	467	(54)	<b>0.25</b>	0.59
Motor finance	<b>18</b>	831	(98)	<b>0.02</b>	0.87
<b>Total impairment charge including UK operations</b>	<b>12 555</b>	10 949	15	<b>0.81</b>	0.78
Of which:					
Portfolio impairments charge	<b>2 139</b>	3 397	(37)	<b>0.14</b>	0.24
Specific impairments charge	<b>10 416</b>	7 552	38	<b>0.67</b>	0.54

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

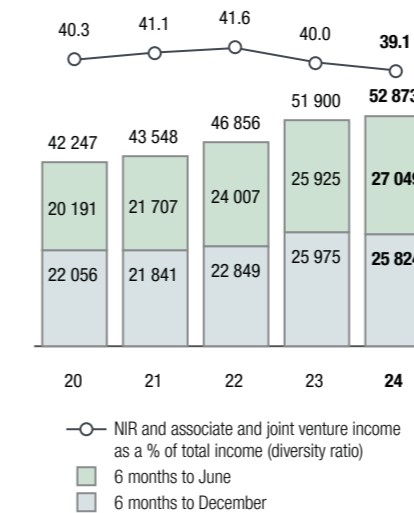
**Non-interest revenue**

**Total non-interest revenue – up 6%**

Operational non-interest revenue – up 2%

Operational non-interest revenue and diversity ratio\*  
(R million)

NIR CAGR 6%



\* Excluding share of profit of associates and joint ventures.

Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

**ANALYSIS OF TOTAL NIR**

R million	Notes	2024	2023*	% change
Net fee, commission and insurance income		<b>42 551</b>	40 165	6
– Fee and commission income	1	<b>38 131</b>	36 153	5
– Net insurance income	2	<b>4 420</b>	4 012	10
Trading and other fair value income	3	<b>5 806</b>	6 522	(11)
Investment income	4	<b>476</b>	1 579	(70)
– Debt-to-equity swap** (restructure with zero earnings impact)		–	715	(100)
– Investment Income#		<b>476</b>	864	(45)
Other non-interest revenue	5	<b>4 040</b>	3 634	11
<b>Operational non-interest revenue</b>		<b>52 873</b>	51 900	2
Share of profit of associates and joint ventures after tax		<b>2 422</b>	493	>100
– Debt-to-equity swap** (restructure with zero earnings impact)		–	(820)	(100)
– Share of profit of associates and joint ventures after tax		<b>2 422</b>	1 313	84
<b>Total non-interest revenue</b>		<b>55 295</b>	52 393	6

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

\*\* Refer to note 4 on investment income and the analysis of share of profit from associates and joint ventures.

# 2023 includes the Ghana sovereign debt restructure provision and a significant realisation.

**Non-interest revenue** continued

**NOTE 1 – FEE AND COMMISSION INCOME – UP 5%**

R million	2024	2023	% change
Bank fee and commission income	40 519	38 462	5
– Card commissions	7 998	7 224	11
– Cash deposit fees	1 866	1 823	2
– Exchange and other commissions	3 603	3 379	7
– Bank charges	27 052	26 036	4
– Commitment fees	2 357	1 976	19
– Other bank charges*	24 695	24 060	3
Knowledge-based fees	2 088	1 455	44
Management and fiduciary fees	2 649	2 559	4
– Investment management fees	1 672	1 599	5
– Management fees from associates and joint ventures	805	801	–
– Other management and brokerage fee income	172	159	8
Other non-bank commissions	1 219	1 064	15
Gross fee and commission income	46 475	43 540	7
Fee and commission expenditure	(8 344)	(7 387)	13
– Transaction-related fees	(2 898)	(2 259)	28
– Commission paid	(412)	(328)	26
– Customer loyalty programmes	(2 362)	(2 292)	3
– Cash sorting, handling and transportation charges	(1 327)	(1 252)	6
– Card-related	(512)	(404)	27
– Other	(833)	(852)	(2)
<b>Net fee and commission income</b>	<b>38 131</b>	<b>36 153</b>	<b>5</b>

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

**Key drivers – fee and commission income**

- FNB NIR grew 5%, driven by customer acquisition (+5%) and growth in transactional volumes (+6%), and was achieved despite sub-inflation fee increases across both retail and commercial accounts, and R985 million reduction in fee and commission income. Following the introduction of PayShap, FNB reviewed its pricing structures for low-value real-time payments and reduced all related fees.
- Electronic platform volumes grew 7% across all interfaces, whilst manual volumes increased only 2%. Branch and cash centre transaction volumes decreased 15% and 10%, respectively.
- Card swipe volumes increased 8%, reflecting strong customer activity levels, contributing to the 11% growth in card commissions.
- RMB's knowledge-based fee income grew strongly (+44%), this was supported by deal flow and structuring opportunities, particularly in the infrastructure portfolio, coupled with advisory income.
- Investment management fees increased on the back of AUM growth.
- Overall group fee and commission income growth was moderated by costs growing more than income, linked to transactional activity, higher card expenses coupled with growth in foreign exchange turnover and significantly higher association fees.

**NOTE 2 – NET INSURANCE INCOME – UP 10%**

R million	2024	2023	% change
Insurance revenue	7 442	6 366	17
– Measured using general measurement model	6 309	5 513	14
– Measured using premium allocation approach	1 133	853	33
Insurance service expenses	(4 092)	(3 523)	16
Net expense from reinsurance contracts held	(157)	(149)	5
<b>Total insurance service results</b>	<b>3 193</b>	<b>2 694</b>	<b>19</b>
Net insurance and reinsurance finance expense	(73)	(31)	>100
<b>Net insurance results</b>	<b>3 120</b>	<b>2 663</b>	<b>17</b>
Commissions, brokerage and participation agreements	1 300	1 349	(4)
<b>Net insurance income</b>	<b>4 420</b>	<b>4 012</b>	<b>10</b>

**Key drivers – net insurance income**

- IFRS 17 was adopted during the year, which substantially changed how insurance income is recognised and disclosed. At a net profit level, the impact is marginal for the group. The largest impact is that insurance service expenses are set off against net insurance income, previously in operating expenses.
- Insurance revenue growth reflects a combination of:
  - the general measurement model (GMM) revenue (applicable to the life insurance business) represents future profits released as per the modelled service release pattern. The contractual service margin (CSM) release increased across all portfolios, supported by improved sales and good persistency, evidenced by 11% growth in the in-force APE; and
  - the premium allocation approach revenue, which is primarily focused on the short-term insurance book with significant growth in insurance revenue (+33%) as a result of the scaling of the personal lines business, specifically comprehensive building and motor insurance products. This was supported by growth in the business law on call product and the recently launched commercial comprehensive suite of products (motor and buildings).
- Insurance service expense was driven by a significant once-off Covid-19 reserve released in the prior year. In addition, claims paid increased 10% attributable to the growing book, as well as weather-related events in the short-term business. This was offset by muted growth in directly attributable servicing cost for the life business, and a favourable claims and persistency experience versus the actuarial outlook.
- Commissions, brokerage and participation agreement income reflect all other insurance businesses and arrangements entered into by WesBank, back books from historic arrangements, and the group's subsidiaries in broader Africa. Participation agreement income decreased as result of certain books running off as the group builds out its own product offerings.

**Non-interest revenue** continued

**NOTE 3 – TRADING AND OTHER FAIR VALUE INCOME – DOWN 11%**

R million	2024	2023	% change
<b>Trading income</b>	<b>5 419</b>	4 963	9
– Equities	(139)	(161)	(14)
– Commodities	327	312	5
– Fixed income	2 539	2 018	26
– Currencies	2 692	2 794	(4)
<b>Other fair value income</b>	<b>387</b>	1 559	(75)
– RMB investment banking and other activities	709	521	36
– UK operations fair value hedge	(488)	549	(>100)
– Group Treasury economic hedges and other	166	489	(66)
<b>Total trading and other fair value income</b>	<b>5 806</b>	6 522	(11)

**Key drivers – trading and fair value income**

- Trading income reflects the following:
  - Equities revenue benefited from structured product momentum, however remained constrained by muted traded client volumes in the SA market;
  - The commodities performance was driven by resilient hedging activities on the back of commodity price volatility;
  - The fixed income business benefited from significant event-driven revenue and increased client flow; and
  - Currencies’ performance benefited from broader Africa client execution on the back of elevated volatility, but was moderated by currency devaluation, particularly in the naira and kwacha.
- RMB investment banking and other activities included various one-off items, with a more significant principal investment realisation (c. R500 million) in the current year.
- The UK operations’ fair value interest rate hedge portfolio reported a loss of £20.7 million (2023: gain of £25.8 million). These losses relate to the unwind of prior year gains over the life of the hedged exposures.
- Group Treasury fair value income decreased largely due to the share award hedging activities including higher funding costs on the back of higher average interest rates, the special dividend received in the prior year and lower award forfeitures. It also includes other hedge mismatches and currency translations.

**NOTE 4 – INVESTMENT INCOME – DOWN 70%**

R million	2024	2023	% change
<b>Private equity realisations and dividends received</b>	<b>308</b>	1 983	(84)
– Profit on realisation of private equity investments	1	1 226	(100)
– Debt-to-equity swap* (restructure with zero earnings impact)	–	715	(100)
– Dividends received	302	9	>100
– Other private equity income	5	33	(85)
<b>Other investment income</b>	<b>168</b>	(404)	(>100)
– Profit on assets held against employee liabilities	36	11	>100
– Ghana sovereign debt restructure	–	(498)	(100)
– Other investment income	132	83	59
<b>Total investment income</b>	<b>476</b>	1 579	(70)

\* Debt-to-equity restructure with zero profit impact. Refer to notes on share of profit of associates and joint ventures where a prior year loss of R820 million is reflected as well as a release of R105 million to credit impairments.

**Key drivers – investment income**

- Total investment income was impacted by the base effect created by a significant PE realisation in the prior year. The current year partial realisations are included in dividends received above (see comment below) and share of profit of associates and joint ventures.
- New private equity investments totalled c. R1.5 billion for the year (2023: R2.0 billion). The unrealised value in the portfolio was c. R6.6 billion (2023: R5.7 billion), growing 17% and reflecting the underlying earnings performance of the portfolio companies.
- Dividend income reflects a special dividend declared (c. R270 million) from a private equity investee company following a corporate action (partial realisation).
- Other investment income increased on the back of higher rental and revaluation of investment properties, somewhat offset by lower dividend income.

**Non-interest revenue** continued

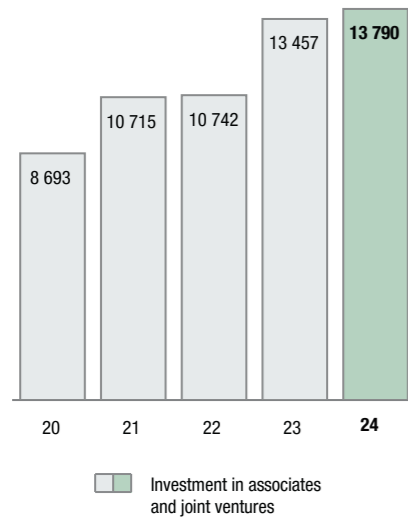
**NOTE 5 – OTHER NON-INTEREST REVENUE – UP 11%**

**Key drivers – other NIR**

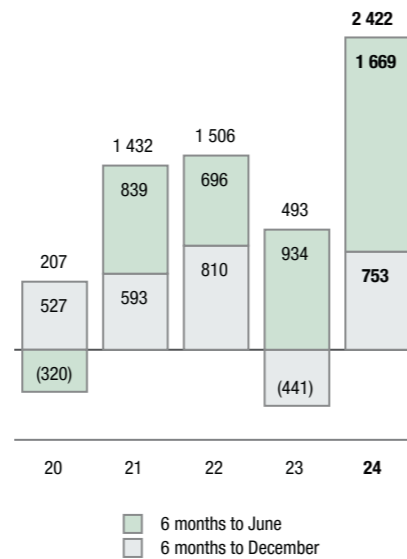
- Rental income represents 49% (2023: 49%) of total other NIR and grew 12%, reflecting strong FML new business and speedpoint rentals.
- The above was partially offset by muted early termination fee growth on vehicle finance.
- Other NIR also includes a loss as a result of Ghana’s classification as a hyperinflationary environment.

**Share of profits of associates and joint ventures – up >100%**

**Investment in associates and joint ventures**  
(R million)



**Share of profit of associates and joint ventures**  
(R million)



**SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES**

R million	2024	2023	% change
<b>Private equity associates and joint ventures</b>	<b>2 175</b>	1 336	63
– Equity-accounted income	<b>2 279</b>	1 573	45
– Impairments	<b>(104)</b>	(237)	(56)
<b>Other operational associates and joint ventures</b>	<b>752</b>	452	66
– TFS	<b>303</b>	206	47
– VWFS	<b>210</b>	100	>100
– RMB Morgan Stanley	<b>114</b>	183	(38)
– Other	<b>125</b>	(37)	(>100)
<b>Share of profit of associates and joint ventures before tax</b>	<b>2 927</b>	1 788	64
Tax on profit of associates and joint ventures	<b>(505)</b>	(475)	6
<b>Share of profit of associates and joint ventures after tax</b>	<b>2 422</b>	1 313	84
– Debt-to-equity swap* (restructure with zero earnings impact)	–	(820)	(100)
<b>Share of profit of associates and joint ventures after tax</b>	<b>2 422</b>	493	>100

\* Debt-to-equity restructure with zero profit impact. Refer to note 4 on investment income where the R715 million benefit is recognised and a portion of this loss is accounted for as a release of R105 million in credit impairments for the prior year.

**Key drivers – profits from associates and JVs**

- The private equity related annuity share of profit from associates and joint ventures increased due to a realisation in one of the underlying investee entities (c. R300 million) as well as improved operating performance.
- TFS’s equity-accounted performance was driven by strong advances growth in the current year, which translated into healthy NII growth. This was moderated by a marginal increase in impairment charges in line with advance growth.
- VWFS’s performance reflects strong growth in advances in both retail and commercial, which drove NII growth as well as a marginal decrease in impairment charges.
- RMB Morgan Stanley’s performance was impacted by a decline in JSE trading volumes, margin compression and lower corporate actions.
- The increase in other operational associates and joint ventures is as a result of lower impairments than in the prior 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 01/2023 – 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 are reflected below.

R million	2024	2023	% change
<b>RMB private equity division</b>	<b>2 483</b>	2 499	(1)
Income from associates and joint ventures	<b>2 175</b>	516	>100
– Equity-accounted income*	<b>2 279</b>	1 573	45
– Debt-to-equity swap**, ** (restructure with zero earnings impact)	–	(820)	(100)
– Impairments*	<b>(104)</b>	(237)	(56)
Realisations and dividends#	<b>303</b>	1 235	(75)
Debt-to-equity swap**, # (restructure with zero earnings impact)	–	715	(100)
Other private equity income#	<b>5</b>	33	(85)
<b>Other business units</b>	<b>104</b>	(120)	(>100)
Income from associates and joint ventures and other investments	<b>82</b>	(144)	(>100)
– Equity-accounted income*	<b>105</b>	25	>100
– Impairments*, †	<b>(34)</b>	(205)	(83)
– Other investment income#	<b>11</b>	36	(69)
Consolidated other income†	<b>22</b>	24	(8)
Debt-to-equity swap – impairment provision release** (restructure with zero earnings impact)	–	105	(100)
<b>Private equity activities before tax</b>	<b>2 587</b>	2 484	4
Tax on equity-accounted private equity investments	<b>(327)</b>	(326)	–
<b>Private equity activities after tax</b>	<b>2 260</b>	2 158	5

\* Refer to note on share of profit from associates and joint ventures on page 117.

\*\* Debt restructure in the prior year reflects a neutral earnings impact with the delta of R105 million as an impairment provision release.

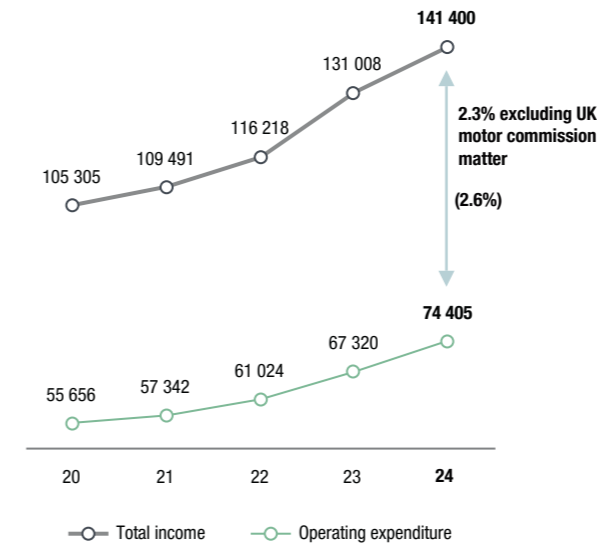
# Refer to note 4 on investment income.

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

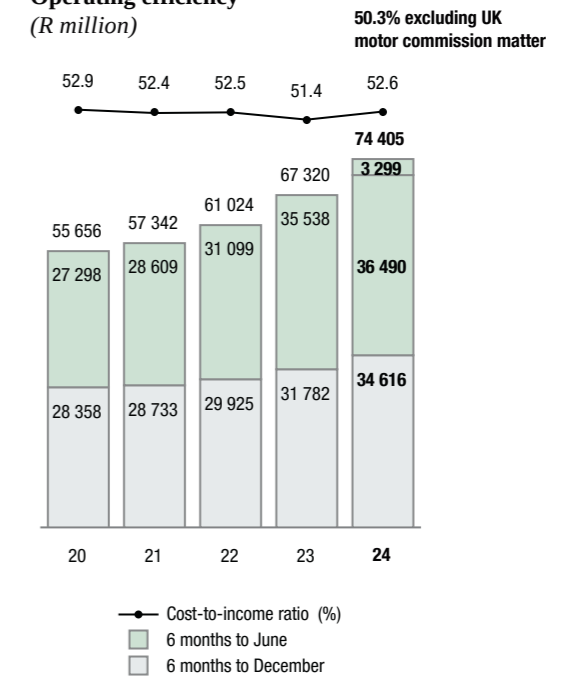
**Operating expenses**

**Operating expenses – up 11%**

**Operating jaws**  
(R million)



**Operating efficiency**  
(R million)



Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

**Operating expenses** continued

**OPERATING EXPENSES – UP 11%**

R million	2024	2023*	% change
Staff expenditure	44 300	42 248	5
– Direct staff expenditure	32 515	30 692	6
– Variable staff expenditure	8 711	8 340	4
– Short-term incentive payments	6 161	5 772	7
– Share price linked incentive payments	2 550	2 568	(1)
– Other staff-related expenditure	3 074	3 216	(4)
Depreciation of property and equipment	4 324	4 041	7
Amortisation of intangible assets	759	657	16
Advertising and marketing	1 904	1 919	(1)
Insurance	209	203	3
Lease charges	551	535	3
Professional fees	3 976	4 034	(1)
Audit fees	669	594	13
Computer expenses	5 397	4 766	13
Repairs and maintenance	1 727	1 567	10
Telecommunications	559	601	(7)
Property	1 538	1 369	12
Business travel	491	485	1
Assets costing less than R7 000	86	229	(62)
Stationery and printing	132	139	(5)
Donations	378	340	11
Legal fees	353	661	(47)
Other expenditure	3 753	2 932	28
<b>Total operating expenses excluding UK motor commission matter</b>	<b>71 106</b>	<b>67 320</b>	<b>6</b>
UK motor commission matter**	3 299	–	–
FCA UK motor commission provision**	3 001	–	–
UK motor commission related costs incurred during the year**	298	–	–
<b>Total operating expenses</b>	<b>74 405</b>	<b>67 320</b>	<b>11</b>

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

\*\* Refer to page 15 for more information on the FCA UK motor commission review.

**Key drivers – staff expenditure**

Staff costs represent 60% (2023: 63%) of the group's operating expenses and increased 5% in the current year.

	% change	Reasons
<b>Direct staff costs</b>	<b>6</b>	<ul style="list-style-type: none"> <li>Annual salary increases averaged 5.9% (unionised staff at 7%).</li> <li>Headcount (excluding FirstJob employees) decreased 3% year on year, and 2% including FirstJob employees.</li> <li>Continued repricing of certain high-in-demand technical skills.</li> </ul>
<b>Variable staff expenditures</b>		
<b>Short-term incentive payments (STI)</b>	<b>7</b>	The growth in the short-term incentive payments is largely aligned to the group's performance excluding the FCA UK motor commission provision.
<b>Share price linked incentive payments</b>	<b>(1)</b>	The decline is due to a comparatively higher share award charge in the prior year, related to the vesting of the third tranche of the Covid-19 share award and prior year vesting outcomes.
<b>Other staff-related costs</b>	<b>(4)</b>	Decrease due to lower leave pay provisions on increased staff leave utilisation and decreased temporary staff costs as a result of fewer contractors.

**Key drivers – operational expenditure**

- Depreciation increased due to an accelerated computer equipment replacement cycle.
- Higher amortisation of intangible assets due to accelerated amortisation of software.
- Advertising and marketing expenses remained largely flat as marketing campaigns and inflation increases were offset by the FNB brand refresh campaigns in the prior year.
- The increase in audit fees is largely due to the audit rotation process currently under way and professional fee inflation increases.
- Professional fees were marginally down as in-house professional service resourcing has increased, particularly in IT-related projects.
- Computer expenses increased due to currency devaluation and higher increased software licensing costs.
- Repairs and maintenance costs were negatively impacted by loadshedding and the related impact on equipment, including generators.
- Property costs reflect rates on revaluation increases of properties by councils as well as higher diesel expenditure and costs associated with increased return-to-office, including security-related expenses.
- Costs emanating from the UK motor commission matter totalled £140.1 million and consisted of a £127.4 million provision related to the FCA review and a further £12.7 million in legal and professional fees related to court cases and the cost of the skilled person review. Cost growth excluding the total UK motor commission matter was 6%.
- Other expenditure includes various items such as other provisions, entertainment, bank charges, profit share payments, subscriptions and membership fees. The main drivers of the increase include increased provisions, as well as impairment reversals (c. R220 million), insurance recoveries (c. R120 million) and the reversal of unutilised provisions included in the prior year.

**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 group's total IT spend on a functional basis, irrespective of which income statement lines these are reported in (operating expenses or net insurance income).

**FUNCTIONAL PRESENTATION OF IT SPEND**

R million	2024	2023	% change
IT-related staff cost	8 410	7 974	5
Non-staff IT-related costs	10 961	9 999	10
– Computer expenses	5 553	4 821	15
– Professional fees	2 647	2 472	7
– Repairs and maintenance	620	545	14
– Depreciation of equipment	1 350	1 250	8
– Amortisation of software	224	186	20
– Other expenditure	567	725	(22)
<b>Total IT spend</b>	<b>19 371</b>	<b>17 973</b>	<b>8</b>



## Economic view of the balance sheet

The objective of the group's FRM framework is to protect and enhance FirstRand's financial performance through the holistic integrated management of the balance sheet and income streams within the context of the macro environment. This includes the strategic positioning of the balance sheet relative to long-term trends and tactical tilts associated with the current point in the cycle.

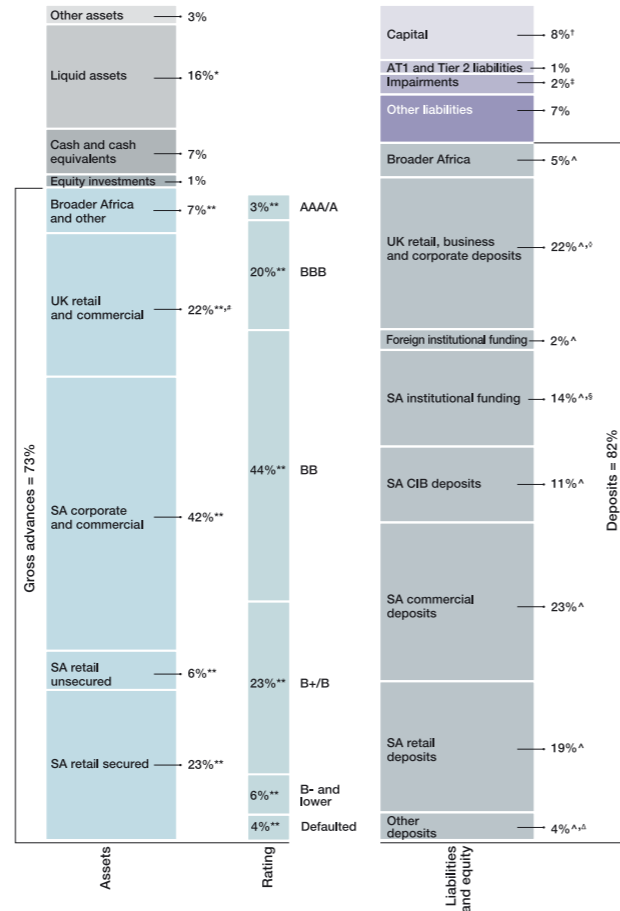
The structure of the balance sheet reflects the group's long-term strategy to increase resilience, diversify credit exposures across sectors and segments, increase asset marketability, and optimise the use of institutional funding.

When assessing the underlying risk in the balance sheet, the group's asset profile reflects a diversified advances portfolio, which constitutes 73% of total assets. The composition of the gross advances portfolio consists of SA retail secured (23%), SA retail unsecured (6%), SA corporate and commercial (42%), UK retail and commercial (22%), and broader Africa and other (7%). At 30 June 2024, the group reported total NPLs of R67 840 million (4.25% of core lending advances) and a credit loss ratio of 81 bps.

Cash and cash equivalents, and liquid assets represent 7% and 16%, respectively, of total assets. The group's equity investments primarily relate to RMB's private equity activities.

FirstRand maintains a risk-adjusted funding profile focused on its core deposit franchises, which enables optimised use of the institutional funding channel. The weighted average remaining term of domestic institutional funding increased to 34 months at 30 June 2024 (2023: 29 months). The increase reflects a moderate reduction in money market issuance offset by additional longer-dated senior debt, Tier 2 and Additional Tier 1 issuance.

The group remained strongly capitalised with a CET1 ratio of 13.5%, a Tier 1 ratio of 14.4% and a total capital adequacy ratio of 16.1%. Gearing multiple remained flat at 12.4 times (2023: 12.4 times). Both average total equity and average total assets grew 9% year on year.



\* Includes government securities and treasury bills.  
 \*\* As a proportion of gross advances.  
 ‡ Includes advances originated in MotoNovo, Aldermore and the London branch.  
 † Includes ordinary equity and non-controlling interests.  
 ‡ Includes IFRS 9 impairment of advances and investment securities.  
 ^ As a proportion of deposits.  
 † Deposits raised in Aldermore and Guernsey branch (trading as FNB Channel Islands).  
 ‡ Includes CIB institutional funding.  
 † Consists of liabilities relating to other SPVs and securitisations.

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 30 June 2024, which is available at [www.firststrand.co.za/investors/integrated-reporting-hub/risk-disclosures/](http://www.firststrand.co.za/investors/integrated-reporting-hub/risk-disclosures/).

### Funding conditions

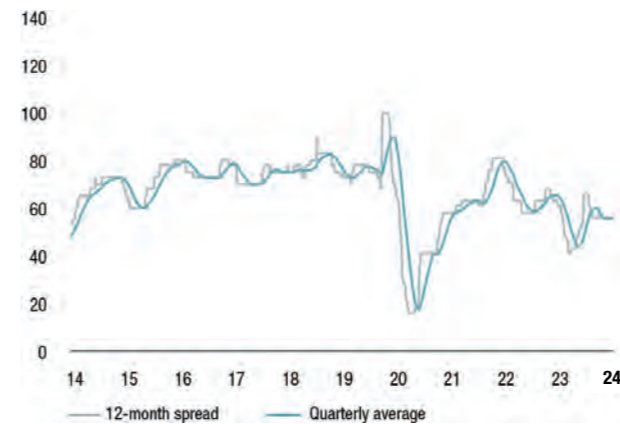
For the year under review, the global macroeconomic environment has been characterised by moderate growth and tight monetary policy. South Africa has continued to exhibit low growth but with an improving inflation trajectory. The second half of the financial year has been marked by improved inflation expectations, which has led to expected easing by global central banks.

From a funding perspective, the macro environment and monetary policy stance has not impeded the group's ability to raise funding either in rand or in hard currency. From a deposit perspective, interest rates on savings and investment products have remained attractive, resulting in strong inflows. Strong deposit growth has enabled moderation in the bank's stock and level of institutional funding.

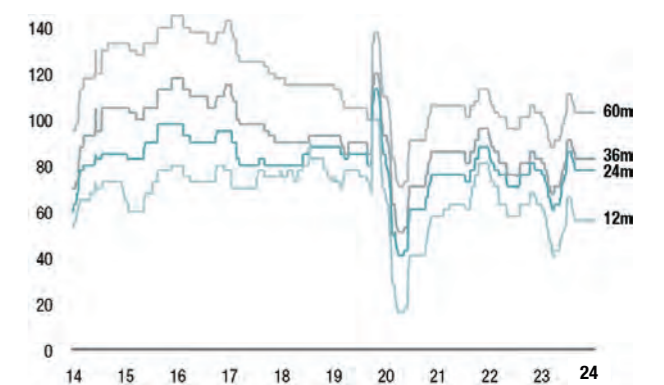
The liquidity surplus monetary policy regime is now well established in the South African market, with available excess liquidity accommodated by SARB quota deposits and secured interbank transactions. Additional system liquidity is expected following distributions from the SARB's Gold and Foreign Exchange Contingency Reserve Account (GFECRA) to National Treasury. The SARB has notified the industry of its intention to resize the banks' deposit quotas from R136bn to R302bn, to accommodate the additional liquidity.

The spread to JIBAR paid on 12-month money market instruments is most representative of bank funding costs in the money markets. During the financial year, institutional funding spreads initially tracked lower before increasing towards December 2023. Funding spreads have since fallen marginally and have remained stable.

### 12-month mid-market funding spread (bps)



### Long-term funding spreads (bps)



Sources: Bloomberg (RMBP screen) and Reuters.

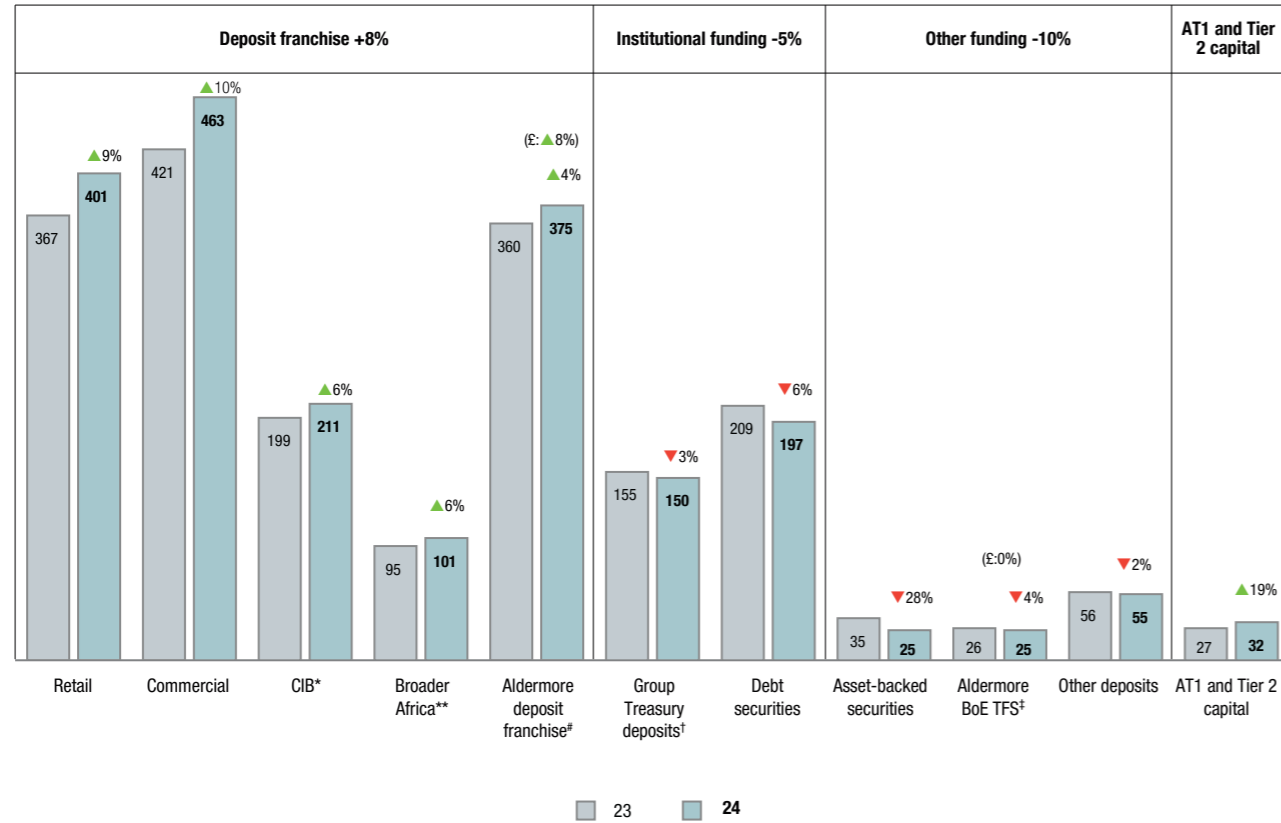


## Funding and liquidity continued

### 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 reflects year-on-year growth and 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.

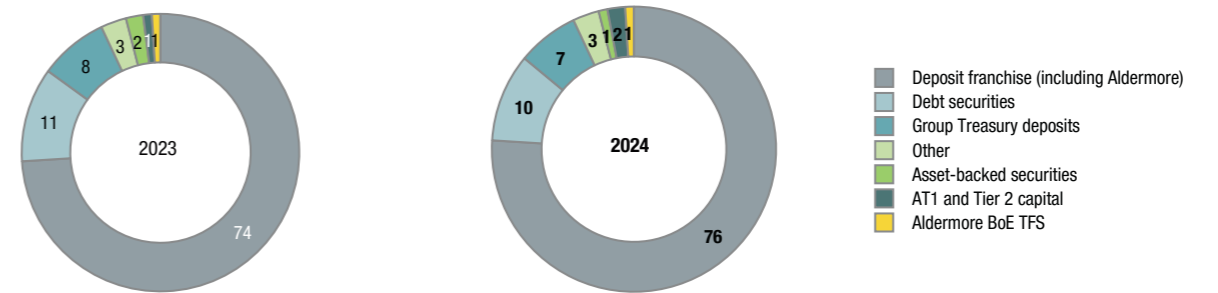
# The Aldermore deposit franchise increased 8% to £16 billion.

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

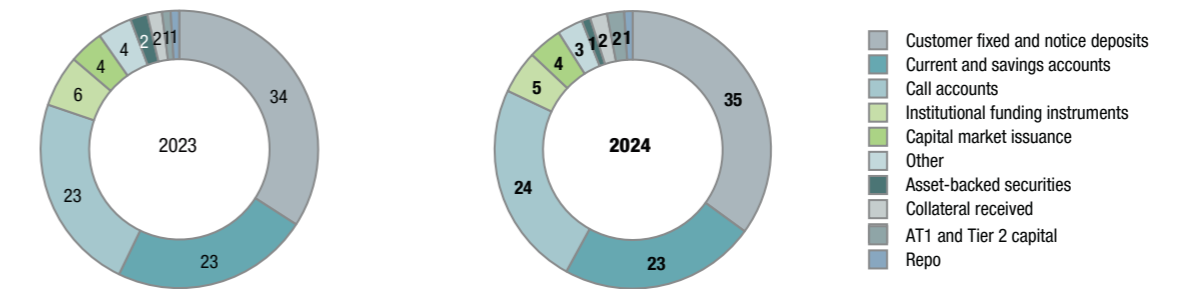
‡ Aldermore's BoE term funding scheme increased 0.2% to £1.08 billion.

The group's funding mix remains anchored by its deposit franchises, resulting in only slight changes in overall composition.

#### Funding mix (%)



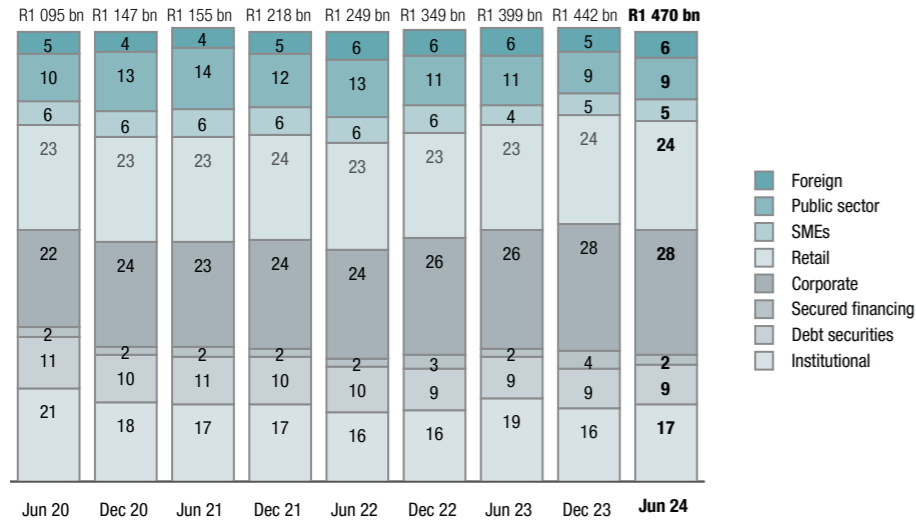
#### Funding instrument by type (%)



**Funding and liquidity** continued

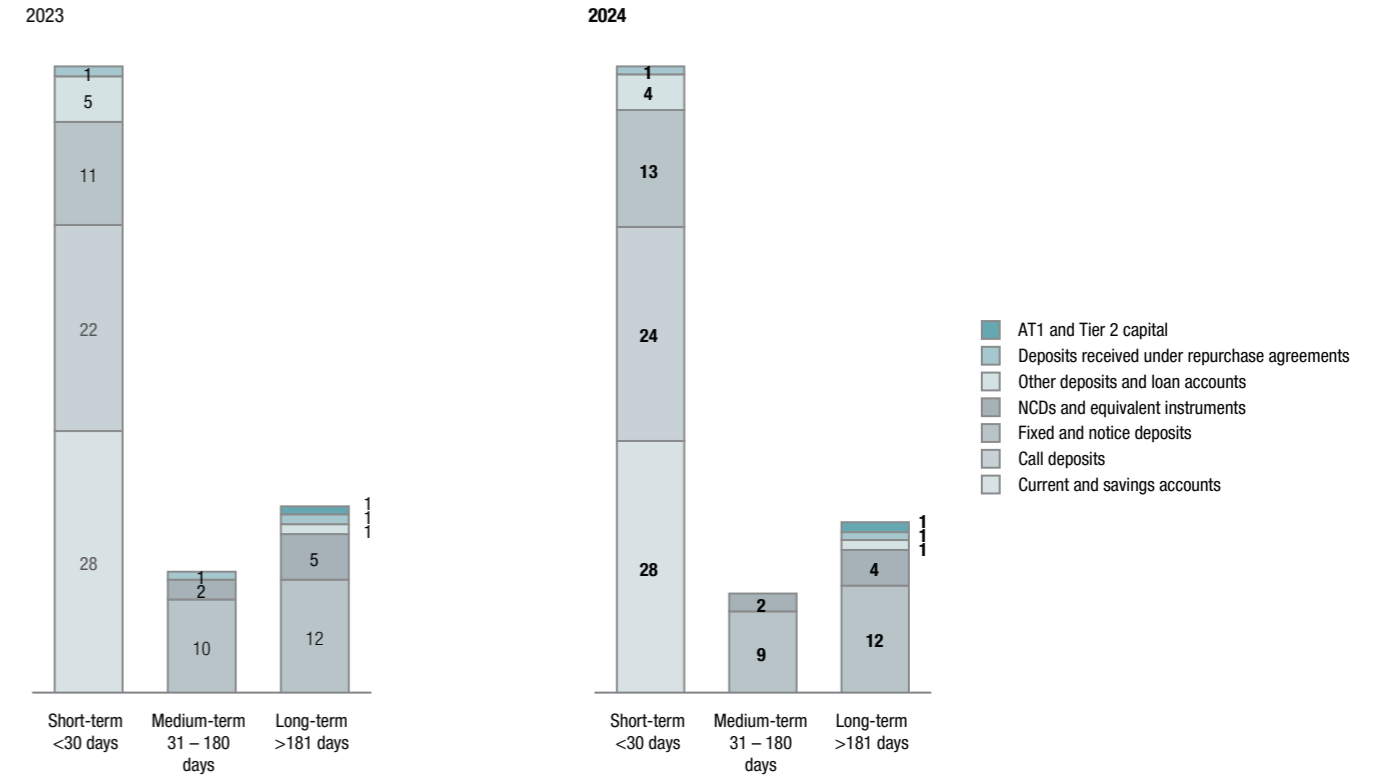
The group's focus on growing main-banked transactional accounts, and retail and commercial savings and investment deposits naturally results in a significant proportion of contractually short-dated funding. Although these deposits fluctuate depending on each customer's individual transactional and savings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

**Bank funding analysis by source\***  
(%)



\* Excluding foreign branches.

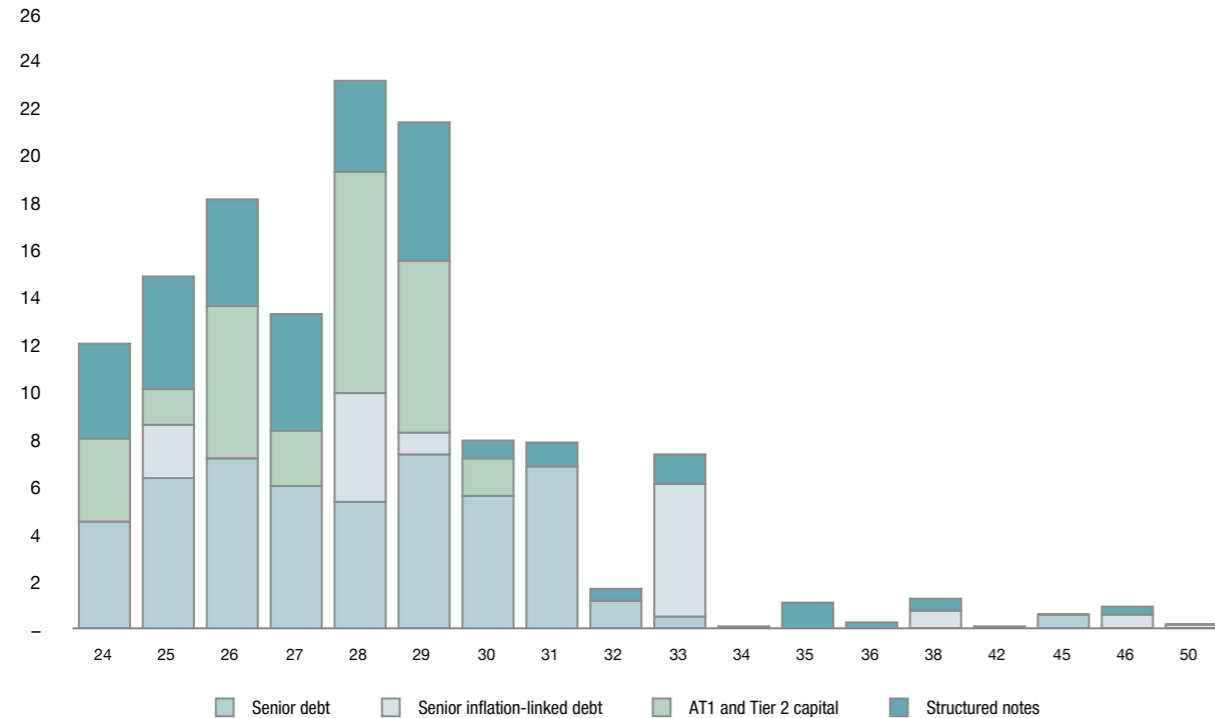
**Funding liabilities by instrument type and term**  
(%)



**Funding and liquidity** continued

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 period and seeks to issue across benchmark tenors, taking pricing and investor demand into account. Finalisation of the regulations regarding Flac is imminent and will influence the bank’s future issuance strategies.

**Maturity profile of the bank’s\* capital market instruments**  
(R billion)



\* Including foreign branches.

**Foreign currency balance sheet**

The active management of foreign currency liquidity risk remains a focus given the group’s operations in broader Africa and within the UK and cross-border portfolios.

**UK operations**

Aldermore has a diversified and flexible funding strategy and is predominantly funded by deposits from retail and business clients. Customer deposits amounted to £16.3 billion at June 2024.

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 period.

MotoNovo is supported by Aldermore’s funding resources, with new business funded via a combination of on-balance sheet deposits and institutional and structured funding, including market securitisations and warehouses.

**Liquidity risk position**

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

**COMPOSITION OF LIQUID ASSETS**

R billion	As at 30 June	
	2024	2023
Cash and deposits with central banks	106	99
Short-term liquidity instruments	149	154
Including reverse repos*	65	85
Long-term investment securities	159	136
Other liquid assets	35	27
<b>Total liquid assets</b>	<b>449</b>	<b>416</b>

\* Reverse repos represent underlying high-quality liquid assets sourced both externally and internally in accordance with prudential regulations.

The level of liquid assets increased during the period under review. This was a function of growth in the underlying deposit franchise, where deposits from commercial and corporate clients attract a higher regulatory outflow factor compared to contractually longer-dated institutional funding.

The group recognises that although there is a regulatory requirement to hold certain types of liquid assets, these assets do come with credit risk. The group utilises an IMF-based framework for the assessment and monitoring of sovereign risk by jurisdiction. This process informs the composition and duration of liquid assets held, which varies between central bank reserves, treasury bills and bonds.

The liquidity ratios for the group and bank at June 2024 are summarised below.

**LIQUIDITY RATIOS**

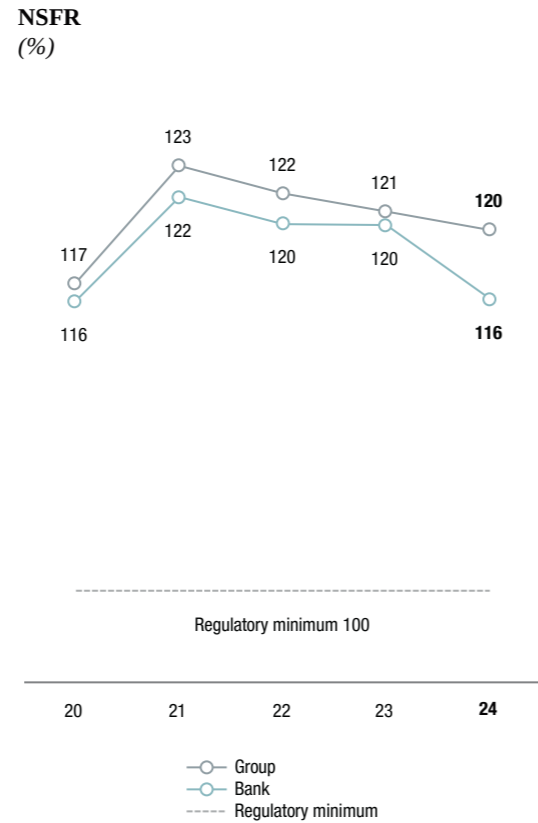
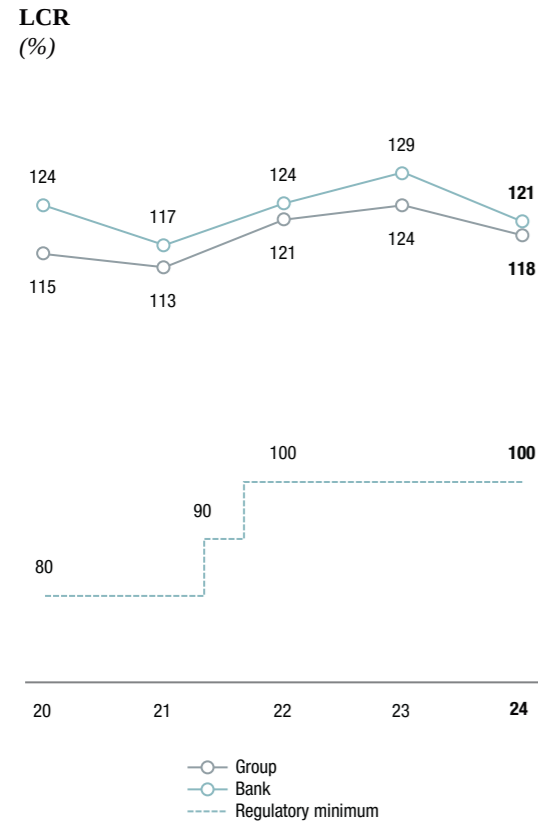
%	Group*		Bank*	
	LCR**	NSFR	LCR**	NSFR
Regulatory minimum	100	100	100	100
Actual	118	120	121	116

\* 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 LCR is calculated as a simple average of 91 days of daily observations over the period ended 30 June 2024 for FirstRand Bank South Africa and the London branch. The remaining banking entities, including Aldermore and the Guernsey branch, are based on the month-end or quarter-end values. The figures are based on the regulatory submissions to the PA.

**Funding and liquidity** continued

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



**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 2024, which is available at [www.firststrand.co.za/investors/integrated-reporting-hub/risk-disclosures/](http://www.firststrand.co.za/investors/integrated-reporting-hub/risk-disclosures/).

**Year under review**

During the year under review the group maintained strong capital and leverage ratios in excess of regulatory minima and internal targets. The group is capitalised at the higher of regulatory or economic capital to ensure a desired credit counterparty rating.

**CAPITAL ADEQUACY AND LEVERAGE RATIOS AS AT 30 JUNE**

%	Capital			Leverage
	CET1	Tier 1	Total	Total
Regulatory minimum*	9.0	11.2	13.5	4.0
Internal target	11.0 – 12.0	>12.0	>14.75	>5.5
<b>Actual (including unappropriated profits)**</b>				
<b>2024</b>	<b>13.5</b>	<b>14.4</b>	<b>16.1</b>	<b>8.2</b>
2023	13.2	13.8	15.6	7.8

\* Includes the group’s domestic systemically important bank requirement of 1.5% and a CCyB add-on of 47 bps based on the 2% UK CCyB requirement. The individual capital requirement (Pillar 2B) is confidential and therefore excluded.

\*\* Refer to the Basel Pillar 3 standardised disclosures at [www.firststrand.co.za/investors/integrated-reporting-hub/risk-disclosures/](http://www.firststrand.co.za/investors/integrated-reporting-hub/risk-disclosures/) for ratios excluding unappropriated profits.

The BoE increased the UK CCyB to 2% in July 2023, resulting in a 47 bps add-on for the group at 30 June 2024. The PA has also released a proposed directive requiring banks to maintain a positive cycle-neutral CCyB of 1% with effect from January 2026. The increased requirement will be incorporated in the group’s internal targets upon finalisation of the directive.

There is ongoing focus on optimising the overall level and mix of capital across the group and its regulated subsidiaries. During the year under review the bank issued a combination of AT1 and Tier 2 instruments to ensure sustainable support for ongoing growth initiatives and redemption of existing capital instruments, as well as focused on filling the buckets for AT1 and Tier 2.

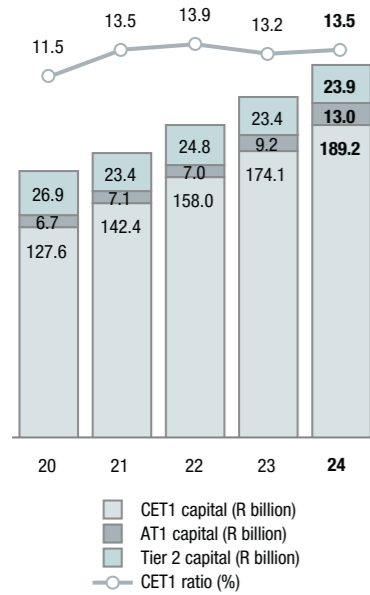
The group continues to enhance the use of economic capital methodology in risk-based decision-making, including capital allocation. The assessment of economic risk aligns with FirstRand’s economic capital framework to ensure the group remains solvent at a confidence interval of 99.93%, and that it can deliver on its commitments to stakeholders over a one-year horizon. Regular reviews of the economic capital position are carried out across the group, 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 1.5 times on a post-diversified basis.

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 continued

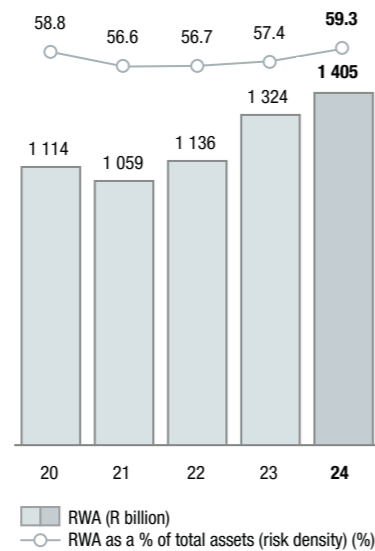
The graphs below provide a five-year view of the group's capital adequacy, RWA and leverage positions. The increase in the group's risk density reflects changes in the balance sheet mix and increased operational risk RWA.

#### Capital adequacy\*

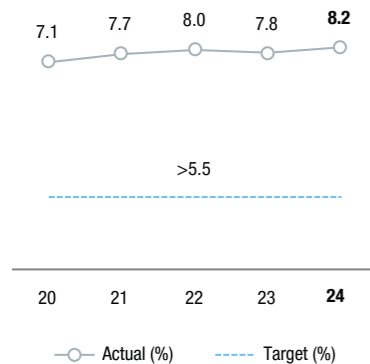


\* Including unappropriated profits.

#### RWA history



#### Leverage\*



\* Including unappropriated profits.

The Basel III leverage ratio is supplementary to the risk-based capital measure and is a function of Tier 1 capital and total on- and off-balance sheet exposures. The increase in the leverage ratio to June 2024 mainly relates to an increase in Tier 1 capital, partly offset by an increase in total exposures.

### Supply of capital

#### COMPOSITION OF CAPITAL\*

R million	As at 30 June 2024	2023
<b>CET1 capital including unappropriated profits</b>	<b>189 158</b>	174 134
Additional Tier 1 capital	<b>12 986</b>	9 194
<b>Tier 1 capital</b>	<b>202 144</b>	183 328
Tier 2 capital	<b>23 901</b>	23 433
<b>Total qualifying capital</b>	<b>226 045</b>	206 761

\* Refer to the Basel Pillar 3 standardised disclosures at [www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/](http://www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/) for additional detail on the composition of capital.

#### Key drivers

##### 2024 vs 2023

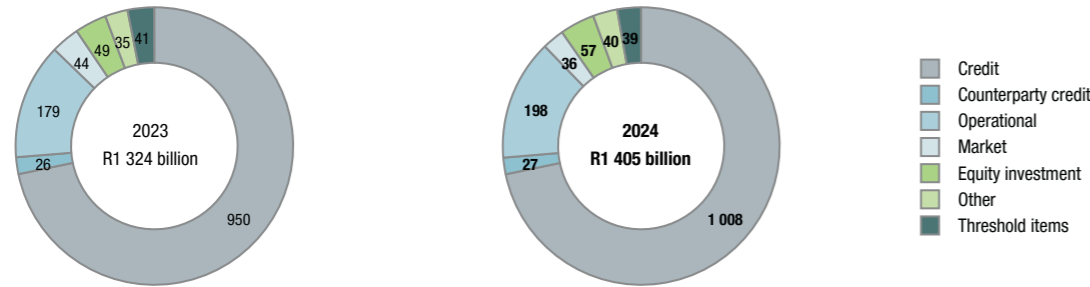
<b>CET 1 capital</b>	▲	• Positive earnings generation partly offset by the payment of dividends and reduction of the foreign currency translation reserve due to the appreciation of the closing spot rate of the rand at 30 June 2024 against hard currencies.
<b>AT1 capital</b>	▲	• AT1 issuances net of redemptions to manage rollover of existing profile, support balance sheet growth and optimise overall capital stack.

Additional detail on the group's capital instruments is included on page 170.

**Capital** continued

**Demand for capital**

RWA analysis  
(R billion)



**Key drivers**

**2024 vs 2023**

Category	Trend	Key Drivers
Credit	▲	Volume growth partly offset by foreign currency movements, model refinements and optimisation.
Counterparty credit	▲	Increased exposure to corporate and project finance hedging activities in South Africa, partly offset by a decrease in post-credit risk mitigation sovereign exposure in Nigeria.
Operational	▲	Updates to model input data and the regulatory capital floor for entities on the advanced measurement approach, as well as changes in average gross income for entities on the basic indicator and standardised approaches.
Market	▼	Decreased exposure from trading book positions and client flow across interest rate and foreign exchange asset classes, given global and local market conditions.
Equity	▲	New investments and fair value movements.
Other	▲	Increase in property and equipment partly offset by a decrease in other assets.
Threshold items	▼	Decrease in deferred income tax assets and investments in financial entities.

**Capital adequacy position for the group and its regulated entities**

	As at 30 June		2023
	2024	2024	
	Total minimum requirement*	Total capital adequacy	Total capital adequacy
<b>Banking (%)</b>			
<b>Basel III (PA regulations)</b>			
FirstRand**	13.5	16.1	15.6
FirstRand Bank**, #	13.0	15.6	15.4
FirstRand Bank South Africa**	13.0	15.4	15.1
FirstRand Bank London	13.6	17.8	19.6
FirstRand Bank Guernsey	13.0	98.1	68.5
FirstRand Bank India†	13.0	>100	>100
<b>Basel III (local regulations)</b>			
Aldermore Bank‡	14.6	21.6	21.0
FNB Namibia^	12.5	16.6	17.1
<b>Basel II (local regulations)</b>			
FNB Botswana	12.5	18.8	18.1
RMB Nigeria	10.0	25.1	22.6
FNB Eswatini	8.0	21.8	21.5
FNB Lesotho^	10.0	13.5	16.5
First National Bank Ghana	13.0	16.4	16.1
FNB Mozambique	12.0	24.2	20.5
<b>Basel I (local regulations)</b>			
FNB Zambia	10.0	26.9	29.3
<b>Insurance (times)°</b>			
FirstRand Life Assurance (FNB Life)§	1.0	1.5	1.8
FirstRand Short Term Insurance	1.0	4.2	5.0
FRISCOL	1.0	2.2	2.5

\* Excluding any confidential bank-specific requirements.

\*\* Including unappropriated profits.

# Including foreign branches.

† The branch is in the process of being wound down.

‡ Aldermore Group's total capital adequacy ratio at 30 June 2024 was 18.4%.

^ Bank of Namibia increased the minimum requirement to 12.5% from 10% effective for the September 2024 reporting period. FNB Lesotho transitioned from Basel I to Basel 2.5 in March 2024.

° Solvency capital requirements as per quarterly returns as at 30 June 2024.

§ Post allowance of future dividends.

## Performance measurement

The group aims to deliver sustainable returns to its shareholders. Each business unit and entities within broader Africa and the UK are evaluated on shareholder value created. Targeted hurdle rates are set for business units and capital is allocated to each business unit based on its risk profile. The capital allocation process is based on an internal assessment of capital requirements.

The group's specific performance measures are economic profit (NIACC) and ROE.

NIACC decreased 13% year on year, driven by 9% growth in average shareholders' equity and reserves and 4% growth in normalised earnings, impacted by the R3.3 billion UK motor commission matter. The group's cost of equity increased by 40 bps, further impacting the NIACC trend. ROE declined from 21.1% to 20.1% and remains well above the group's cost of equity of 14.65%, and within the long-term target range of 18% to 22%.

### NIACC AND ROE

R million	Year ended 30 June		% change
	2024	2023*	
Normalised earnings attributable to ordinary shareholders	37 988	36 634	4
Capital charge**	(27 624)	(24 730)	12
NIACC	10 364	11 904	(13)
Average ordinary shareholders' equity and reserves	188 558	173 547	9
ROE (%)	20.1	21.1	
Cost of equity (%)#	14.65	14.25	
ROA (%)	1.63	1.71	
Return on average RWA (%)	2.78	2.98	

\* Restated. Refer to pages 65 to 67.

\*\* 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 9.7% (2023: 9.3%) 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% (2023: 4.95%) is determined using the FirstRand beta and equity risk premium.

Excluding the impact of the UK motor commission matter, NIACC increased 6% year on year driven by 10% growth in normalised earnings and 9% growth in average shareholders' equity and reserves as summarised below:

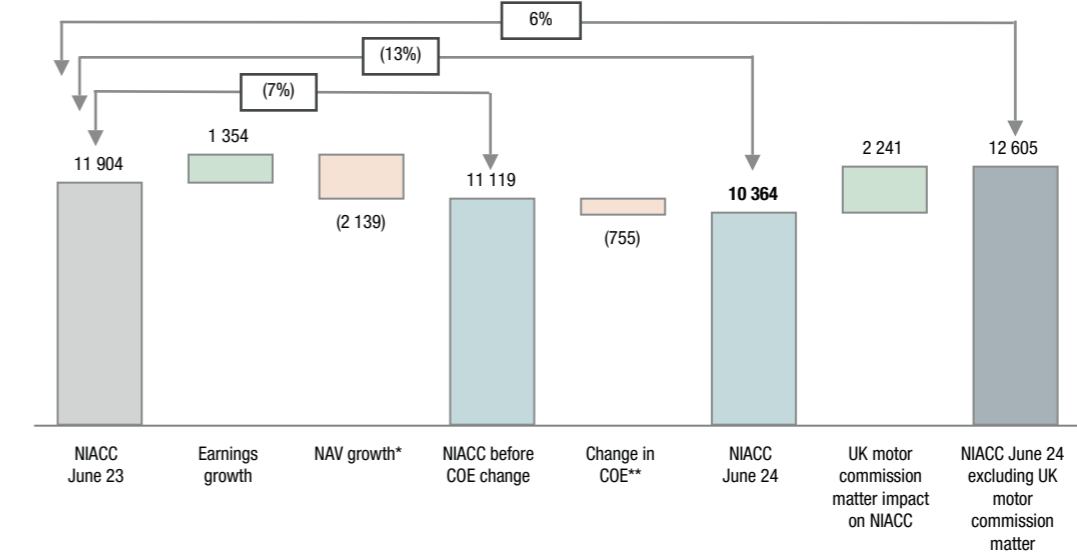
R million	Year ended 30 June		% change
	2024	2023*	
Normalised earnings attributable to ordinary shareholders	40 406	36 634	10
NIACC	12 605	11 904	6
Average ordinary shareholders' equity and reserves	189 767	173 547	9
ROE (%)	21.3	21.1	
ROA (%)	1.73	1.71	
Return on average RWA (%)	2.96	2.98	

\* Restated. Refer to pages 65 to 67.

The graph below provides an analysis of the change in NIACC from June 2023 to June 2024:

### NIACC change period on period

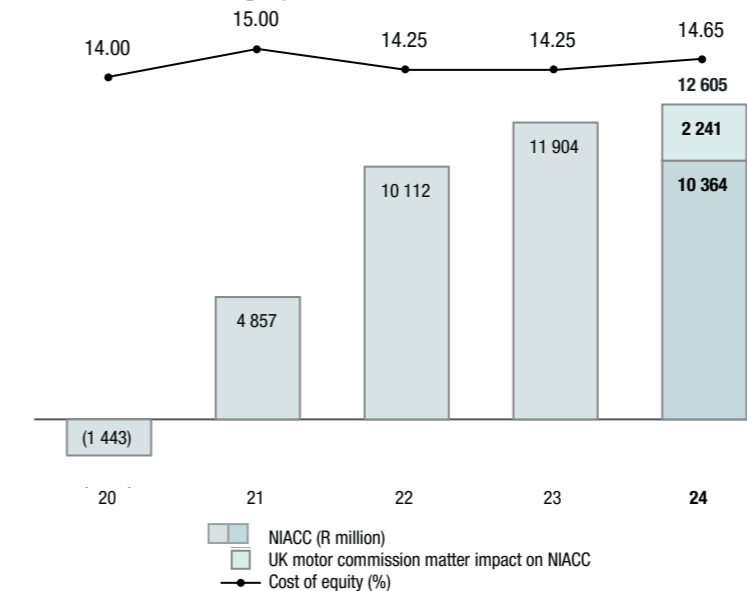
R million



\* NAV growth at prior year cost of equity (COE).

\*\* Change in COE from 14.25% to 14.65%.

### NIACC and cost of equity



Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

**Performance measurement** continued

**Shareholder value creation**

The decomposition of the ROE in the table below indicates that the decline in ROE was largely driven by a deterioration in ROA due to the UK motor commission matter.

	Year ended 30 June				
	2024*	2023**	2022	2021	2020
ROA (%)	<b>1.63</b>	1.71	1.69	1.41	0.97
Gearing#	<b>12.4</b>	12.4	12.2	13.0	13.3
ROE (%)	<b>20.1</b>	21.1	20.6	18.4	12.9

\* Excluding the impact of the UK motor commission matter, ROA would be 1.73%, gearing would decrease to 12.3 and ROE would be 21.3%.

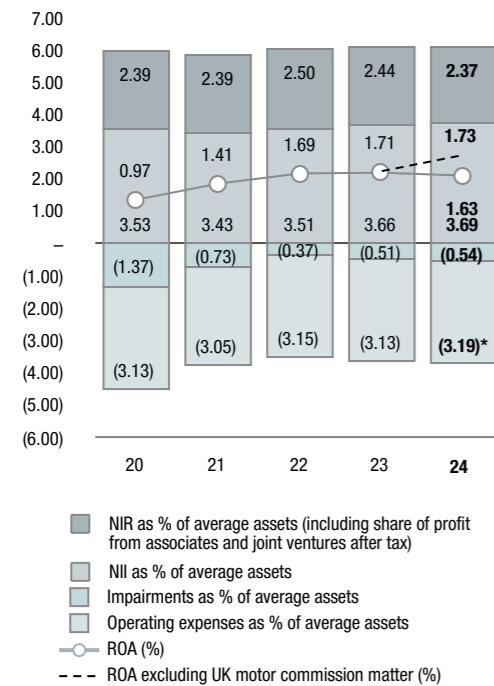
\*\* Restated. Refer to pages 65 to 67.

# Gearing = average total assets/average equity.

Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

Excluding the impact of the UK motor commission matter, ROA increased by 2 bps to 1.73% (June 2023: 1.71%) largely as a result of strong cost containment, offset by a partial unwind of prior year income from the UK operations' fair value hedge due to the recent volatility in UK interest rates. Average total assets increased 9%.

**ROA analysis**



\* Excluding the impact of the UK motor commission matter this would be (3.05%)

Note 1: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

Note 2: 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.

**Operating business performance**

The tables below summarise the performances of the group's operating businesses.

**ROE AND NORMALISED EARNINGS PER BUSINESS**

R million	Year ended 30 June			
	2024		2023*	
	Normalised earnings	ROE %	Normalised earnings	ROE %
Retail and commercial	<b>23 949</b>	<b>34.7</b>	23 550	37.9
– FNB	<b>21 968</b>	<b>36.9</b>	21 700	40.6
– WesBank**	<b>1 981</b>	<b>20.9</b>	1 850	21.2
Corporate and institutional – RMB	<b>9 744</b>	<b>20.3</b>	9 116	21.1
UK operations#	<b>4 170</b>	<b>11.8</b>	3 356	11.6
Centre (including Group Treasury)†	<b>125</b>	<b>0.3</b>	612	1.6
<b>FirstRand group</b>	<b>37 988</b>	<b>20.1</b>	36 634	21.1
<b>FirstRand group – excluding UK motor commission matter</b>	<b>40 406</b>	<b>21.3</b>	36 634	21.1
Broader Africa‡	<b>5 157</b>	<b>24.9</b>	4 141	20.9

\* Restated. Refer to pages 65 to 67.

\*\* The group reviewed its capital allocation to WesBank and consequently increased the allocation for its exposures outside of FirstRand Bank. The restated capital reflects current allocation approaches. The WesBank ROE was restated in line with the revised capital allocation.

# Prior year included the MotoNovo back book. In the segment report on pages 50 to 57, the MotoNovo back book is included in the Centre. Normalised earnings included the return on capital and cost of other capital instruments allocated to it. ROEs are calculated in pound terms.

† Includes unallocated capital. Current period also includes the MotoNovo back book.

‡ 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**

	Year ended 30 June	
%	2024	2023*
Retail and commercial	<b>3.25</b>	3.46
– FNB	<b>3.88</b>	4.12
– WesBank	<b>1.17</b>	1.19
Corporate and institutional – RMB	<b>1.35</b>	1.36
UK operations**	<b>0.88</b>	0.82
Centre (including Group Treasury)#	<b>0.03</b>	0.17
<b>FirstRand group</b>	<b>1.63</b>	1.71
<b>FirstRand group – excluding UK motor commission matter</b>	<b>1.73</b>	1.71

\* Restated. Refer to pages 65 to 67.

\*\* Prior year included the MotoNovo back book. ROAs are calculated in pound terms.

# June 2024 includes the MotoNovo back book.



## Performance measurement continued

The table below provides a geographical analysis of capital allocated.

### GEOGRAPHICAL ANALYSIS OF AVERAGE CAPITAL ALLOCATED

R million	Year ended 30 June				
	2024	% composition	2023*	% composition	% change
South Africa and other**	132 405	70	124 548	72	6
Broader Africa#	20 721	11	19 860	11	4
UK operations†	35 432	19	29 139	17	22
<b>FirstRand group</b>	<b>188 558</b>	<b>100</b>	173 547	100	9
<b>FirstRand group – excluding UK motor commission matter</b>	<b>189 767</b>	<b>100</b>	173 547	100	9

\* Restated. Refer to pages 65 to 67.

\*\* 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.

† Prior year included the MotoNovo back book. UK operations' capital represents a quarterly average with pound sterling capital converted to rand using period-end closing exchange rates.

The table below provides a geographical ROE analysis.

### GEOGRAPHICAL ROE ANALYSIS

%	Year ended 30 June	
	2024	2023*
South Africa and other**	21.6	23.4
Broader Africa#	24.9	20.9
UK operations†	11.8	11.6
<b>FirstRand group</b>	<b>20.1</b>	21.1
<b>FirstRand group – excluding UK motor commission matter</b>	<b>21.3</b>	21.1

\* Restated. Refer to pages 65 to 67.

\*\* 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.

† Prior year included the MotoNovo back book. ROEs are calculated in pound terms.

## Regulatory update

### Resolution framework

In January 2022, the President signed into law the Financial Sector Laws Amendment Act 23 of 2021 (FSLAA), which amends the Financial Sector Regulation Act 9 of 2017. On 24 March 2023, a commencement schedule for the provisions of the FSLAA was published, setting out the implementation dates for key elements of the resolution framework. One of the pivotal provisions effected by the schedule was the designation of the SARB as the RA effective 1 June 2023 and providing it with the necessary powers to operationalise an effective resolution regime and issue resolution standards. The SARB has initiated the resolution planning process by commencing its engagement with systemically important financial institutions.

The RA published a draft standard, *Flac instrument requirements for designated institutions*, in December 2023, which sets out the qualifying criteria of Flac instruments and the level of required instruments to ensure sufficient loss absorption and recapitalisation capacity. The estimated post-tax cost, ranging between R200 million and R300 million in the end-state, will be incorporated into the group's ALM strategies with various transmission mechanisms being analysed and considered as part of the FRM process.

### Capital

Guidance Note 3 of 2023, *Proposed implementation dates in respect of specified regulatory reforms*, was published in July 2023 and outlined the proposed implementation dates for the remaining Basel reforms. The proposed implementation date remains July 2025 onwards, and the assessment and implementation of the final reforms remain a key focus area.

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 impact on the group's capital adequacy ratios is not expected to be material following the removal of the 6% scaling factor on advanced credit models and the implementation of the new standardised approach for operational risk. Areas of national discretion, however, have not been finalised and may still shift the final impact of the reforms.

### Liquidity

The PA published Directive 11/2022 on 14 December 2022, addressing items of national discretion relating to the LCR. The directive enabled, for a limited time, the inclusion of foreign currency level 1 HQLA for purposes of domestic currency LCR (subject to an 8% haircut and restricted to the excess over foreign currency net cash outflows). This extension fell away from 31 December 2023.

As previously noted, the PA published Directive 1/2023 on 23 January 2023 in which items of national discretion relating to the NSFR were addressed. For the initial implementation of the NSFR framework, the PA assigned a 35% available stable funding (ASF) factor to funding received from financial corporates, excluding banks, that matures within six months.

Directive 1/2023 withdrew this adjustment, with the phase out of the 35% ASF following timeline outlined in the table below:

Implementation dates	ASF for funding from financial corporates (excluding banks) maturing within six months
1 June 2023 to 31 December 2023	30%
1 January 2024 to 31 December 2024	20%
1 January 2025 to 31 December 2027	10%
1 January 2028 onwards	0%

The step-down from 30% to 20% took effect on 1 January 2024.

### Financial conglomerates

The Financial Sector Regulation Act empowers the PA to designate a group of companies as a financial conglomerate and to also regulate and supervise such designated financial conglomerates. The PA is also empowered to issue Prudential standards relating to financial conglomerates, and these must be complied with by the holding companies of such financial conglomerates. FirstRand has not been designated as a financial conglomerate, however its designation will be reassessed on a frequent basis. The group voluntarily participates in the field testing of the proposed capital standards.

### Rate reforms

The Johannesburg Interbank Average Rate (JIBAR) is set to be replaced. The SARB has indicated that this change is likely to occur by the end of 2026, with a confirmation date expected in December 2025. The SARB had initially released several proposed Alternative Reference Rates (ARRs) and calculation methodologies. However, after careful observation, they have now identified and endorsed the South African Rand Overnight Index Average Rate (ZARONIA) as the successor to JIBAR, effective from 6 November 2023.

The industry timeline published by the SARB includes significant milestones such as the introduction of ZARONIA for derivatives in November 2024, its first use in the cash market in June 2025, and the cessation of new JIBAR contracts scheduled for March 2026.

The group currently holds several contracts, including derivatives, that reference JIBAR. To oversee the transition, a South African Rates Reform steering committee has been established. This committee comprises key finance, risk, IT, treasury, legal, and compliance personnel, as well as advisors. They have developed a transition process for both existing and potential future contracts, aiming to minimise disruption to business and clients, and to mitigate legal, operational, and conduct risks associated with the transition to ZARONIA.

# BASIS OF PREPARATION

## Presentation

### Normalised results

The group believes normalised earnings most 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 Limited 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 2024, remain unchanged from the prior year.

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 Accounting Standards, the group's financial position, changes in equity and results of operations or cash flows. Details of the nature of these adjustments and reasons therefore can be found below. The *pro forma* financial information should be read in conjunction with the unmodified Ernst & Young Inc. and PricewaterhouseCoopers Inc. independent reporting accountants report, in terms of International Standard on Assurance Engagements (ISAE 3420), on pages 152 and 153.

### Description of difference between normalised and IFRS results

#### Consolidated private equity subsidiaries

In accordance with IFRS Accounting Standards, 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.

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 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 in the statement of financial position.

#### Margin-related items included in fair value income

In terms of IFRS Accounting Standards the group is required to, or has elected to, measure certain financial assets and liabilities at fair value through profit or loss. In terms of the group's IFRS Accounting Standards 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

Interest income is recognised on the plan assets and set off 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.

#### Realisation on the sale of private equity subsidiaries

In terms of *Circular 01/2023 – 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 return 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.

The expense resulting from these share 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 a portion of the recognition of the fair value gain or loss on the hedging instrument for the specific reporting period to the period in which the share-based payment expense will manifest in the group's results. This reflects the economic substance of the hedge and associated share-based payment expense for the group for 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.

### **IFRS 10 Consolidation of fully vested empowerment vehicles**

When assessing if a structured entity is controlled by another entity, it must consider whether the sponsoring entity was instrumental in the design and purpose of the mandate and operational parameters of the entity being evaluated, and whether benefits are obtained. Where both these requirements are met, the sponsoring entity is deemed to have control over the entity.

FirstRand's black economic empowerment (BEE) transaction is fully vested and distributed to the broad-based black economic empowerment beneficiaries, which include the empowerment trusts. Although the trustees are empowered and responsible for making investment decisions and disbursements to beneficiaries, as FirstRand was instrumental in the initial design and obtains non-financial benefits, namely BEE ownership points, the group is deemed to have control and therefore consolidates the empowerment trusts.

For the purpose of calculating normalised results the consolidation of the trusts is reversed as the assets, liabilities and returns within the trusts are not for the benefit of FirstRand shareholders, either on distribution or dissolution of the trusts.

### **Headline earnings adjustments**

All adjustments required by *Circular 01/2023 – 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 amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 154.

The consolidated group and FirstRand Limited company audited annual financial statements are available on the group's website at [www.firststrand.co.za/investors/integrated-reporting-hub/financial-reporting/](http://www.firststrand.co.za/investors/integrated-reporting-hub/financial-reporting/).

### **Adoption of IFRS 17 and restatement of prior year numbers**

The group has made changes to the presentation of the statement of financial position, statement of comprehensive income and the statement of cash flows relating to the adoption of IFRS 17 and other restatements described below.

#### **Adoption of IFRS 17**

Refer to page 213 of the *Analysis of financial results* for the six months ended 31 December 2023 for details relating to the impact of the adoption of IFRS 17.

#### **Restatements**

##### **Restatement of derivative-related margin balances**

Margin balances related to derivative transactions have increased significantly because of growth in the group's local and international client base and increased trading through the London Clearing House. The group therefore has reconsidered the classification and presentation of margin balances associated with the derivative market in the statement of financial position and statement of cash flows during the current financial year. The revised classification and presentation results in an adjustment of R27 633 million associated with margin balances in the derivative market from cash and cash equivalents into collateral, settlement balances and other assets to reflect the underlying nature of the balances.

The impact on financial information previously reported for the items noted above is illustrated below.

**Statement of financial position**

R million	IFRS			IFRS			IFRS		
	As reported at 30 June 2022	IFRS 17	Reclassification	Restated as at 1 July 2022	As reported at 30 June 2023	IFRS 17	Reclassification	Restated as at 30 June 2023	
<b>ASSETS</b>									
Cash and cash equivalents	143 636	–	(36 067)	107 569	175 304	–	(27 633)	147 671	
Collateral, settlement balances and other assets	4 764	(139)	36 067	40 692	3 760	(205)	27 633	31 188	
Reinsurance assets	583	(583)	–	–	554	(554)	–	–	
Insurance contract assets	–	306	–	306	–	555	–	555	
Reinsurance contract assets	–	549	–	549	–	610	–	610	
Intangible assets	9 459	(2)	–	9 457	10 278	(1)	–	10 277	
Deferred income tax asset	8 028	24	–	8 052	8 669	24	–	8 693	
Other assets	1 833 099	–	–	1 833 099	2 097 686	–	–	2 097 686	
<b>Total assets</b>	<b>1 999 569</b>	<b>155</b>	<b>–</b>	<b>1 999 724</b>	<b>2 297 610</b>	<b>429</b>	<b>–</b>	<b>2 298 039</b>	
<b>EQUITY AND LIABILITIES</b>									
<b>Liabilities</b>									
Creditors, accruals and provisions	30 928	(251)	–	30 677	43 389	(126)	–	43 263	
Insurance contract liabilities	–	1 344	–	1 344	–	1 392	–	1 392	
Reinsurance contract liabilities	–	–	–	–	–	24	–	24	
Policyholder liabilities under investment contracts	7 424	(2 028)	–	5 396	8 131	(1 895)	–	6 236	
Deferred income tax liability	692	305	–	997	752	281	–	1 033	
Other liabilities	1 779 816	–	–	1 779 816	2 047 657	–	–	2 047 657	
<b>Total liabilities</b>	<b>1 818 860</b>	<b>(630)</b>	<b>–</b>	<b>1 818 230</b>	<b>2 099 929</b>	<b>(324)</b>	<b>–</b>	<b>2 099 605</b>	
<b>Equity</b>									
Ordinary shares	56	–	–	56	56	–	–	56	
Share premium	7 905	–	–	7 905	7 860	–	–	7 860	
Reserves	156 820	785	–	157 605	172 631	753	–	173 384	
<b>Capital and reserves attributable to equityholders of the group</b>	<b>164 781</b>	<b>785</b>	<b>–</b>	<b>165 566</b>	<b>180 547</b>	<b>753</b>	<b>–</b>	<b>181 300</b>	
Other equity instruments and reserves	11 645	–	–	11 645	12 846	–	–	12 846	
Non-controlling interests	4 283	–	–	4 283	4 288	–	–	4 288	
<b>Total equity</b>	<b>180 709</b>	<b>785</b>	<b>–</b>	<b>181 494</b>	<b>197 681</b>	<b>753</b>	<b>–</b>	<b>198 434</b>	
<b>Total equities and liabilities</b>	<b>1 999 569</b>	<b>155</b>	<b>–</b>	<b>1 999 724</b>	<b>2 297 610</b>	<b>429</b>	<b>–</b>	<b>2 298 039</b>	

**Statement of total comprehensive income for the year**

R million	IFRS		IFRS	
	As reported at 30 June 2023	IFRS 17	Restated as at 30 June 2023*	IFRS
<b>Interest and similar income</b>	151 896	–	151 896	
Interest expense and similar charges	(75 459)	(1)	(75 460)	
Impairment and fair value of credit of advances	(10 949)	–	(10 949)	
Non-interest revenue	55 314	(1 470)	53 844	
Operating expenses	(68 749)	1 320	(67 429)	
Share of profit of associates and joint ventures after tax	487	–	487	
Indirect tax	(1 632)	92	(1 540)	
Income tax expense	(12 196)	24	(12 172)	
<b>Profit for the year</b>	<b>38 712</b>	<b>(35)</b>	<b>38 677</b>	
<b>Attributable to</b>				
Ordinary equityholders	36 366	(35)	36 331	
Other equity instrument holders	1 119	–	1 119	
<b>Equityholders of the group</b>	<b>37 485</b>	<b>(35)</b>	<b>37 450</b>	
Non-controlling interests	1 227	–	1 227	
<b>Profit for the year</b>	<b>38 712</b>	<b>(35)</b>	<b>38 677</b>	
Other comprehensive income for the year	7 416	–	7 416	
Insurance contract finance reserve	–	3	3	
<b>Total comprehensive income for the year</b>	<b>46 128</b>	<b>(32)</b>	<b>46 096</b>	

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

## Independent Auditors' Assurance Report on the compilation of pro forma financial information for the year ended 30 June 2024 included in Analysis of Financial Results

### To the Directors of FirstRand Limited

We have completed our assurance engagement to report on the compilation of the pro forma financial Information of FirstRand Limited (the "Group") by the directors. The pro forma financial Information, as set out on pages 146 to 162 of the Analysis of Financial Results, consist of:

- Reconciliation from headline to normalised earnings for the year ended 30 June 2024; and
- Reconciliation of normalised to IFRS summary consolidated income statement for the year ended 30 June 2024.
- Reconciliation of normalised to IFRS summary consolidated statement of financial position as at 30 June 2024 (collectively the "Pro Forma Financial Information").

The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are specified in the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") and described in the basis of preparation section of the Analysis of Financial Results (the "Applicable Criteria").

The Pro Forma Financial Information has been compiled by the directors solely for illustrative purposes to more accurately reflect operational performance for the period ended 30 June 2024. 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 and information underlying the financial statements for the year ended 30 June 2024, on which an audit opinion was issued on 11 September 2024.

### Directors' responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the Pro Forma Financial Information on the basis of the Applicable Criteria.

### Our independence and quality management

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' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firms apply the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibility

Our responsibility is to express an opinion, as required by the JSE Listings Requirements, about whether the Pro Forma Financial Information has been compiled, in all material respects, by the directors based on the Applicable Criteria, 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, which is applicable to an engagement of this nature, 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 of the Applicable Criteria.

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, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the analysis of financial results is solely prepared for illustrative purposes to more accurately reflect operational performance.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis of 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 provide a reasonable basis for presenting the significant effects directly attributable to 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.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events 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, on the basis of the Applicable Criteria.

*PricewaterhouseCoopers Inc.*

#### **PricewaterhouseCoopers Inc.**

Director: Keith Ackerman  
Registered Auditor

Johannesburg, South Africa  
11 September 2024

*Ernst & Young Inc.*

#### **Ernst & Young Inc.**

Director: Ernest Van Rooyen  
Registered Auditor

Johannesburg, South Africa  
11 September 2024

**Statement of headline earnings – IFRS (audited)**

for the year ended 30 June

R million	2024	2023*	% change
Profit for the year	41 180	38 677	6
Other equity instrument holders	(1 518)	(1 119)	36
Non-controlling interests	(1 471)	(1 227)	20
<b>Earnings attributable to ordinary equityholders</b>	<b>38 191</b>	<b>36 331</b>	<b>5</b>
<b>Adjusted for</b>	<b>(137)</b>	<b>369</b>	<b>(&gt;100)</b>
Gain on disposal of non-private equity associates	(208)	–	–
Loss/(gain) on partial disposal of subsidiaries	3	(25)	(>100)
Loss on disposal of property and equipment	23	43	(47)
Fair value movement on investment properties	(28)	25	(>100)
Impairment of goodwill	61	342	(82)
Impairment/(reversal of impairment) of assets in terms of IAS 36	11	61	(82)
Tax effects of adjustments	(1)	(27)	(96)
Non-controlling interest adjustments	2	(50)	(>100)
<b>Headline earnings</b>	<b>38 054</b>	<b>36 700</b>	<b>4</b>

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

**Reconciliation from headline to normalised earnings**

for the year ended 30 June

R million	2024	2023*	% change
<b>Headline earnings*</b>	<b>38 054</b>	<b>36 700</b>	<b>4</b>
<b>Adjusted for</b>	<b>(66)</b>	<b>(66)</b>	<b>–</b>
Treasury shares**	16	17	(6)
IAS 19 adjustment	(87)	(98)	(11)
Private equity related#	5	15	(67)
<b>Normalised earnings</b>	<b>37 988</b>	<b>36 634</b>	<b>4</b>

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

\*\* 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 2024

R million	Normalised	Private equity related	Treasury shares*	Margin-related items included in fair value income	IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
<b>Net interest income before impairment of advances</b>	<b>86 105</b>	–	–	(2 896)	–	–	245	<b>83 454</b>
Impairment charge	<b>(12 555)</b>	–	–	–	–	–	–	<b>(12 555)</b>
<b>Net interest income after impairment of advances</b>	<b>73 550</b>	–	–	(2 896)	–	–	245	<b>70 899</b>
Total non-interest revenue	<b>55 295</b>	(17)	(16)	2 896	–	210	140	<b>58 508</b>
– Operational non-interest revenue	<b>52 873</b>	(17)	(20)	2 896	–	210	140	<b>56 082</b>
– Share of profit of associates and joint ventures after tax	<b>2 422</b>	–	4	–	–	–	–	<b>2 426</b>
<b>Income from operations</b>	<b>128 845</b>	(17)	(16)	–	–	210	385	<b>129 407</b>
Operating expenses	<b>(74 405)</b>	12	–	–	119	(72)	(385)	<b>(74 731)</b>
<b>Income before indirect tax</b>	<b>54 440</b>	(5)	(16)	–	119	138	–	<b>54 676</b>
Indirect tax	<b>(1 655)</b>	–	–	–	–	–	–	<b>(1 655)</b>
<b>Profit before tax</b>	<b>52 785</b>	(5)	(16)	–	119	138	–	<b>53 021</b>
Income tax expense	<b>(11 810)</b>	–	–	–	(32)	1	–	<b>(11 841)</b>
<b>Profit for the year</b>	<b>40 975</b>	(5)	(16)	–	87	139	–	<b>41 180</b>
<b>Attributable to</b>								
Other equity instrument holders	<b>(1 518)</b>	–	–	–	–	–	–	<b>(1 518)</b>
Non-controlling interests	<b>(1 469)</b>	–	–	–	–	(2)	–	<b>(1 471)</b>
<b>Ordinary equityholders</b>	<b>37 988</b>	(5)	(16)	–	87	137	–	<b>38 191</b>
Headline and normalised earnings adjustments	–	5	16	–	(87)	(137)	–	<b>(203)</b>
<b>Normalised earnings attributable to ordinary equityholders of the group</b>	<b>37 988</b>	–	–	–	–	–	–	<b>37 988</b>

\* FirstRand shares held for client trading activities.



## Reconciliation of normalised to IFRS summary consolidated income statement

For the year ended 30 June 2023

R million	Normalised	Private equity related	Treasury shares*	Margin-related items included in fair value income	IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS**
<b>Net interest income before impairment of advances</b>	78 615	–	–	(2 402)	–	–	223	76 436
Impairment charge	(10 949)	–	–	–	–	–	–	(10 949)
<b>Net interest income after impairment of advances</b>	67 666	–	–	(2 402)	–	–	223	65 487
Total non-interest revenue	52 393	(43)	(16)	2 402	–	(42)	(363)	54 331
– Operational non-interest revenue	51 900	(43)	(10)	2 402	–	(42)	(363)	53 844
– Share of profit of associates and joint ventures after tax	493	–	(6)	–	–	–	–	487
<b>Income from operations</b>	120 059	(43)	(16)	–	–	(42)	(140)	119 818
Operating expenses	(67 320)	21	–	–	134	(404)	140	(67 429)
<b>Income before indirect tax</b>	52 739	(22)	(16)	–	134	(446)	–	52 389
Indirect tax	(1 540)	–	–	–	–	–	–	(1 540)
<b>Profit before tax</b>	51 199	(22)	(16)	–	134	(446)	–	50 849
Income tax expense	(12 169)	7	(1)	–	(36)	27	–	(12 172)
<b>Profit for the year</b>	39 030	(15)	(17)	–	98	(419)	–	38 677
<b>Attributable to</b>								
Other equity instrument holders	(1 119)	–	–	–	–	–	–	(1 119)
Non-controlling interests	(1 277)	–	–	–	–	50	–	(1 227)
<b>Ordinary equityholders</b>	36 634	(15)	(17)	–	98	(369)	–	36 331
Headline and normalised earnings adjustments	–	15	17	–	(98)	369	–	303
<b>Normalised earnings attributable to ordinary equityholders of the group</b>	36 634	–	–	–	–	–	–	36 634

\* FirstRand shares held for client trading activities.

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

**Reconciliation of normalised to IFRS summary consolidated statement of financial position**  
as at 30 June 2024

R million	Normalised	Treasury shares*	Empowerment fund reserve	IFRS
<b>ASSETS</b>				
Cash and cash equivalents	158 477	–	–	158 477
Derivative financial instruments	55 284	–	–	55 284
Commodities	15 109	–	–	15 109
Investment securities	431 044	(444)	2 916	433 516
Advances	1 611 541	–	–	1 611 541
– Advances to customers	1 532 589	–	–	1 532 589
– Marketable advances	78 952	–	–	78 952
Collateral, settlement balances and other assets	36 052	–	–	36 052
Current tax asset	451	–	–	451
Non-current assets and disposal groups held for sale	1 498	–	–	1 498
Insurance contract assets	760	–	–	760
Reinsurance contract assets	509	–	–	509
Investments in associates	10 332	–	–	10 332
Investments in joint ventures	3 458	52	–	3 510
Property and equipment	23 326	–	–	23 326
Intangible assets	9 701	–	–	9 701
Investment properties	704	–	–	704
Defined benefit post-employment asset	7	–	–	7
Deferred income tax asset	8 562	–	–	8 562
<b>Total assets</b>	<b>2 366 815</b>	<b>(392)</b>	<b>2 916</b>	<b>2 369 339</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Short trading positions	10 273	–	–	10 273
Derivative financial instruments	44 645	–	–	44 645
Creditors, accruals and provisions	42 447	–	–	42 447
Current tax liability	719	–	–	719
Liabilities directly associated with disposal groups held for sale	1 126	–	–	1 126
Deposits	2 003 151	–	–	2 003 151
Employee liabilities	16 572	–	–	16 572
Other liabilities	5 806	–	–	5 806
Insurance contract liabilities	968	–	–	968
Reinsurance contract liabilities	48	–	–	48
Policyholder liabilities under investment contracts	7 669	–	–	7 669
Tier 2 liabilities	17 268	–	–	17 268
Deferred income tax liability	843	–	–	843
<b>Total liabilities</b>	<b>2 151 535</b>	<b>–</b>	<b>–</b>	<b>2 151 535</b>
<b>Equity</b>				
Ordinary shares	56	–	–	56
Share premium	8 056	(416)	–	7 640
Reserves	187 552	24	–	187 576
<b>Capital and reserves attributable to equityholders of the group</b>	<b>195 664</b>	<b>(392)</b>	<b>–</b>	<b>195 272</b>
Other equity instruments and reserves	14 755	–	2 916	17 671
Non-controlling interests	4 861	–	–	4 861
<b>Total equity</b>	<b>215 280</b>	<b>(392)</b>	<b>2 916</b>	<b>217 804</b>
<b>Total equities and liabilities</b>	<b>2 366 815</b>	<b>(392)</b>	<b>2 916</b>	<b>2 369 339</b>

\* FirstRand shares held for client trading activities.

**Reconciliation of normalised to IFRS summary consolidated statement of financial position**  
as at 30 June 2023

R million	Normalised	Treasury shares*	Empowerment fund reserve	IFRS**
<b>ASSETS</b>				
Cash and cash equivalents	147 671	–	–	147 671
Derivative financial instruments	85 956	–	–	85 956
Commodities	17 252	–	–	17 252
Investment securities	416 423	(199)	2 916	419 140
Advances	1 539 375	–	–	1 539 375
– Advances to customers	1 455 422	–	–	1 455 422
– Marketable advances	83 953	–	–	83 953
Collateral, settlement balances and other assets	31 188	–	–	31 188
Current tax asset	925	–	–	925
Non-current assets and disposal groups held for sale	1 359	–	–	1 359
Insurance contract assets	555	–	–	555
Reinsurance contract assets	610	–	–	610
Investments in associates	10 400	–	–	10 400
Investments in joint ventures	3 057	48	–	3 105
Property and equipment	21 155	–	–	21 155
Intangible assets	10 277	–	–	10 277
Investment properties	353	–	–	353
Defined benefit post-employment asset	25	–	–	25
Deferred income tax asset	8 693	–	–	8 693
<b>Total assets</b>	<b>2 295 274</b>	<b>(151)</b>	<b>2 916</b>	<b>2 298 039</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Short trading positions	12 753	–	–	12 753
Derivative financial instruments	70 354	–	–	70 354
Creditors, accruals and provisions	43 263	–	–	43 263
Current tax liability	471	–	–	471
Liabilities directly associated with disposal groups held for sale	–	–	–	–
Deposits	1 923 103	–	–	1 923 103
Employee liabilities	17 074	–	–	17 074
Other liabilities	7 033	–	–	7 033
Insurance contract liabilities	1 392	–	–	1 392
Reinsurance contract liabilities	24	–	–	24
Policyholder liabilities under investment contracts	6 236	–	–	6 236
Tier 2 liabilities	16 869	–	–	16 869
Deferred income tax liability	1 033	–	–	1 033
<b>Total liabilities</b>	<b>2 099 605</b>	<b>–</b>	<b>–</b>	<b>2 099 605</b>
<b>Equity</b>				
Ordinary shares	56	–	–	56
Share premium	8 056	(196)	–	7 860
Reserves	173 339	45	–	173 384
<b>Capital and reserves attributable to equityholders of the group</b>	<b>181 451</b>	<b>(151)</b>	<b>–</b>	<b>181 300</b>
Other equity instruments and reserves	9 930	–	2 916	12 846
Non-controlling interests	4 288	–	–	4 288
<b>Total equity</b>	<b>195 669</b>	<b>(151)</b>	<b>2 916</b>	<b>198 434</b>
<b>Total equities and liabilities</b>	<b>2 295 274</b>	<b>(151)</b>	<b>2 916</b>	<b>2 298 039</b>

\* FirstRand shares held for client trading activities.

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

**Reconciliation of normalised to IFRS summary consolidated statement of financial position**  
as at 30 June 2022

R million	Normalised	Treasury shares*	IFRS**
<b>ASSETS</b>			
Cash and cash equivalents	107 569	–	107 569
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
Collateral, settlement balances and other assets	40 692	–	40 692
Current tax asset	624	–	624
Non-current assets and disposal groups held for sale	1 501	–	1 501
Insurance contract assets	306	–	306
Reinsurance contract assets	549	–	549
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	9 457	–	9 457
Investment properties	698	–	698
Defined benefit post-employment asset	35	–	35
Deferred income tax asset	8 051	1	8 052
<b>Total assets</b>	<b>1 999 800</b>	<b>(76)</b>	<b>1 999 724</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Short trading positions	14 623	–	14 623
Derivative financial instruments	64 547	–	64 547
Creditors, accruals and provisions	30 677	–	30 677
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
Insurance contract liabilities	1 344	–	1 344
Reinsurance contract liabilities	–	–	–
Policyholder liabilities under investment contracts	5 396	–	5 396
Tier 2 liabilities	20 937	–	20 937
Deferred income tax liability	997	–	997
<b>Total liabilities</b>	<b>1 818 230</b>	<b>–</b>	<b>1 818 230</b>
<b>Equity</b>			
Ordinary shares	56	–	56
Share premium	8 056	(151)	7 905
Reserves	157 530	75	157 605
<b>Capital and reserves attributable to equityholders of the group</b>	<b>165 642</b>	<b>(76)</b>	<b>165 566</b>
Other equity instruments and reserves	11 645	–	11 645
Non-controlling interests	4 283	–	4 283
<b>Total equity</b>	<b>181 570</b>	<b>(76)</b>	<b>181 494</b>
<b>Total equities and liabilities</b>	<b>1 999 800</b>	<b>(76)</b>	<b>1 999 724</b>

\* FirstRand shares held for client trading activities.

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

# SUPPLEMENTARY INFORMATION

## Headline earnings additional disclosure

Set out below is additional information pertaining to Section 1 of Circular 01/2023 – 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	2024	2023	% change
Aggregate cost of portfolio	4 126	3 205	29
Aggregate carrying value	8 365	6 922	21
Aggregate fair value*	15 259	12 725	20
Equity-accounted income**	1 919	10	(>100)
Profit on realisation#	1	823	(100)

\* Aggregate fair value is disclosed, including non-controlling interests.

\*\* Share of profits from associates and joint ventures is disclosed post-tax, and the prior year is impacted by the debt-to-equity restructure. Refer to page 85.

# Profit on realisation is disclosed post-tax and non-controlling interests.

### Issue 2 – Capital appreciation on investment products

R million	2024	2023	% change
Carrying value of investment properties	704	353	99
Fair value of investment properties	704	353	99

## Number of ordinary shares in issue

as at 30 June

	2024		2023	
	IFRS	Normalised	IFRS	Normalised
<b>Shares in issue</b>				
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	(5 764 883)	–	(2 900 304)	–
– Shares held for client trading*	(5 764 883)	–	(2 900 304)	–
<b>Number of shares in issue (after treasury shares)</b>	<b>5 603 723 118</b>	<b>5 609 488 001</b>	5 606 587 697	5 609 488 001
<b>Weighted average number of shares</b>				
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	(4 954 913)	–	(3 768 649)	–
– Shares held for client trading*	(4 954 913)	–	(3 768 649)	–
<b>Basic and diluted weighted average number of shares in issue</b>	<b>5 604 533 088</b>	<b>5 609 488 001</b>	5 605 719 352	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

	2024	2023	% change
<b>Market indicators</b>			
\$/R exchange rate			
– Closing	18.22	18.84	(3)
– Average	18.71	17.73	6
£/R exchange rate			
– Closing	22.99	23.95	(4)
– Average	23.55	21.31	11
SA prime overdraft (%)	11.75	11.75	
SA average prime overdraft (%)	11.75	10.27	
SA average CPI (%)	5.26	7.05	
JSE All Share Index	79 707	76 028	5
JSE Banks Index	11 833	9 890	20
<b>Share statistics/performance on the JSE</b>			
Number of shares in issue (thousands)	5 609 488	5 609 488	–
Share price			
– High for the year (cents)	7 868	7 100	11
– Low for the year (cents)	5 890	5 680	4
– Closing (cents)	7 690	6 850	12
Closing price/net asset value per share	2.20	2.13	
Closing price/earnings (headline)	11.33	10.45	
Shares traded			
– Number of shares (millions)	3 404	3 356	1
– Value of shares (R million)	228 308	214 729	6
– Turnover in shares traded (%)	40.73	38.30	
Market capitalisation (R million)	431 370	384 250	12
<b>Share price performance</b>			
FirstRand average share price (cents)	6 694	6 406	4
JSE Bank Index (average)	10 332	9 691	7
JSE All Share Index (average)	74 775	73 187	2

## Company information

### Directors

JP Burger (chairman), M Vilakazi (CEO), MG Davias (CFO), GG Gelink, TC Isaacs, PD Naidoo, Z Roscherr, SP Sibisi, LL von Zeuner, T Winterboer

### Company secretary and registered office

C Low  
4 Merchant Place, Corner Fredman Drive and Rivonia Road  
Sandton 2196  
PO Box 650149, Benmore, 2010  
Tel: +27 11 282 1808  
Fax: +27 11 282 8088  
Website: [www.firstrand.co.za](http://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  
1st Floor, Rosebank Towers  
15 Biermann Avenue  
Rosebank, Johannesburg, 2196  
Private Bag X9000, Saxonwold, 2132  
Tel: +27 11 370 5000  
Fax: +27 11 688 5248

### Transfer secretaries – Namibia

Transfer Secretaries (Pty) Ltd  
4 Robert Mugabe Avenue, Windhoek  
PO Box 2401, Windhoek, Namibia  
Tel: +264 612 27647  
Fax: +264 612 48531

### Auditors

PricewaterhouseCoopers Inc.  
4 Lisbon Lane  
Waterfall City  
Jukskei View  
2090

Ernst & Young Inc.  
102 Rivonia Road  
Sandton  
Johannesburg  
Gauteng  
South Africa  
2146

## Listed financial instruments of the group

### Listed equity

#### JSE Limited (JSE)

Ordinary shares		
Issuer	Share code	ISIN code
FirstRand Limited	FSR	ZAE000066304

#### Namibian Stock Exchange (NSX)

Ordinary shares		
Issuer	Share code	ISIN code
FirstRand Limited	FST	ZAE000066304
FirstRand Namibia Limited	FNB	NA0003475176

### Listed debt

#### South Africa

FRB remains the group's rated entity from which debt is issued – the JSE-listed programmes and debt instruments are available online at:

- [www.firstrand.co.za/investors/debt-investor-centre/prospectuses-and-programme-memoranda/](http://www.firstrand.co.za/investors/debt-investor-centre/prospectuses-and-programme-memoranda/)
- [www.firstrand.co.za/investors/debt-investor-centre/jse-listed-instruments/](http://www.firstrand.co.za/investors/debt-investor-centre/jse-listed-instruments/)
- [www.rmb.co.za/page/krugerrand-custodial-certificate](http://www.rmb.co.za/page/krugerrand-custodial-certificate)
- [www.rmb.co.za/page/dollar-custodial-certificate](http://www.rmb.co.za/page/dollar-custodial-certificate)
- [www.rmb.co.za/page/retail-structured-solutions](http://www.rmb.co.za/page/retail-structured-solutions)

#### Botswana Stock Exchange (BSE)

Ordinary shares		
Issuer	Issuer	ISIN code
First National Bank of Botswana Limited	FNBB	BW0000000066

#### Eswatini Stock Exchange (ESE)

Ordinary shares		
Issuer	Share code	ISIN code
First National Bank of Eswatini	FNBE	SZE000331064

Various group subsidiaries also issue debt instruments in other jurisdictions. These are outlined below.

#### Broader Africa

#### Issuer: First National Bank of Namibia Limited

#### NSX

Domestic medium-term note programme

ISIN code	
Senior unsecured	
NA000A3K3LR6	NA000A3K3LQ8

#### Issuer: First National Bank of Botswana Limited

#### BSE

Domestic medium-term note programme

ISIN code	
Subordinated debt	Senior unsecured
BW0000002377	BW0000001916

### Credit ratings

Refer to [www.firstrand.co.za/investors/debt-investor-centre/credit-ratings](http://www.firstrand.co.za/investors/debt-investor-centre/credit-ratings) for current credit ratings.

**Listed financial instruments of the group** continued

**Capital instruments**

**BASEL III COMPLIANT AT1 AND TIER 2 INSTRUMENTS**

R million	Maturity date	Call date	As at 30 June	
			2024	2023
<b>FirstRand Bank</b>				
<b>AT1</b>				
FRB24	Perpetual	2023/11/08	–	2 265
FRB25	Perpetual	2024/09/19	3 461	3 461
FRB28	Perpetual	2025/12/02	1 400	1 400
FRB34	Perpetual	2028/06/02	2 804	2 804
FRB37	Perpetual	2029/02/26	1 387	–
FRB38	Perpetual	2029/05/06	2 039	–
FRB39	Perpetual	2028/11/13	1 574	–
FRB41	Perpetual	2029/06/12	2 090	–
<b>Total AT1</b>			<b>14 755</b>	9 930
<b>Tier 2</b>				
FRB26	2029/06/03	2024/06/03	–	1 910
FRB27	2031/06/03	2026/06/03	715	715
FRB29	2031/04/19	2026/04/19	2 374	2 374
FRB30	2031/04/19	2026/04/19	698	698
FRB31	2031/11/24	2026/11/24	2 500	2 500
FRB32	2032/09/28	2027/09/28	2 296	2 296
FRB33	2034/09/28	2029/09/28	1 662	890
FRB35	2033/02/06	2028/02/06	2 300	2 300
FRB36	2033/09/14	2028/09/14	2 500	2 500
FRB40	2035/03/11	2030/03/11	1 548	–
<b>Total Tier 2</b>			<b>16 593</b>	16 183

Refer to the [www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/](http://www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/) for additional information on the terms and conditions of the capital instruments.

**Definitions**

<b>Additional Tier 1 (AT1) capital</b>	AT1 capital instruments and qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specified regulatory deductions
<b>Arrears</b>	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
<b>Capital adequacy ratio (CAR)</b>	Total qualifying capital and reserves divided by RWA
<b>Common Equity Tier 1 (CET1) capital</b>	Share capital and premium, qualifying reserves and third-party capital, less specified regulatory deductions
<b>Contingent convertible securities</b>	Fixed-rate perpetual subordinated contingent convertible securities issued by Aldermore. These instruments qualify as AT1 capital
<b>Core lending advances</b>	Total advances excluding assets under agreements to resell
<b>Cost-to-income ratio</b>	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates and joint ventures
<b>Credit loss ratio</b>	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)
<b>Diversity ratio</b>	Non-interest revenue expressed as a percentage of total income including share of profits from associates and joint ventures
<b>Dividend cover</b>	Normalised earnings per share divided by dividend per share
<b>Effective tax rate</b>	Tax per the income statement divided by the profit before tax per the income statement
<b>Impairment charge</b>	Amortised cost impairment charge and credit fair value adjustments
<b>Loan-to-deposit ratio</b>	Average advances expressed as a percentage of average deposits
<b>Loss given default (LGD)</b>	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
<b>Net income after cost of capital (NIACC)</b>	Normalised earnings less the cost of equity multiplied by the average ordinary shareholders' equity and reserves
<b>Normalised earnings</b>	The group believes normalised earnings more accurately reflect its economic performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies
<b>Normalised earnings per share</b>	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares, including treasury shares
<b>Normalised net asset value</b>	Normalised equity attributable to ordinary equityholders
<b>Normalised net asset value per share</b>	Normalised equity attributable to ordinary equityholders divided by the number of issued ordinary shares
<b>Price earnings ratio (times)</b>	Closing price at end of period divided by basic normalised earnings per share
<b>Price-to-book (times)</b>	Closing share price at end of period divided by normalised net asset value per share
<b>Return on assets (ROA)</b>	Normalised earnings divided by average assets
<b>Return on equity (ROE)</b>	Normalised earnings divided by average normalised ordinary shareholders' equity
<b>Risk-weighted assets (RWA)</b>	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 and in line with the banking regulations.
<b>Shares in issue</b>	Number of ordinary shares listed on the JSE
<b>Technical cures</b>	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
<b>Tier 1 ratio</b>	Tier 1 capital divided by RWA
<b>Tier 1 capital</b>	CET1 capital plus AT1 capital

**Definitions** continued

<b>Tier 2 capital</b>	Qualifying subordinated debt instruments, capital instruments issued out of fully consolidated subsidiaries to third parties, qualifying provisions less specified regulatory deductions
<b>Total coverage %</b>	Total impairment provisions expressed as a percentage of core lending advances
<b>Total qualifying capital and reserves</b>	Tier 1 capital plus Tier 2 capital
<b>Weighted average number of ordinary shares</b>	Weighted average number of ordinary shares in issue during the year as listed on the JSE

**Abbreviations**

<b>AC and FV</b>	Amortised cost and fair value
<b>ALM</b>	Asset-liability management
<b>APE</b>	Annual premium equivalent
<b>ASF</b>	Available stable funding
<b>AT1</b>	Additional Tier 1
<b>AUM</b>	Assets under management
<b>BEE</b>	Black economic empowerment
<b>BoE</b>	Bank of England
<b>BSE</b>	Botswana Stock Exchange
<b>CAGR</b>	Compound annual growth rate
<b>CCyB</b>	Countercyclical buffer
<b>CET1</b>	Common Equity Tier 1
<b>CIB</b>	Corporate and investment banking
<b>CLR</b>	Credit loss ratio
<b>CoDI</b>	Corporation for Deposit Insurance
<b>COE</b>	Cost of equity
<b>Covid-19</b>	Coronavirus disease
<b>CPI</b>	Consumer price index
<b>CSM</b>	Contractual service margin
<b>DIS</b>	Deposit Insurance Scheme
<b>DWT</b>	Dividend withholding tax
<b>ECL</b>	Expected credit loss
<b>FCA</b>	Financial Conduct Authority
<b>FLI</b>	Forward-looking information
<b>FML</b>	Fleet management and leasing
<b>FRB</b>	FirstRand Bank Limited
<b>FREMA</b>	FirstRand EMA Holdings (Pty) Ltd
<b>FRI</b>	FirstRand International Limited
<b>FRIHL</b>	FirstRand Investment Holdings (Pty) Ltd
<b>FRISCOL</b>	FirstRand Insurance Services Company
<b>FRM</b>	Financial resource management
<b>FSLAA</b>	Financial Sector Laws Amendment Act 23 of 2021
<b>FVOCI</b>	Fair value through other comprehensive income
<b>FVTPL</b>	Fair value through profit or loss
<b>FX</b>	Foreign exchange
<b>GCA</b>	Gross carrying amount
<b>GM</b>	Global markets
<b>HQLA</b>	High-quality liquid assets
<b>IBD</b>	Investment banking division
<b>IMF</b>	International Monetary Fund
<b>ISA</b>	Individual savings account
<b>JIBAR</b>	Johannesburg Interbank Average Rate
<b>JSE</b>	JSE Limited
<b>JV</b>	Joint venture
<b>LCR</b>	Liquidity coverage ratio
<b>LGD</b>	Loss given default
<b>NAV</b>	Net asset value

<b>NCNR</b>	Non-cumulative non-redeemable
<b>NIACC</b>	Net income after cost of capital
<b>NII</b>	Net interest income
<b>NIM</b>	Net interest margin
<b>NIR</b>	Non-interest revenue
<b>NOSIA</b>	Notice of sums in arrears
<b>NPLs</b>	Non-performing loans
<b>NSFR</b>	Net stable funding ratio
<b>NSX</b>	Namibian Stock Exchange
<b>OCI</b>	Other comprehensive income
<b>PA</b>	Prudential Authority
<b>PAA</b>	Premium allocation approach
<b>PBT</b>	Profit before tax
<b>PE</b>	Private equity
<b>PI</b>	Principal investment
<b>RA</b>	Resolution Authority
<b>ROA</b>	Return on assets
<b>ROE</b>	Return on equity
<b>RWA</b>	Risk-weighted assets
<b>SA</b>	South Africa
<b>SARB</b>	South African Reserve Bank
<b>SICR</b>	Significant increase in credit risk
<b>SME</b>	Small and medium-sized enterprise
<b>SPV</b>	Special purpose vehicle
<b>TFS</b>	Toyota Financial Services (Pty) Ltd
<b>TRS</b>	Total return swap
<b>TTC</b>	Through-the-cycle
<b>TTS</b>	Treasury and trade solutions
<b>UK</b>	United Kingdom
<b>VAF</b>	Vehicle asset finance
<b>VAPS</b>	Value-added products and services
<b>VSI</b>	Vertical sales index
<b>VWFS</b>	Volkswagen Financial Services (Pty) Ltd
<b>WIM</b>	Wealth and investment management



## Abbreviations of financial reporting standards

### International Financial Reporting Standards

<b>IFRS 1</b>	First-time Adoption of International Financial Reporting Standards
<b>IFRS 2</b>	Share-based Payment
<b>IFRS 3</b>	Business Combinations
<b>IFRS 4</b>	Insurance Contracts
<b>IFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations
<b>IFRS 7</b>	Financial Instruments – Disclosures
<b>IFRS 8</b>	Operating Segments
<b>IFRS 9</b>	Financial Instruments
<b>IFRS 10</b>	Consolidated Financial Statements
<b>IFRS 11</b>	Joint Arrangements
<b>IFRS 12</b>	Disclosure of Interests in Other Entities
<b>IFRS 13</b>	Fair Value Measurement
<b>IFRS 15</b>	Revenue
<b>IFRS 16</b>	Leases
<b>IFRS 17</b>	Insurance Contracts
<b>IFRS 18</b>	Presentation and Disclosure in Financial Statements
<b>IFRS 19</b>	Subsidiaries without Public Accountability: Disclosures

### International Accounting Standards

<b>IAS 1</b>	Presentation of Financial Statements
<b>IAS 2</b>	Inventories
<b>IAS 7</b>	Statement of Cash Flows
<b>IAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors
<b>IAS 10</b>	Events After the Reporting Period
<b>IAS 12</b>	Income Taxes
<b>IAS 16</b>	Property, Plant and Equipment
<b>IAS 19</b>	Employee Benefits
<b>IAS 20</b>	Accounting for Government Grants and Disclosure of Government Assistance
<b>IAS 21</b>	The Effects of Changes in Foreign Exchange Rates
<b>IAS 23</b>	Borrowing Costs
<b>IAS 24</b>	Related Party Disclosures
<b>IAS 27</b>	Consolidated and Separate Financial Statements
<b>IAS 28</b>	Investments in Associates and Joint Ventures
<b>IAS 29</b>	Financial Reporting in Hyperinflationary Economies
<b>IAS 32</b>	Financial Instruments – Presentation
<b>IAS 33</b>	Earnings Per Share
<b>IAS 34</b>	Interim Financial Reporting
<b>IAS 36</b>	Impairment of Assets
<b>IAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets
<b>IAS 38</b>	Intangible Assets
<b>IAS 39</b>	Financial Instruments – Recognition and Measurement
<b>IAS 40</b>	Investment Property

### IFRS Interpretations Committee Interpretations

<b>IFRIC 17</b>	Distributions of Non-cash Assets to Owners
<b>IFRIC 22</b>	Foreign Currency Transactions and Advance Consideration
<b>IFRIC 23</b>	Uncertainty over Income Tax Treatments





[www.firstrand.co.za](http://www.firstrand.co.za)

# ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

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Five-year review and economic impact

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B

FirstRand group audited consolidated annual financial statements

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C

Shareholders' and supplementary information

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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](http://www.firstrand.co.za)

Email questions to [investor.relations@firstrand.co.za](mailto:investor.relations@firstrand.co.za)

A

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**FIVE-YEAR  
REVIEW AND  
ECONOMIC  
IMPACT**

# FIVE-YEAR REVIEW AND ECONOMIC IMPACT

## A

Five-year review	A5
Economic impact	A8

## Five-year review

R million	2020	2021	2022	2023*	2024	Compound growth %
<b>Statement of financial position</b>						
Total assets	1 894 620	1 870 013	1 999 724*	2 298 039	<b>2 369 339</b>	6
Average assets	1 780 001	1 882 317	1 934 869*	2 148 882	<b>2 333 689</b>	7
Core lending advances	1 284 131	1 208 468	1 311 441	1 511 037	<b>1 597 898</b>	6
Average core lending advances	1 239 365	1 246 300	1 259 955	1 411 239	<b>1 554 468</b>	6
Impairment and fair value of credit of advances	49 380	50 618	47 734	51 072	<b>54 165</b>	2
Non-performing loans (NPLs)	57 281	60 705	50 886	57 432	<b>67 840</b>	4
Gross advances before impairments	1 311 095	1 274 052	1 382 058	1 590 447	<b>1 665 706</b>	6
Deposits	1 535 015	1 542 078	1 655 972	1 923 103	<b>2 003 151</b>	7
Capital and reserves attributable to equityholders of the group	147 774	163 262	177 211*	194 146	<b>212 943</b>	10
Treasury shares	72	25	70	145	<b>392</b>	53
Ordinary dividends	16 716	6 170	17 390	27 991	<b>22 158</b>	7
<b>Total equity before dividends and treasury shares</b>	164 562	169 457	194 671*	222 282	<b>235 493</b>	9
Total ordinary equity	137 529	151 617	165 566*	181 300	<b>195 272</b>	9
Assets under administration	2 258 429	2 282 511	2 408 608	2 766 190	<b>2 876 866</b>	6
<b>Income statement</b>						
Net interest income before impairment of advances	62 915	63 290	66 375	76 436	<b>83 454</b>	7
Impairment and fair value of credit of advances	(24 383)	(13 660)	(7 080)	(10 949)	<b>(12 555)</b>	(15)
Non-interest revenue	41 691	45 195	48 248	53 844	<b>56 082</b>	8
Share of profit of associates and joint ventures after tax	29	1 538	1 491	487	<b>2 426</b>	202
Operating expenses	(55 276)	(57 556)	(60 769)	(67 429)	<b>(74 731)</b>	8
Earnings attributable to ordinary equityholders	17 021	26 743	32 761	36 331	<b>38 191</b>	22
Headline earnings	17 326	26 950	32 817	36 700	<b>38 054</b>	22
Earnings per share (cents)						
– Basic	303.5	476.9	584.3	648.1	<b>681.4</b>	22
– Diluted	303.5	476.9	584.3	648.1	<b>681.4</b>	22
Headline earnings per share (cents)						
– Basic	308.9	480.5	585.3	654.7	<b>679.0</b>	22
– Diluted	308.9	480.5	585.3	654.7	<b>679.0</b>	22

\* Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements.



**Five-year review** continued

R million	2020	2021	2022	2023*	2024	Compound growth %
Dividend per share (cents)	146.0	263.0	342.0	384.0	<b>415.0</b>	
Special dividend per share (cents)	—	—	125.0	—	—	
Dividend cover based on headline earnings	2.1	1.8	1.7	1.7	<b>1.6</b>	
NCNR preference dividends per share (cents)						
– February	374.7	253.6	270.7	52.2	—	(100)
– August	306.0	273.9	307.4	—	—	(100)
Net asset value per ordinary share (cents)	2 453.1	2 703.5	2 952.6*	3 233.7	<b>3 484.7</b>	9
Shares in issue (millions)	5 609.5	5 609.5	5 609.5	5 609.5	<b>5 609.5</b>	—
Weighted average number of shares in issue (millions)	5 608.2	5 608.2	5 606.7	5 605.7	<b>5 604.5</b>	—
Diluted weighted average number of shares in issue (millions)	5 608.2	5 608.2	5 606.7	5 605.7	<b>5 604.5</b>	—

\* Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in preparation and restatements.

**Five-year review** continued

R million	2020	2021	2022	2023*	2024	Compound growth %
<b>Key ratios</b>						
Return on ordinary equity based on headline earnings (%)	13.0	18.6	20.7	21.2	<b>20.2</b>	
Price earnings ratio based on headline earnings (times)	12.3	11.2	10.7	10.5	<b>11.3</b>	
Price-to-book ratio (times)	1.6	2.0	2.1	2.1	<b>2.2</b>	
Market capitalisation (R million)	213 497	300 612	349 864	384 250	<b>431 370</b>	
Closing share price (cents)	3 806	5 359	6 237	6 850	<b>7 690</b>	
Cost-to-income ratio (%)	52.8	52.3	52.3	51.6	<b>52.6</b>	
Credit loss ratio (%) – core lending advances	1.97	1.10	0.56	0.78	<b>0.81</b>	
NPLs as a % of core lending advances	4.46	5.02	3.88	3.80	<b>4.25</b>	
Non-interest income as a % of total income	39.9	42.5	42.8	41.5	<b>41.2</b>	
Return on average total assets based on headline earnings (%)	1.0	1.4	1.6	1.7	<b>1.6</b>	
Interest margin on average advances (%)	5.1	5.1	5.0	5.1	<b>5.1</b>	
<b>Exchange rates</b>						
Rand/\$						
– Closing	17.36	14.26	16.41	18.84	<b>18.22</b>	
– Average	15.51	15.33	15.19	17.73	<b>18.71</b>	
Rand/£						
– Closing	21.43	19.72	19.95	23.95	<b>22.99</b>	
– Average	19.57	20.66	20.21	21.31	<b>23.55</b>	
<b>Statement of financial position (\$)***</b>						
Total assets	109 137	131 137	121 860*	121 977	<b>130 041</b>	4
Gross advances before impairments	75 524	89 344	84 220	84 419	<b>91 422</b>	5
Deposits	88 423	108 140	100 912	102 076	<b>109 942</b>	6
Total equity	8 512	11 449	10 799*	10 305	<b>11 687</b>	8
Assets under administration	130 094	160 064	146 777*	146 825	<b>157 896</b>	5
<b>Income statement (\$)#</b>						
Earnings attributable to ordinary equityholders	1 097	1 744	2 157	2 049	<b>2 041</b>	17
Headline earnings	1 117	1 758	2 160	2 070	<b>2 034</b>	16
<b>Statement of financial position (£)**</b>						
Total assets	88 410	94 828	100 237*	95 952	<b>103 060</b>	4
Gross advances before impairments	61 180	64 607	69 276	66 407	<b>72 454</b>	4
Deposits	71 629	78 199	83 006	80 297	<b>87 131</b>	5
Total equity	6 896	8 279	8 883*	8 106	<b>9 262</b>	8
Assets under administration	105 386	115 746	120 732*	115 499	<b>125 136</b>	4
<b>Income statement (£)#</b>						
Earnings attributable to ordinary equityholders	870	1 294	1 621	1 705	<b>1 622</b>	17
Headline earnings	885	1 304	1 624	1 722	<b>1 616</b>	16

\* Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in preparation and restatements

\*\* The statement of financial position is converted using the closing rates as disclosed.

# The income statement is converted using the average rate as disclosed.

## Economic impact

	2024		2023*	
	R million	%	R million	%
<b>Value added</b>				
Net interest income after impairment	176 969	75.7	140 947	72.7
Non-operating revenue	58 508	25.0	54 331	28.1
Non-operating expenses	(1 687)	(0.7)	(1 591)	(0.8)
<b>Value added by operations</b>	<b>233 790</b>	<b>100.0</b>	193 687	100.0
<b>To employees</b>				
Salaries, wages and other benefits	44 568	19.1	41 974	21.7
<b>To providers of funding</b>	<b>129 746</b>	<b>55.5</b>	104 570	54.0
Dividends to shareholders	23 676		29 110	
Interest paid	106 070		75 460	
<b>To suppliers</b>	<b>24 573</b>	<b>10.5</b>	20 132	10.4
<b>To government</b>	<b>14 539</b>	<b>6.2</b>	13 874	7.2
Normal tax	12 899		11 996	
Value-added tax	1 644		1 503	
Capital gains tax	–		345	
Other	(4)		30	
<b>To communities</b>				
Corporate social investment spend	291	0.1	268	0.1
<b>To expansion and growth</b>	<b>20 073</b>	<b>8.6</b>	12 869	6.6
Retained income	16 033		8 333	
Depreciation and amortisation	5 083		4 698	
Deferred income tax	(1 043)		(162)	
<b>Total value added</b>	<b>233 790</b>	<b>100.0</b>	193 687	100.0

\* Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in preparation and restatements.

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**FIRSTRAND  
GROUP AUDITED  
CONSOLIDATED  
ANNUAL  
FINANCIAL  
STATEMENTS**

# FIRSTRAND GROUP AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

## B

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## Audit committee report

The committee herewith presents its report in respect of the group’s financial year ended 30 June 2024. This report has been prepared based on the requirements of the South African Companies Act, 71 of 2008, as amended (Companies Act), the King Code of Governance for South Africa (King IV), the JSE Listings Requirements and other applicable regulatory requirements.

The group audit committee is constituted as a statutory committee of the FirstRand board in respect of the group’s duties in terms of section 94(7) of the Companies Act and section 64 of the Banks Act of 1990 (Banks Act). The objectives and functions of the committee are set out in its charter, which was reviewed and updated during the financial year.

The fundamental role of the audit committee is to assist the board in fulfilling its oversight responsibilities in areas that include internal and external audit functions, financial reporting (including the evaluation and efficiency of accounting policies), financial risk management, internal control systems and legal and regulatory requirements related to financial reporting.

### SUMMARY OF RESPONSIBILITIES

- Reviews the quality, independence and effectiveness of the statutory audit work performed by the group’s external auditors.
- Recommends the appointment of external audit firms and lead audit partners to the board for endorsement and approval by the shareholders.
- Monitors the extent of non-audit engagements provided by the group’s external audit firms in accordance with approved internal policies and limits.
- Assists the board in evaluating the adequacy and effectiveness of the group’s internal control environment (including internal financial controls and IT risk-related controls), accounting practices, information systems and internal assurance processes.
- Ensures that a combined assurance model is applied to provide a coordinated approach to assurance activities by group internal audit, external audit, group compliance, group risk and other internal control functions.
- Provides independent oversight regarding financial risks and internal financial controls, including risks relating to the validity, accuracy and completeness of financial information and financial statements and recommends these items to the board for approval. Assesses reports received on fraud and IT risks as these relate to financial reporting.
- Satisfies itself as to the expertise, resources and experience of the group CFO and finance function.
- Assesses and evaluates the effectiveness of the group’s processes regarding compliance with applicable financial reporting related legal and regulatory requirements, as well as accounting policies.

**The effectiveness of the committee and its individual members is assessed annually by the board.**

**The committee is satisfied that it has, during the past financial year, executed its duties in accordance with these terms of reference and relevant legislation, regulations and governance practices.**

**Feedback was obtained from management and, external and internal audit in making all assessments.**

**Audit committee report** continued

**Composition and governance**

Members of the committee satisfy the requirements for serving as members of an audit committee, as provided in section 94 of the Companies Act, King IV and the Banks Act. As a collective, the committee possesses the appropriate financial expertise, related qualifications and a balance of skills and experience to discharge its responsibilities. All members are independent non-executive directors.

Audit committees in the segments/operating businesses, established as management committees, support the group audit committee in executing its tasks. They are chaired by the same competent, independent non-executive members of the group audit committee.

The composition of the group audit committee and the attendance of meetings by its members for the 2024 financial year are set out below.

COMPOSITION	MEETINGS
GG Gelinck (chairman)	4/4
RM Loubser (retired at AGM 30/11/2023)	2/2
LL von Zeuner	4/4
T Winterboer	4/4
Z Roscherr (appointed 1/12/2023)	2/2
TC Isaacs (appointed 1/12/2023)	2/2

**ATTENDEES**

- Chief executive officer
- Chief financial officer
- Chief risk officer
- Chief audit executive
- External auditors
- Heads of finance, risk and internal audit

The committee is satisfied that the individual members of the committee possess appropriate qualifications and the balance of skills and experience required to discharge their responsibilities.

**Audit committee report** continued**AREAS OF FOCUS**

In addition to the items detailed in the specific sections that follow, the committee performed the following during the year:

- Reviewed and considered the effectiveness of the internal financial controls and the going concern aspect of FirstRand and its subsidiaries, in terms of Regulation 40(4) of the Banks Act regulations (including specific approval of the list of loss-making entities and/or those with a negative net asset value).
- Reviewed the report on management's self-assessment of internal financial controls, enabling the directors' attestation in terms of the JSE Listings Requirements section 3.84(k).
- Conducted the quarterly financial analysis of the group's performance.
- Reviewed and approved the internal and external audit work plan.
- Reviewed and approved the audit committee charter.
- Reviewed the impact of emerging and current regulations on the group.
- Reviewed and responded to the outcome of the statutory and regulatory audits.
- Noted management's response to JSE proactive monitoring of the financial statements report relating to the 2023 calendar year and additional reports issued from JSE applicable for the 2024 financial year.

**EXTERNAL AUDIT**

The committee has satisfied itself as to the performance and quality of the external audit function, as well as the independence of the external auditors and lead partners of the group, as set out in section 94(8) of the Companies Act. In reaching this conclusion, the following matters were considered:

- Representations made by the external auditors to the audit committee, including the ISQC1 system of quality control representations.
- Independence criteria specified by the Independent Regulatory Board for Auditors (IRBA) and international regulatory bodies, as well as criteria for internal governance processes within audit firms.
- Auditor suitability assessment in terms of paragraph 3.84(g)(ii) and section 22.15(h) of the JSE Listings Requirements.
- Previous appointments of the auditors, tenure of the auditors and rotation of the lead partners.
- The extent of non-audit work undertaken by the auditors for the group (in accordance with approved internal policy limits to ensure external audit independence is not jeopardised).
- Any matters arising from the closed meeting between audit firm senior leadership and the committee regarding the firm's risk and quality processes, independently from what the audit team disclosed to the committee.
- The public conduct of audit firms, for example through media reports with follow-up sessions with the external auditors.
- The intention is to appoint KPMG as the joint auditor for the 30 June 2026 financial year end with the effective date being 1 July 2025 (replacing PwC who would remain joint auditor until conclusion of the 30 June 2025 audit). Whilst mandatory audit firm rotation is no longer a requirement, the board has engaged in a process of voluntary audit firm rotation. The committee reappointed PwC and EY as the external audit firms responsible for performing the function of joint auditors for the 2025 financial year. The committee ensured that the appointment of the auditors complied with all required legislation. It also approved the proposed audit fees for the financial year under review.
- Approved the audit plan and budgeted audit fees for the financial year ended 30 June 2024 of R553 million. The budgeted fee compromised R247 million for EY, R235 million for PwC and R71 million for other audit firms.



**Audit committee report** continued**NON-AUDIT SERVICES**

The committee annually reviews and approves the list of non-audit services which the auditors may perform. There is an approval process whereby all non-audit service engagements above a certain threshold must be approved by the CFO, and above a further threshold, be pre-approved by the chairman of the audit committee. If above the highest threshold, it needs to be approved by the entire committee. A maximum limit of 25% of the group's annual audit fee is in place for non-audit services, in aggregate and individually, per firm. The cumulative spend for the year to date is presented to the committee on a quarterly basis to keep track of the non-audit spend as well as the nature of services.

The 2024 non-audit fees were 5.31% of the external audit fees. This is comprised of R2 million (0.81%) for EY and R24 million (10.04%) for PwC.

**INTERNAL AUDIT**

The internal audit function's mission is to protect and enable sustainable growth for the FirstRand group and all its stakeholders. Group Internal Audit (GIA) leverages its unique position in the group to deliver independent and objective assurance, data-driven insights and impactful advice.

GIA assists executive management and the audit committee in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes within the group.

The committee reviewed and approved the internal audit charter and evaluated the independence, effectiveness and performance of GIA in compliance with its charter after having done the following:

- Assessed the performance of the chief audit executive and the arrangements of internal audit, and is satisfied that the function is independent and appropriately resourced, and that the chief audit executive has fulfilled the obligations of that position.
- Reviewed and approved the annual internal audit plan, which was informed by combined assurance role players and aligned to the group's strategic objectives, risks and opportunities identified by management, as well as topical issues facing the financial services industry. On a quarterly basis, the committee reviewed the status of the audit plan and approved changes made, to ensure it remained agile in its response to the changing risk landscape.
- Reviewed quarterly activity reports from internal audit which covered audit plan progress, insights, opportunities for improvement, a summary of audit observations with a focus on significant matters for escalation and other matters for noting, a cumulative view on internal controls, and status updates on management's remediation efforts to address findings raised.

The group's external auditors conducted an annual assessment of the internal audit function against International Standards on Auditing (ISA) 610 and confirmed that the work performed by internal audit was suitable for the purposes of external audit reliance. The international standards for the professional practice of internal auditing and the FirstRand group internal audit charter require the internal audit function to be reviewed every five years by a qualified, independent assessor or assessment team from outside the group. This review was last performed by EY in 2020, with the overall assessment concluding that the activities of FirstRand's internal audit function generally conform to the Institute of Internal Auditors (IIA) standards.

**Audit committee report** continued

**FINANCIAL STATEMENTS AND FINANCE FUNCTION**

FirstRand maintains a strong risk culture and the effective functioning of its internal financial controls is relied upon to confirm the integrity and reliability of the financial statements. A formal attestation process relating to the effective functioning of internal financial controls within the operating businesses enables the positive attestation required from the CFO and CEO as stipulated in paragraph 3.84(k) of the JSE Listings Requirements.

Where deficiencies were identified and reported, the committee assessed the significance thereof, as well as the existence and effectiveness of mitigating controls, and reviewed the remediation actions implemented. The committee is satisfied that the group has appropriate financial reporting control frameworks and procedures in place, and that these procedures are operating effectively.

The committee reports that, based on a formal assessment process, it was satisfied as to the appropriateness of the expertise, effectiveness and experience of the group CFO during the reporting period. In addition, the committee is satisfied with the expertise, effectiveness and adequacy of resources and arrangements in the finance function, as well as the experience and continued professional development of the leadership team.

The committee confirms that it was able to carry out its work to fulfil its statutory mandate under normal and unrestricted conditions. The committee is satisfied that the assurance obtained during the meetings, corroborated by the review of the documentation deemed necessary and by its own analyses, sustains its conclusions reached for the 2024 financial year.

The committee recommended the consolidated financial statements and company financial statements for the year ended 30 June 2024 for approval to the board. The financial statements will be open for discussion at the forthcoming annual general meeting.

Key audit matters identified by the external auditors are included in their report in the group's annual financial statements. These matters have been discussed and agreed upon with management and were presented to the committee. The committee has considered the appropriateness of the key audit matters reported on by the external auditors. It is satisfied with management's treatment thereof and the audit response thereto.

**CONCERNS/COMPLAINTS PROCESS**

An audit committee process exists to receive and deal appropriately with any concerns or complaints relating to:

- reporting practices and internal audit of the group;
- content or auditing of the financial statements;
- internal financial controls of the bank or controlling company; and
- any other related matter.

No complaints were received relating to accounting practices or internal audit, or to the content or audit of the group's annual financial statements.

## **Audit committee report** continued

### **COMBINED ASSURANCE MODEL AND RELATIONSHIP WITH OTHER GOVERNANCE COMMITTEES**

The committee focused on the identification of key and emerging risks, and monitored alignment of all assurance providers to eliminate multiple approaches to assurance and reporting thereon. The combined assurance model incorporates and optimises all assurance services and functions so that, taken as a whole, these enable an effective control environment; support the integrity of information used for internal decision-making by management, the governing body and its committees; and support the integrity of the group's external reports.

The committee works closely with the group's risk, capital management and compliance committee; the social, ethics and transformation committee and the operational and information technology risk committee to identify common risk and control themes and achieve synergy between combined assurance processes. Thereby it ensures that, where appropriate, relevant information is shared and that these functions can leverage off one another.

The committee is satisfied with the expertise, effectiveness and adequacy of arrangements in place for combined assurance.

The committee encouraged the focus of assurance activities on key risk areas and robust discussion on emerging risks and the implication thereof for assurance providers. It fostered effective communication between first-, second- and third-line assurance providers (i.e. business, risk, compliance, and internal audit function).

### **FUTURE AREAS OF FOCUS**

- Oversee the transition process with KPMG for the financial year ending 30 June 2026.
- Monitor the implementation of the amended JSE Listings Requirements.
- Review and monitor matters emanating from the UK and broader Africa operations.
- Continue attention to the areas focused on during 2024.



**GG Gelink**  
Chairman, audit committee  
Sandton

11 September 2024

## Directors' responsibility statement and approval of the annual financial statements

### To the shareholders of FirstRand Limited

The directors of FirstRand Limited (the company or the group) are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements comprising the statement of financial position, income statement, and statements of comprehensive income, changes in equity and cash flows, and the notes to the annual financial statements as at, and for the year ended 30 June 2024.

These annual financial statements have been prepared in accordance with IFRS® Accounting Standards, including IFRIC® Interpretations, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, the Banks Act, no. 94 of 1990 and the requirements of the Companies Act, no. 71 of 2008.

Simonet Terblanche, CA(SA), supervised the preparation of the annual financial statements for the year.

The directors have reviewed the group and company's budgets and flow of funds forecasts and considered the group and company's ability to continue as a going concern in light of current and anticipated economic conditions. On the basis of this review, the directors are satisfied that it has adequate resources to continue in business for the foreseeable future and the going concern basis has been adopted in the preparation of the annual financial statements.

### Chief executive and chief financial officers' responsibility statement relating to internal financial controls

The CEO and CFO, whose names appear below, hereby confirm that:

- the consolidated annual financial statements of the group, which appear on pages [B30](#) to [B241](#), and the separate annual financial statements of the company, which appear on pages [B242](#) to [B253](#), fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and auditors any deficiencies in the design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

The group's system of controls includes controls over the security of the website and specifically establishing and controlling the process for electronically distributing annual financial statements and other financial information to shareholders.

### Approval of the separate and consolidated annual financial statements

The separate and consolidated annual financial statements, as set out on the pages outlined above, were approved by the board of directors on 11 September 2024.

It is the responsibility of the group's independent external auditors, Ernst & Young Inc, and PricewaterhouseCoopers Inc, to report on the fair presentation of the annual financial statements. These annual financial statements have been audited in terms of section 29(1) of the Companies Act, no. 71 of 2008. Their unmodified report appears on page [B22](#).



**JP Burger**  
Chairman



**M Vilakazi**  
Chief executive officer



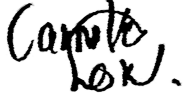
**MG Davias**  
Chief financial officer

Sandton  
11 September 2024

## Company secretary's certification

### Declaration by the company secretary in respect of Section 88(2)(E) of the Companies Act

I declare that, to the best of my knowledge, the company has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns and notices as required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

A handwritten signature in black ink that reads "C Low". The signature is written in a cursive, slightly slanted style.

**C Low**  
Company secretary

Sandton  
11 September 2024

## Directors' report

for the year ended 30 June 2024

### Nature of business

FirstRand Limited is a public company and registered bank-controlling company with a primary listing on the JSE (under Financial – Banks, share code: FSR) and a secondary listing on the Namibian Stock Exchange (NSX) (share code: FST). FirstRand Limited is the holding company of the FirstRand group of companies.

FirstRand's portfolio of integrated financial services businesses comprises FNB, RMB, WesBank and Aldermore and offers a universal set of transactional, lending, investment and insurance products and services. The Centre segment represents group-wide functions.

Whilst the group is predominantly South Africa-based, it has subsidiaries in the United Kingdom (being Aldermore Group plc), Namibia, Botswana, Zambia, Mozambique, Tanzania, Nigeria, Eswatini, Lesotho and Ghana. The bank has branches in London and Guernsey, and representative offices in Kenya, Angola, New York and China.

The board acknowledges its responsibilities for the integrity of this report. Guidelines as provided by King IV have been adopted in preparation of this report. The board believes that this report fairly represents the performance of the group.

### Group results

Profit after tax amounted to R41 180 million (2023: R38 677 million). The operating results and the state of affairs of the company and the group are fully disclosed in the annual financial statements.

### Dividend declarations

#### Dividends

#### ORDINARY SHARES

Cents per share	Year ended 30 June	
	2024	2023
Interim (declared 29 February 2024)	200.0	189.0
Final (declared 11 September 2024)	215.0	195.0
<b>Total dividends</b>	<b>415.0</b>	<b>384.0</b>

### Distributions on other equity instruments

Distributions of R1 518 million were made on other equity instruments (2023: R1 119 million). Current tax of R410 million (2023: R258 million) relating to the AT1 instruments was recognised in the income statement.

#### B preference shares

Dividends on the B preference shares are calculated at a rate of 75.56% of the prime lending rate of FNB, a division of FirstRand Bank Limited. Non-cumulative non-redeemable (NCNR) preference shares were redeemed in September 2022.

#### DIVIDENDS DECLARED AND PAID

Cents per share	Year ended 30 June	
	2024	2023
<b>Period:</b>		
1 March 2022 – 29 August 2022	–	307.4
30 August 2022 – 26 September 2022	–	52.2

Other distributions on the AT1 instruments and contingent convertible securities totalled R1 518 million (2023: R957 million).

**Directors' report** continued**Share capital**

Details of FirstRand's authorised share capital as at 30 June 2024 are shown in note 29 to the group's financial statements.

**Ordinary share capital**

There were no changes to authorised or issued ordinary share capital during the year.

**Preference share capital**

There were no changes to authorised preference share capital during the year.

**Shareholder analysis**

The following shareholders have a significant beneficial interest in FirstRand's issued ordinary shares.

%	Year ended 30 June	
	2024	2023
Public Investment Corporation	14.7	16.1
Black economic empowerment (BEE) partners	4.9	4.9
Blackrock investment management	3.1	–
Old Mutual	2.8	–

A further analysis of shareholders is set out in section C.

**Events after reporting period**

The directors are not aware of any material events that have occurred between the date of the financial position and the date of this report.

**Board changes**

The following changes to the board of directors took place during the 2024 financial year.

		EFFECTIVE DATE
<b>Appointments</b>		
JP Burger*	Chairman and independent non-executive director (previously non-executive director)	1 December 2023
M Vilakazi**	Chief executive officer (previously chief operating officer)	1 April 2024
MG Davias <sup>#</sup>	Chief financial officer	1 April 2024
<b>Resignations</b>		
WR Jardine *	Chairman and independent non-executive director	30 November 2023
AP Pullinger**	Chief executive officer	31 March 2024
HS Kellan <sup>#</sup>	Chief financial officer	31 March 2024
<b>Retirement</b>		
RM Loubser <sup>†</sup>	Independent non-executive director	30 November 2023

\* JP Burger was an existing non-executive director and appointed as chairman (independent non-executive director) to replace WR Jardine who stepped down as chairman at the AGM held on 30 November 2023.

\*\* Following a succession planning process, M Vilakazi was appointed as CEO to replace AP Pullinger who stepped down as CEO.

<sup>#</sup> Following a succession planning process, MG Davias was appointed as CFO to replace HS Kellan who took up the role of CEO at FNB.

<sup>†</sup> RM Loubser retired, having reached his nine-year tenure on the board.

**Directors' and prescribed officers' interests in FirstRand**

Closed periods commence on 1 January and 1 July and are in force until the announcement of the interim and year end results. Closed periods also include any period where the company is trading under caution or where participants have knowledge of price sensitive information. A director or prescribed officer is prohibited from using their position or confidential and price sensitive information to benefit themselves or any related party.

Under the requirements of the Companies Act, 71 of 2008 (the Act), a director must use their power and perform their functions in good faith and for a proper purpose in the best interest of the company. This includes the duty to avoid a conflict of interest. Directors' and officers' are required to notify the board of any matter in which they have a personal financial interest or in which they know that a related party has a personal financial interest in relation to particular items of business or other directorships. At the request of the chair, declarations are tabled before commencement of each board meeting and all board members are required to declare their interests and potential conflicts in dealing with matters for consideration at the meeting.

## Directors' report continued

In terms of the JSE Listings Requirements, directors and prescribed officers are prohibited from dealing in any securities of the company during prohibited periods.

All directors and prescribed officers' dealings require the prior approval of the chairman before trading in the company's securities, and the company secretary retains a record of all such dealings in securities and approvals. Trading in securities by employees who are exposed to price sensitive information is subject to the group's personal account trading rules. It is not a requirement of the company's memorandum of incorporation or the board charter that directors own shares in the company.

### DIRECTORS' AND PRESCRIBED OFFICERS' INTEREST IN ORDINARY SHARES IN FIRSTRAND LIMITED

	Direct beneficial (thousands)	Indirect beneficial (thousands)	Held by associates (thousands)	<b>Total 2024 (thousands)</b>	Total 2023 (thousands)	Percentage holding %
<b>Executive directors and prescribed officers</b>						
A Pullinger (resigned CEO effective 31/3/2024)	6 971	–	108	<b>7 079</b>	6 041	0.13
HS Kellan* (resigned CFO effective 31/3/2024; appointed PO effective 1/4/2024)	1 693	712	154	<b>2 559</b>	2 165	0.05
M Vilakazi** (appointed CEO 1/4/2024, previously COO)	463	–	–	<b>463</b>	252	0.01
MG Davias** (appointed CFO 1/4/2024)	28	–	4	<b>32</b>	–	–
J Celliers (resigned PO effective 31/3/2024)	807	49	–	<b>856</b>	496	0.02
S Cooper**	35	89	–	<b>124</b>	89	–
JR Formby**.#	–	–	–	<b>–</b>	1 601	–
EA Brown	661	–	–	<b>661</b>	418	0.01
<b>Non-executive directors</b>						
JP Burger	–	5 012	124	<b>5 136</b>	6 036	0.09
GG Gelink**	102	–	–	<b>102</b>	102	–
WR Jardine** (resigned 30/11/2023)	11	232	4	<b>247</b>	247	–
RM Loubser (retired 30/11/2023)	–	1 810	2	<b>1 812</b>	1 812	0.03
Z Roscherr	659	–	–	<b>659</b>	659	0.01
T Winterboer**	15	–	–	<b>15</b>	15	–
L von Zeuner**	5	3	–	<b>8</b>	8	–
TC Isaacs**	–	4	–	<b>4</b>	4	–
<b>Total</b>	<b>11 450</b>	<b>7 911</b>	<b>396</b>	<b>19 757</b>	<b>19 945</b>	<b>0.35</b>

\* Has 2 000 000 debt securities in FirstRand Bank Ltd which do not form part of this calculation.

\*\* Percentage is insignificant in relation to total issued share capital.

# Resigned effective 30 September 2022.



**JP Burger**  
Chairman



**M Vilakazi**  
Chief executive officer



**MG Davias**  
Chief financial officer

Sandton  
11 September 2024





## Independent auditors' report

To the Shareholders of FirstRand Limited

### Report on the audit of the consolidated and separate financial statements

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#### Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of FirstRand Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

#### What we have audited

FirstRand Limited's consolidated and separate financial statements set out on pages B30 to B253 comprise:

- the consolidated and separate statements of financial position as at 30 June 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the separate statement of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, including material accounting policy information.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

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## Our audit approach

### Overview

<b>Final Materiality</b> <ul style="list-style-type: none"><li>• Overall group final materiality: R2 651 million, which represents 5% of consolidated profit before income tax.</li><li>• Company final materiality: R815 million, which represents 1% of total assets.</li></ul>
<b>Key audit matters</b> <ul style="list-style-type: none"><li>• Impairment of advances (group)</li><li>• Fair value measurement (group)</li></ul>

As part of designing our audit, we determined final materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements as a whole.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group and company materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated and separate financial statements as a whole.

<i>Overall group final materiality</i>	<i>R2 651 million</i>
<i>How we determined it</i>	<i>5% of consolidated profit before income tax</i>
<i>Rationale for the materiality benchmark applied</i>	<i>We chose consolidated profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.</i>

<i>Company final materiality</i>	<i>R815 million</i>
<i>How we determined it</i>	<i>1% of total assets</i>
<i>Rationale for the materiality benchmark applied</i>	<i>We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is consistent with quantitative materiality thresholds used for holding companies in this sector.</i>

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### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit

of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Impairment of Advances</b></p> <p>Significant macroeconomic uncertainty persists in the environment in which the Group operates.</p> <p>Consequently, management has continued to exercise judgement to ensure that the final Expected Credit Loss (ECL) is aligned to the requirements of International Financial Reporting Standard 9 – Financial Instruments (IFRS 9) and industry developments. This judgement includes the setting of macroeconomic scenarios and associated probabilities, as well as the forecasting of macroeconomic variables under the set scenarios.</p> <p>Impairment of advances is a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none"> <li>• Advances are material to the consolidated financial statements.</li> <li>• The level of subjective judgement applied in determining the ECL on advances.</li> <li>• Event-driven uncertainty and its impact on the assessment of ECL.</li> </ul> <p><b>Wholesale Advances*</b></p> <p>The areas of significant judgement and estimation include:</p> <p><b>Determination of PD, EAD and LGD</b></p> <ul style="list-style-type: none"> <li>• Input assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).</li> </ul>	<p>Our audit of impairment of advances included the following procedures to address the key areas of significant judgement and estimation in determining the ECL. We performed these procedures with the assistance of our economic, credit and actuarial experts:</p> <ul style="list-style-type: none"> <li>• Tested the design, implementation and operating effectiveness of the relevant financial reporting controls, the existence of key governance structures and the general and application computer controls related to the technology systems supporting ECL.</li> <li>• Assessed the impairment policies and practices applied by management, across all significant portfolios, against the requirements of IFRS 9.</li> <li>• Assessed the Group’s probability-weighted macroeconomic scenario estimates and evaluated the methodology, scenario views and associated probabilities in terms of the principles of IFRS 9.</li> <li>• Assessed whether the forecasts are sound in terms of macroeconomic forecasting principles.</li> <li>• Reviewed the approval of these macroeconomic variables through the appropriate governance structures. This was performed through discussions with management, inspection of documentation, and comparison to our own and benchmarked economic forecasts and independent market data, as well as attendance of the governance forums.</li> <li>• Corroborated that the latest approved macroeconomic outlook has been appropriately incorporated into the forward-looking estimate of ECL.</li> <li>• Evaluated the impact of events and risks not included in the macroeconomic forecasts with reference to the industry environment.</li> </ul> <ul style="list-style-type: none"> <li>• Through discussions with management and inspection of policy documents, obtained an understanding of the methodologies and assumptions used by management in the various ECL model components and how these were calibrated to use historical information to estimate future cash flows.</li> <li>• On a sample basis, identified and tested the controls over the credit risk management and governance processes when advancing new facilities, restructuring existing facilities or reviewing facilities on a periodic basis, and determining credit ratings.</li> <li>• Evaluated the reasonability of how counterparties are grouped together with reference to similar risks (PD) or credit rating buckets.</li> <li>• Through discussions with management and inspection of policy documents, confirmed our understanding of the methodologies used to back-test PDs, EADs and LGDs to historical data or how these are linked to rating agencies inferred variables.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Evaluation of SICR</b></p> <ul style="list-style-type: none"> <li>Assessing whether there has been a Significant Increase in Credit Risk (SICR) event since the origination date of the exposure to the reporting date (i.e. a trigger event that has caused a significant deterioration in credit risk and results in migration of the loan from Stage 1 to Stage 2).</li> </ul> <p><b>Incorporation of macro-economic inputs and forward-looking information into the ECL measurement</b></p> <ul style="list-style-type: none"> <li>Assessing the impact of macroeconomic uncertainty on the forward-looking econometric information incorporated into the respective models.</li> <li>Ensuring consistency between forward-looking information (FLI) and the SICR assessment and ECL calculations.</li> </ul> <p><b>Assessment of post model adjustments</b></p> <ul style="list-style-type: none"> <li>Constraints in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates, specific events and changes in risk profile necessitate the raising of additional provisions as post-model adjustments.</li> </ul> <p><b>Assessment of ECL raised for Stage 3 exposures</b></p> <ul style="list-style-type: none"> <li>Assumptions used to estimate the recoverable amounts and timing of future cash flows of individual exposures, which have been classified as non-performing.</li> </ul> <p><i>*This applies to wholesale advances in C&amp;I (South Africa and Broader Africa), as well as Centre (including Group Treasury).</i></p> <p><b><u>Retail and Commercial Advances</u>**</b></p> <p>Retail and commercial advances are higher in volume and lower in value and, therefore, a significant portion of credit impairments are calculated on a portfolio basis. This requires the use of statistical models incorporating data and assumptions which are not always observable. The areas of significant judgement and estimation include:</p> <p><b>Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement</b></p> <p>Management applies professional judgement in developing the credit impairment models, analysing data and determining the most appropriate assumptions and estimates used. The inputs into the modelling process require significant management judgement, which include:</p>	<ul style="list-style-type: none"> <li>Assessed the quality of the data used in credit management, reporting and modelling for completeness and accuracy through data analytics and, for a sample of facilities, agreed model input data to underlying supporting documentation.</li> <li>On a sample basis, assessed the appropriateness of assumptions made by management in determining the applicable macroeconomic inputs, credit ratings, EADs, PDs and LGDs in the current economic climate.</li> <li>Selected a sample of performing advances and assessed if the application of the SICR trigger was reasonable by forming an independent view based on publicly available information and management's periodic credit reviews.</li> <li>Independently reperformed the ECL models based on management's methodologies and assessed the areas of judgement within the methodology.</li> <li>Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated.</li> <li>Performed industry analyses for a sample of industries and assessed a sample of individual counterparties based on publicly available information to evaluate the appropriateness of the assumptions applied in the post-model adjustments raised and released.</li> <li>Evaluated a sample of performing advances against management's definition of default to assess completeness of stage 3 advances.</li> <li>In respect of Stage 3 advances, inspected a sample of legal agreements and underlying supporting documentation to assess the existence of a legal right to collateral and assessed the expected realisable value and timing of future cash flows.</li> <li>Through discussions with management and inspection of policy documents, obtained an understanding of the methodologies and assumptions used by management in the various ECL model components (PD, LGD, EAD) and how these were calibrated to use historical information to estimate future cash flows and also to estimate forward-looking ECL.</li> </ul>

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<ul style="list-style-type: none"> <li>• Input assumptions and methodologies applied to estimate the PD, EAD, and LGD within the ECL calculations.</li> <li>• Determining the expected value to be realised from collateral, as applicable, and the time it will take to realise.</li> </ul>	<ul style="list-style-type: none"> <li>• Through reperformance, tested the accurate implementation of the documented methodologies and assessed the alignment between modelled outcomes and recent actual experience.</li> <li>• Independently recalculated the ECL by applying our own independent assessment of the component inputs used by management. Our independent results were compared to management's results for reasonableness.</li> <li>• Assessed the appropriateness of the ECL methodology, including any refinements against actual experience and industry practice through benchmarking and evaluating alignment with the principles of IFRS 9.</li> <li>• Through independent reperformance, assessed the appropriateness of assumptions made by management in applying the macroeconomic inputs, credit risk grades, EADs, PDs, LGDs and valuation of collateral in the current economic climate.</li> <li>• Assessed the potential impact of reduced collateral values, a delayed recovery process and reduced cure from default for secured exposures by separately considering individually significant collateral, historically stressed collateral values and by quantifying the impact of potentially extended collateral realisations.</li> </ul>
<p><b>Evaluation of SICR</b></p> <ul style="list-style-type: none"> <li>• The assessment of whether there has been a SICR event since the origination date of the exposure to the reporting date, considering the impact of the event driven uncertainty, as well as future default rates forecast by the forward-looking macroeconomic model.</li> </ul>	<ul style="list-style-type: none"> <li>• Through applying the assumptions and data included in management's modelled client risk ratings and performance of cured accounts, assessed the accurate implementation of SICR classifications.</li> <li>• Tested the SICR thresholds applied and the resultant transfer of non-arrears accounts into Stage 2 for SICR. This included comparing the volume of up-to-date accounts transferred to Stage 2 to the historical movements from performing into arrears and the impact of forward-looking expectation of default risk on these historical movements.</li> <li>• Tested the model ranking ability and model stability by testing the performance of client behavioural scores and other client behavioural data that drive PD estimates and SICR triggers.</li> </ul>
<p><b>Determining of the write-off point</b></p> <ul style="list-style-type: none"> <li>• The determination of the write-off point, being the point at which there is no reasonable expectation of further recovery to be made, and application of the cure rules.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluated the write-off point relative to historical post write-off recoveries to assess whether the write-off point applied by management is still the point at which there is no reasonable expectation of further recovery.</li> <li>• Through recalculation, tested the application of the write-off policy, including the exclusion of post write-off recoveries from the LGD.</li> </ul>
<p><b>Incorporation of macro-economic inputs and forward-looking information (FLI) into the ECL measurement</b></p> <ul style="list-style-type: none"> <li>• The incorporation of FLI and macroeconomic inputs into the SICR assessment and ECL calculations.</li> <li>• Determining and weighting of assumptions used in the forward-looking economic model to account for the forward-looking uncertainty.</li> </ul>	<ul style="list-style-type: none"> <li>• Obtained an understanding of the assumptions used in the forward-looking economic model including the macroeconomic variables selected and the sensitivity of ECL components to each variable.</li> <li>• Tested the performance and sensitivity of the FLI model to evaluate whether the chosen macroeconomic variables, scenario weightings and model design provide a reasonable representation of the impact of the various macroeconomic scenarios on the ECL results. This included an assessment of the extent to which plausible downside risk scenarios are captured by the macroeconomic scenarios that are used to determine forward looking estimates.</li> <li>• Where applicable, developed an independent view to assess management's forward-looking model by using our own challenger model.</li> </ul>
<p><b>Assessment of post model adjustments</b></p>	

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> <li>• Constraints in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates, specific events and changes in risk profile necessitate the raising of additional provisions as post-model adjustments and overlays.</li> </ul> <p><i>**This applies to retail and commercial advances in total retail secured and unsecured, FNB Commercial, WesBank corporate, UK operations and Broader Africa.</i></p> <p>The credit impairment models are subject to formal model governance and approval.</p> <p>The related disclosures in the consolidated financial statements are included in:</p> <ul style="list-style-type: none"> <li>• Critical accounting estimates: Impairment of financial assets;</li> <li>• Note 11 – Advances;</li> <li>• Note 12 – Impairment of advances;</li> <li>• Note 38 – Financial and Insurance risks; and</li> <li>• Accounting policies: Financial Instruments (section 3).</li> </ul>	<ul style="list-style-type: none"> <li>• Assessed, recalculated and performed a sensitivity analysis on management's post-model adjustments relating to the impact on ECL of additional relevant information not catered for in the models.</li> <li>• Where applicable, we used an independent methodology to assess the appropriateness of post model adjustments and overlays to ensure that model and forward-looking risk is accurately accounted for and that adjustments are applied in a way that ensures consistency with the base models and estimates.</li> </ul>
<p><b>Fair value measurement</b></p> <p>The valuation of complex financial instruments involves areas of significant judgement and estimation, which include:</p> <ul style="list-style-type: none"> <li>• Unobservable inputs and developments in valuation methodologies including XVAs (X-Valuation Adjustments) related to derivative financial instruments due to the impact of funding costs and liquidity, as well as counterparty credit spreads, and the related fair value disclosures.</li> <li>• Valuation methodologies, which are constantly evolving in line with developing market practices and trends.</li> <li>• Factors such as inherent subjectivity due to unobservable inputs, funding costs, low levels of market liquidity, counterparty credit risk, market volatility, and economic and regulatory developments.</li> </ul> <p>The financial instruments impacted by management judgement include:</p> <ul style="list-style-type: none"> <li>• Advances carried at fair value (level 3);</li> <li>• Complex derivative financial instruments (level 2 and 3); and</li> <li>• Investment securities valued with reference to unobservable inputs (level 3).</li> </ul> <p>Identified areas of risk include:</p> <ul style="list-style-type: none"> <li>• Complex financial instruments or those with unobservable inputs in Markets, which could include credit and equity derivatives, and longer dated instruments.</li> <li>• Evolution in pricing and collateral management market practice increase the complexity of valuing certain derivative instruments.</li> </ul>	<p>Our audit procedures over the valuation of complex financial instruments included the following procedures which were performed with the assistance of our valuation specialists:</p> <ul style="list-style-type: none"> <li>• Tested the design, implementation and operating effectiveness of the relevant financial reporting controls, the existence of key governance structures and the general and application computer controls related to the technology systems supporting valuations.</li> <li>• Performed risk assessment procedures on the key components of fair value, based on complexity, sensitivity and exposure. The risk assessment procedures were performed on curves, volatility surfaces, fair value models and valuation adjustments.</li> <li>• Evaluated the technical appropriateness and accuracy of valuation methodologies including XVAs which involved the assessment of key assumptions made, modelling approaches and contractual obligations applied by management with reference to market practice. Also assessed practical constraints on the ability to apply the methodologies to the instruments being valued and for consistency with prior periods.</li> <li>• Assessed the appropriateness of the significant judgemental and/or unobservable inputs used in valuations, related to funding costs, low levels of market liquidity, counterparty credit risk, and market volatility, against factors which impacted the reported exit values, with reference to the best available independent information.</li> <li>• Evaluated the completeness and accuracy of management's assessment of valuation adjustments required in terms of financial instrument valuation theory, market practice and the requirements of IFRS, as well as to respond to economic and regulatory developments impacting the portfolio.</li> <li>• Assessed the appropriateness of a sample of curves and volatility surfaces by reconstructing these using independently sourced market data where available. Where independent market data was not available, assessed, on a sample basis,</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> <li>• Fair value advances in IBD – for the fair value advances book (including newly originated CPI-linked advances), certain credit and liquidity spreads are unobservable.</li> <li>• Principal Investments in IBD – specifically equity-related exposures with unobservable inputs.</li> <li>• Private Equity fund investments, particularly where these are less liquid and recognised at fair value for financial reporting purposes.</li> </ul> <p>Valuation disclosures are significant as they rely on material inputs, valuation techniques, assumptions and management judgement.</p> <p>The related disclosures in the consolidated financial statements are included in:</p> <ul style="list-style-type: none"> <li>• Note 35 – Fair value measurements.</li> <li>• Accounting policies: Financial Instruments (section 3).</li> </ul>	<p>the quality of the data used by management for completeness and accuracy.</p> <ul style="list-style-type: none"> <li>• For a sample of complex financial instruments, independently recalculated the fair values.</li> <li>• Assessed the appropriateness and sensitivity of unobservable market rates, projected cash flows and valuation adjustments.</li> <li>• Obtained an understanding of and assessed the judgement applied in the recognition of revenue, specifically in relation to complex transactions such as private equity realisations or fund investments and assessed the judgement applied by management in determining the fair value of unlisted equity instruments carried at fair value.</li> <li>• Evaluated the appropriateness of the fair value hierarchy disclosures with reference to the requirements of IFRS 13 - Fair value measurements.</li> <li>• Our audit procedures over the judgements applied were aligned to the relative risk, the complexity of the judgement applied, and the consistency of approach adopted by management.</li> </ul>

### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the documents titled “FirstRand Annual Financial Statements for the year ended 30 June 2024”, which includes the Directors’ Report, the Audit Committee Report and the Company Secretary’s Certification as required by the Companies Act of South Africa, and “FirstRand Remuneration Report for the year ended 30 June 2024”, which we obtained prior to the date of this auditors’ report, and the documents titled “FirstRand Corporate Governance Report for the year ended 30 June 2024”, “Chairman’s Statement” and “FirstRand Material Risk Factor Disclosure for the year ended 30 June 2024”, which are expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditors’ report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the directors for the consolidated and separate financial statements*

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditors’ responsibilities for the audit of the consolidated and separate financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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### *Report on other legal and regulatory requirements*

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. and Ernst & Young Inc. have been the auditors of FirstRand Limited for 28 years and 1 year, respectively.

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*PricewaterhouseCoopers Inc.*

**PricewaterhouseCoopers Inc.**

Director: Keith Ackerman  
Registered Auditor  
Johannesburg, South Africa  
11 September 2024

*Ernst & Young Inc*

**Ernst & Young Inc.**

Director: Ernest van Rooyen  
Registered Auditor  
Johannesburg, South Africa  
11 September 2024



## Consolidated income statement

for the year ended 30 June

R million	Notes	2024	2023*
Interest income calculated using effective interest rate		188 258	149 269
Interest on other financial instruments and similar income		1 266	2 627
<b>Interest and similar income</b>	1.1	<b>189 524</b>	151 896
Interest expense and similar charges	1.2	(106 070)	(75 460)
<b>Net interest income before impairment of advances</b>		<b>83 454</b>	76 436
Impairment and fair value of credit of advances		(12 555)	(10 949)
– Impairment on amortised cost advances	12.2	(12 510)	(11 151)
– Fair value of credit on advances	12.2	(45)	202
<b>Net interest income after impairment of advances</b>		<b>70 899</b>	65 487
Non-interest revenue	2	56 082	53 844
– Net fee and commission income	2.1	38 131	36 153
– Fee and commission income		46 475	43 540
– Fee and commission expense		(8 344)	(7 387)
– Net Insurance income		4 420	4 012
– Insurance service result	2.2	3 193	2 694
– Insurance revenue		7 442	6 366
– Insurance service expenses		(4 092)	(3 523)
– Net expenses from reinsurance contracts held		(157)	(149)
– Net finance expenses from insurance contracts issued	2.2	(98)	(44)
– Net finance income from reinsurance contracts held	2.2	25	13
– Commission, brokerage and participation agreements		1 300	1 349
– Fair value income and foreign exchange gains**	2.3	8 824	8 552
– Fair value gains and foreign exchange gains**		20 423	17 883
– Interest expense on fair value activities		(11 599)	(9 331)
– Gains less losses from investing activities	2.4	703	1 528
– Net other non-interest revenue*	2.5	4 004	3 599
– Other non-interest revenue		6 017	5 319
– Other non-interest related expense		(2 013)	(1 720)
<b>Income from operations</b>		<b>126 981</b>	119 331
Operating expenses	3	(74 731)	(67 429)
<b>Net income from operations</b>		<b>52 250</b>	51 902
Share of profit of associates after tax	17	1 466	332
Share of profit of joint ventures after tax	18	960	155
<b>Income before indirect tax</b>		<b>54 676</b>	52 389
Indirect tax	4.1	(1 655)	(1 540)
<b>Profit before income tax</b>		<b>53 021</b>	50 849
Income tax expense	4.2	(11 841)	(12 172)
<b>Profit for the year</b>		<b>41 180</b>	38 677
<b>Attributable to</b>			
Ordinary equityholders		38 191	36 331
Other equity instrument holders		1 518	1 119
<b>Equityholders of the group</b>		<b>39 709</b>	37 450
Non-controlling interests		1 471	1 227
<b>Profit for the year</b>		<b>41 180</b>	38 677
<b>Earnings per share (cents)</b>			
– Basic	5	681.4	648.1
– Diluted	5	681.4	648.1

\* The group expanded other non-interest revenue. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impacts due to changes in presentation and restatements.

\*\*Fair value income and foreign exchange gains was previously reflected as Fair value gains or losses. The line description has been updated to align with the group's presentation accounting policy for fair value income

**Consolidated statement of other comprehensive income**

for the year ended 30 June

R million	2024	2023
<b>Profit for the year</b>	<b>41 180</b>	38 677
<b>Items that may subsequently be reclassified to profit or loss</b>		
<b>Cash flow hedges</b>	<b>2 370</b>	(738)
Gains arising during the year	<b>2 548</b>	282
Reclassification adjustments for amounts included in profit or loss	<b>688</b>	(1 333)
Deferred income tax	<b>(866)</b>	313
<b>FVOCI debt reserve</b>	<b>(244)</b>	33
(Losses)/gains arising during the year	<b>(241)</b>	35
Reclassification adjustments for amounts included in profit or loss	<b>(90)</b>	11
Deferred income tax	<b>87</b>	(13)
<b>Exchange differences on translating foreign operations</b>	<b>(4 148)</b>	8 081
(Losses)/gains arising during the year including the effect of hyperinflation	<b>(4 119)</b>	7 974
Deferred income tax	<b>(29)</b>	107
<b>Insurance and reinsurance finance reserve</b>	<b>124</b>	3
Gains arising during the year on insurance contracts issued	<b>173</b>	3
Losses arising during the year on reinsurance contracts held	<b>(5)</b>	–
Deferred income tax	<b>(44)</b>	–
<b>Share of other comprehensive income of associates and joint ventures after tax and non-controlling interest</b>	<b>16</b>	(3)
<b>Items that may not subsequently be reclassified to profit or loss</b>		
<b>FVOCI equity reserve</b>	<b>(3)</b>	33
(Losses)/gains arising during the year	<b>(4)</b>	38
Deferred income tax	<b>1</b>	(5)
<b>Remeasurements on defined benefit post-employment plans</b>	<b>(44)</b>	10
(Losses)/gains arising during the year	<b>(56)</b>	20
Deferred income tax	<b>12</b>	(10)
<b>Other comprehensive (loss)/income for the year</b>	<b>(1 929)</b>	7 419
<b>Total comprehensive income for the year</b>	<b>39 251</b>	46 096
<b>Attributable to</b>		
Ordinary equityholders	<b>36 325</b>	43 673
Other equity instrument holders	<b>1 518</b>	1 119
<b>Equityholders of the group</b>	<b>37 843</b>	44 792
Non-controlling interests	<b>1 408</b>	1 304
<b>Total comprehensive income for the year</b>	<b>39 251</b>	46 096

## Consolidated statement of financial position

as at 30 June

R million	Notes	2024	2023*	2022*
<b>ASSETS</b>				
Cash and cash equivalents	7	158 477	147 671	107 569
Derivative financial instruments	8	55 284	85 956	65 667
Commodities	9	15 109	17 252	17 580
Investment securities	10	433 516	419 140	382 149
Advances	11	1 611 541	1 539 375	1 334 324
– Advances to customers**		1 532 589	1 455 422	1 262 083
– Marketable advances		78 952	83 953	72 241
Collateral, settlement balances and other assets	13	36 052	31 188	40 692
Current tax asset		451	925	624
Non-current assets and disposal groups held for sale	14	1 498	1 359	1 501
Insurance contract assets	15	760	555	306
Reinsurance contract assets	15	509	610	549
Investments in associates	17	10 332	10 400	8 178
Investments in joint ventures	18	3 510	3 105	2 618
Property and equipment	19	23 326	21 155	19 725
Intangible assets	20	9 701	10 277	9 457
Investment properties	21	704	353	698
Defined benefit post-employment asset	22	7	25	35
Deferred income tax asset	23	8 562	8 693	8 052
<b>Total assets</b>		<b>2 369 339</b>	<b>2 298 039</b>	<b>1 999 724</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Short trading positions	24	10 273	12 753	14 623
Derivative financial instruments	8	44 645	70 354	64 547
Creditors, accruals and provisions	25	42 447	43 263	30 677
Current tax liability		719	471	803
Liabilities directly associated with disposal groups held for sale	14	1 126	–	824
Deposits	26	2 003 151	1 923 103	1 655 972
Employee liabilities	22	16 572	17 074	13 862
Other liabilities	27	5 806	7 033	8 248
Insurance contract liabilities	15	968	1 392	1 344
Reinsurance contract liabilities	15	48	24	–
Policyholder liabilities under investment contracts	16	7 669	6 236	5 396
Tier 2 liabilities	28	17 268	16 869	20 937
Deferred income tax liability	23	843	1 033	997
<b>Total liabilities</b>		<b>2 151 535</b>	<b>2 099 605</b>	<b>1 818 230</b>
<b>Equity</b>				
Ordinary shares	29	56	56	56
Share premium	29	7 640	7 860	7 905
Reserves		187 576	173 384	157 605
<b>Capital and reserves attributable to equityholders of the group</b>		<b>195 272</b>	<b>181 300</b>	<b>165 566</b>
Other equity instruments and reserves	30	17 671	12 846	11 645
Non-controlling interests	31	4 861	4 288	4 283
<b>Total equity</b>		<b>217 804</b>	<b>198 434</b>	<b>181 494</b>
<b>Total equity and liabilities</b>		<b>2 369 339</b>	<b>2 298 039</b>	<b>1 999 724</b>

\* Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements.

\*\* Included in advances to customers are assets under agreements to resell of R67 808 million (2023: R79 410 million).

**Consolidated statement of changes in equity**

for the year ended 30 June

R million	Ordinary share capital and ordinary equityholders' funds											Non-controlling interests	Total equity
	Share capital	Share premium	Share capital and share premium	Defined benefit post-employment reserve	Cash flow hedge reserve	Share-based payment reserve	Foreign currency translation reserve	Other reserves*	Retained earnings	Reserves attributable to ordinary equity-holders	Other equity instruments and reserves**		
<b>Balance as reported at 1 July 2022 (as previously reported)</b>	56	7 905	7 961	(556)	(2 357)	44	4 766	1 278	153 645	156 820	11 645	4 283	180 709
Impact of IFRS 17 adoption	-	-	-	-	-	-	-	63	722	785	-	-	785
<b>Restated balance as at 1 July 2022</b>	56	7 905	7 961	(556)	(2 357)	44	4 766	1 341	154 367	157 605	11 645	4 283	181 494
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1	1
Additional Tier 1 capital issued during the year	-	-	-	-	-	-	-	-	-	-	2 804	-	2 804
Preference shares redeemed during the year	-	-	-	-	-	-	-	-	-	-	(4 519)	-	(4 519)
Movement in other reserves	-	-	-	-	-	12	-	295	(170)	137	2 916	2	3 055
Ordinary dividends	-	-	-	-	-	-	-	-	(27 991)	(27 991)	-	(1 240)	(29 231)
Distributions on other equity instruments	-	-	-	-	-	-	-	-	-	-	(1 119)	-	(1 119)
Transfer to/(from) general risk reserves	-	-	-	-	-	-	-	6	(6)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	2	2	-	(62)	(60)
Movement in treasury shares	-	(45)	(45)	-	-	-	-	-	(13)	(13)	-	-	(58)
Total comprehensive income for the year	-	-	-	10	(738)	-	8 003	67	36 331	43 673	1 119	1 304	46 096
- Profit for the year	-	-	-	-	-	-	-	-	36 331	36 331	1 119	1 227	38 677
- Other comprehensive income for the year	-	-	-	10	(738)	-	8 003	67	-	7 342	-	77	7 419
Vesting of share-based payments	-	-	-	-	-	(29)	-	-	-	(29)	-	-	(29)
<b>Restated balance as at 30 June 2023</b>	<b>56</b>	<b>7 860</b>	<b>7 916</b>	<b>(546)</b>	<b>(3 095)</b>	<b>27</b>	<b>12 769</b>	<b>1 709</b>	<b>162 520</b>	<b>173 384</b>	<b>12 846</b>	<b>4 288</b>	<b>198 434</b>
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional Tier 1 capital issued during the year	-	-	-	-	-	-	-	-	-	-	7 090	-	7 090
Additional Tier 1 capital redeemed during the year	-	-	-	-	-	-	-	-	-	-	(2 265)	-	(2 265)
Preference shares redeemed during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in other reserves	-	-	-	-	-	26	-	152	(244)	(66)	-	1	(65)
Ordinary dividends	-	-	-	-	-	-	-	-	(22 158)	(22 158)	-	(1 093)	(23 251)
Distributions on other equity instruments	-	-	-	-	-	-	-	-	-	-	(1 518)	-	(1 518)
Transfer (from)/to general risk reserves	-	-	-	-	-	-	-	5	(5)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	137	137	-	257	394
Movement in treasury shares	-	(220)	(220)	-	-	-	-	-	(5)	(5)	-	-	(225)
Total comprehensive income for the year	-	-	-	(44)	2 370	-	(4 084)	(108)	38 191	36 325	1 518	1 408	39 251
- Profit for the year	-	-	-	-	-	-	-	-	38 191	38 191	1 518	1 471	41 180
- Other comprehensive income for the year	-	-	-	(44)	2 370	-	(4 084)	(108)	-	(1 866)	-	(63)	(1 929)
Vesting of share-based payments	-	-	-	-	-	(41)	-	-	-	(41)	-	-	(41)
<b>Balance as at 30 June 2024</b>	<b>56</b>	<b>7 640</b>	<b>7 696</b>	<b>(590)</b>	<b>(725)</b>	<b>12</b>	<b>8 685</b>	<b>1 758</b>	<b>178 436</b>	<b>187 576</b>	<b>17 671</b>	<b>4 861</b>	<b>217 804</b>

\* Refer to note 29.2 for a breakdown of other reserves.

\*\* Other equity instruments and reserves at 30 June 2024 include R14 755 million (2023: R9 930 million) of AT1 instruments and R2 916 million (2023: R2 916 million) in empowerment fund reserve.

## Consolidated statement of cash flows

for the year ended 30 June

R million	Notes	2024	2023*
<b>Cash flows from operating activities</b>			
Profit before income tax		53 021	50 849
Adjustments for non-cash items:		(68 023)	(61 736)
- Depreciation and amortisation		5 098	4 720
- Net impairment on intangible assets and property and equipment		216	364
- Impairment loss on advances excluding post write-off recoveries		15 038	13 406
- Interest and similar income		(189 524)	(151 897)
- Interest expenses and similar charges		106 070	75 460
- Net gain on investing activities		(295)	(1 905)
- Hyperinflation		27	-
- Dividends accrued		(3 882)	(2 937)
- Indirect tax		1 655	1 540
- Share of profit of associates and joint venture		(2 426)	(487)
- Interest received		186 594	150 757
- Interest paid		(105 189)	(74 674)
- Dividends received		5 965	3 557
- Dividends paid		(23 676)	(29 110)
- Dividends paid to non-controlling interests		(1 093)	(1 240)
- Taxation paid		(13 986)	(14 574)
- Indirect tax paid		(1 838)	(1 724)
- Income tax paid		(12 147)	(12 850)
<b>Cash flow from operating activities before operating assets and liabilities</b>		<b>33 613</b>	<b>23 829</b>
<b>Movement in operating assets and liabilities</b>			
- Investment securities	10	(21 686)	(29 717)
- Advances	11	(98 911)	(156 574)
- Deposits	26	106 723	210 639
- Collateral, settlement balances and other assets	13	(4 982)	9 632
- Creditors, accruals and provisions	25	450	9 755
- Employee liabilities	22	(340)	3 164
- Insurance assets and liabilities	15	(801)	(206)
- Reinsurance assets and liabilities	15	129	(37)
- Policyholder liabilities under investment contracts	16	1 433	840
- Non-current assets and disposal groups held for sale	14	379	(682)
- Derivatives and short trading position liabilities		(26 969)	3 623
- Derivatives and commodities assets		29 649	(18 177)
<b>Net cash generated from operating activities</b>		<b>18 687</b>	<b>56 089</b>
<b>Cash flows from investing activities</b>			
Acquisition of investments in associates	17	(622)	(1 110)
Proceeds on disposal of investments in associates	17	22	38
Acquisition of investments in joint ventures	18	(101)	(653)
Proceeds on disposal of investments in joint ventures	18	-	67
Proceeds on disposal of subsidiaries	31.2.1	398	42
Acquisition of property and equipment		(6 360)	(4 730)
Proceeds on disposal of property and equipment		929	458
Acquisition of investment properties	21	(323)	-
Acquisition of intangible assets	20	(704)	(460)
Proceeds on disposal of non-current assets held for sale	14	770	2 053
<b>Net cash outflow from investing activities</b>		<b>(5 991)</b>	<b>(4 295)</b>
<b>Cash flows from financing activities</b>			
Proceeds on the issue of other financial liabilities	27.1	1 026	4 614
Redemption of other financial liabilities	27.1	(1 612)	(5 114)
Principal payments towards lease liabilities	27.1	(1 071)	(1 012)
Proceeds from issue of Tier 2 liabilities	28.1	1 548	7 986
Capital repaid on Tier 2 liabilities	28.1	(1 910)	(13 079)
Acquisition of additional interest in subsidiaries from non-controlling interest	31.1.1	-	(170)
Redemption of AT1 equity instruments		(2 265)	-

**Consolidated statement of cash flows** continued

R million		2 024	2023*
Redemption of preference shares	30	–	(4 519)
Proceeds from issue of AT1 equity instruments	30	7 090	2 804
<b>Net cash inflow/(outflow) from financing activities</b>		<b>2 806</b>	<b>(8 490)</b>
<b>Net increase in cash and cash equivalents</b>		<b>15 502</b>	<b>43 304</b>
Cash and cash equivalents at the beginning of the year	7	147 671	107 569
Effect of exchange rate changes on cash and cash equivalents		(4 692)	(3 202)
Transfer to non-current assets held for sale	14	(4)	–
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>158 477</b>	<b>147 671</b>
<b>Cash and cash equivalents comprises:</b>			
Coins and bank notes		10 679	11 094
Money at call and short notice		88 436	79 740
Mandatory reserves with central banks		40 503	40 958
Other reserves with central banks		18 859	15 879
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>158 477</b>	<b>147 671</b>

\* Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements.

## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements

### Basis of preparation

The group's consolidated and separate annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), including IFRIC Interpretations, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, JSE Limited Listings Requirements, and requirements of the Companies Act no. 71 of 2008.

These financial statements comprise the statements of financial position (also referred to as the balance sheet) as at 30 June 2024; the income statements and statements of other comprehensive income; statements of changes in equity and statements of cash flows for the year ended; as well as the notes, which comprise a summary of significant accounting policies and other explanatory notes.

### Presentation of financial statements, functional and foreign currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

<b>Presentation</b>	The group presents its statement of financial position in order of liquidity.  Where permitted or required under IFRS Accounting Standards, the group offsets assets and liabilities or income and expenses and presents the net amount in the statement of financial position, the income statement or the statement of other comprehensive income.
<b>Materiality</b>	IFRS Accounting Standards are only applicable to material items. Applying the concept of materiality requires judgement, in particular, in relation to matters of presentation and disclosure. Management assesses the relevance of the information to user of the financial statement and considers both qualitative and quantitative factors in determining the materiality threshold for disclosure and presentation purposes.
<b>Functional and presentation currency of the group</b>	South African rand (R)
<b>Level of rounding</b>	All amounts are presented in millions of rands.  The group has a policy of rounding off to the nearest million. Amounts less than R500 000 will therefore round down to Rnil and are presented as a dash.

## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

### Basis of preparation continued

<p><b>Foreign operations with a different functional currency from the group presentation currency</b></p>	<p>The financial position and results of the group's foreign operations are translated at the closing or average exchange rate, as required per IAS 21.</p> <p>Upon consolidation, exchange differences arising on the translation of the net investment in foreign operations are recognised as a separate component of other comprehensive income (OCI) (the foreign currency translation reserve) and are reclassified to profit or loss upon loss of control of the foreign operation. The net investment in a foreign operation includes any monetary items for which settlement is neither planned nor likely in the foreseeable future.</p> <p>The results, cash flows and financial position of group entities which are accounted for as entities operating in hyperinflationary economies that have functional currencies different from the presentation currency of the group are translated into the presentation currency of its parent at the exchange rate at the reporting date. These foreign exchange gains and losses on a hyperinflationary foreign operation are presented in OCI.</p> <p><b>Hyperinflation accounting</b></p> <p>The financial position of an entity whose functional currency is the currency of a hyperinflationary economy is adjusted applying the general price index at the end of the reporting period. Comparative information is not restated at group. The impact of the comparative periods adjustment applying the general price index is adjusted to opening retained earnings.</p> <p>The group applied hyperinflationary accounting at the beginning of the current year, with components of equity and other non-monetary assets and liabilities, which were restated by applying a general price index from the dates the components were contributed or otherwise arose. The group has elected to recognise the difference between the restated comparative hyperinflated results of the subsidiary, and the previously reported consolidated subsidiary results, directly in equity (retained earnings). In subsequent reporting periods, the difference between restated comparative amounts arising in the separate subsidiary accounts and the hyperinflated consolidated position of the subsidiary at the beginning of the year will be recognised in the current period as a direct adjustment to equity (retained earnings).</p> <p>During the current period, the group recognises gains or losses on the net monetary position in profit or loss as part of non-interest revenue (NIR) under the "Gains and losses from investment activities" line item, calculated by applying changes in the general price index to</p> <ul style="list-style-type: none"> <li>• items of income and expenses from the date they were initially earned or incurred up to the reporting date; and</li> <li>• the non-monetary assets and liabilities, including components of equity (excluding retained earnings), from the beginning of the year or date of contribution, if later, up to the reporting date.</li> </ul> <p>Monetary items are already expressed in terms of the measuring unit current at the end of the reporting period and are therefore not hyperinflated at the end of the reporting period.</p> <p>The income statement, statement of financial position and statement of cash flow of the group's subsidiary which has been classified as hyperinflationary has been expressed in terms of the measuring unit current at the reporting date.</p>
<p><b>Foreign currency transactions of the group</b></p>	<p>Translated into the functional currency using the exchange rates prevailing at the date of the transactions.</p>
<p><b>Translation and treatment of foreign denominated balances</b></p>	<p>Translated at the relevant exchange rates, depending on whether it is a monetary item (in which case the closing spot rate is applied) or non-monetary items. For non-monetary items measured at cost the rate applied is the rate on transaction date. For non-monetary items measured at fair value the rate at the date the fair value is determined (reporting date) is applied.</p> <p>Foreign exchange gains or losses are recognised in profit or loss in fair value gains or losses.</p> <p>To the extent that foreign exchange gains or losses relate to financial assets held at fair value through other comprehensive income (FVOCI) the following applies:</p> <ul style="list-style-type: none"> <li>• equity instruments – recognised in OCI as part of the fair value movement; and</li> <li>• debt instruments – allocated between profit or loss (those that relate to changes in amortised cost) and OCI (those that relate to changes in the fair value).</li> </ul>



## **Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements** continued

### **Basis of preparation** continued

#### **Application of the going concern principle**

The directors reviewed the group's and company's budgets and flow of funds forecasts for the next three years and considered the group's and company's ability to continue as a going concern. Based on the projections of the impact on the group's capital, funding and liquidity requirements, all have remained within internal targets and above regulatory requirements.

Forecast growth in earnings and balance sheet risk-weighted assets (RWA) is based on the group's macroeconomic outlook and is evaluated against available financial resources, considering the requirements of capital providers, regulators and rating agencies. The expected outcomes and constraints are then stress tested, and the group sets targets through different business cycles and scenarios.

On the basis of this review, and in light of the current financial position and profitable trading history, the directors are satisfied that the group has adequate resources to continue in business for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the annual financial statements.

The financial statements have been prepared on a basis consistent with prior year, with the exception of the adoption of IFRS 17 – *Insurance Contracts* and IAS 29 – *Financial Reporting in Hyperinflationary Economies*.

#### **Segmental analysis**

The segmental analysis included in the segment report is based on the information reported to the chief operating decision maker (CODM) for the respective segments under the current operating business management structures. The information is prepared in terms of IFRS Accounting Standards and certain adjustments are made to the segment results in order to eliminate the effect of non-taxable income and other segment-specific items that impact certain key ratios reviewed by the CODM when assessing the operating segments' performance. In addition, certain normalised adjustments are also processed to the segment results.

## **Critical accounting estimates, assumptions and judgements**

### **Introduction**

In preparing the financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Unless stated otherwise, the judgements applied by management in applying the accounting policies are consistent with the prior year. Included below are all the material critical accounting estimates, assumptions and judgements made by the group, except those related to fair value measurement, which are included in note [35](#).

### **Impairment of financial assets**

#### **IMPAIRMENT OF ADVANCES**

In determining whether an impairment loss should be recognised, the group makes judgements as to whether there is a measurable decrease in the estimated future cash flows from a portfolio of loans.

The objective of the measurement of an impairment loss is to produce a quantitative measure of the group's credit risk exposure.

The group adopts the PD/LGD approach to calculate ECL for advances. ECL is based on a weighted average of the macroeconomic scenarios selected, weighted by the probability of occurrence.

Regression modelling techniques are used to predict borrowers' behaviour and transaction characteristics in accordance with and to align with IFRS 9, based on relationships observed in historical data related to the group of accounts to which the model will be applied. Models are used to estimate impairment parameters (PD, LGD and EAD) based on the predictive characteristics identified through the regression process.

## **Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements** continued

### **Critical accounting estimates, assumptions and judgements** continued

#### **Impairment of financial assets** continued

##### **FORWARD-LOOKING INFORMATION**

Forward-looking macroeconomic information has been incorporated into expected credit loss estimates through the application of quantitative modelling and expert judgement-based post-model adjustments. Both quantitative models and expert judgement-based adjustments consider a range of macroeconomic scenarios as inputs.

Macroeconomic scenarios are defined by taking global and domestic macroeconomic considerations into account, and forecasts are developed for various scenarios. Development of these scenarios is overseen by the FirstRand macroeconomic forum, which is responsible for oversight and is independent of credit and modelling functions.

Teams of economists, both locally and within the various subsidiaries, assess micro- and macroeconomic developments to formulate the macroeconomic forecasts. Various internal and external economists are then requested to assign a probability to each scenario. The rationale for probabilities assigned by each respondent is noted and explained at the FirstRand macroeconomic forum.

ECL results are calculated as probability-weighted average results across multiple macroeconomic scenarios. The creation of macroeconomic scenarios and the determination of associated probabilities are subjective, with final ECL results dependent on the assumptions applied during the process.

Quantitative techniques are applied to estimate the impact of macroeconomic factors on ECL using various techniques.

Within the RMB corporate and investment banking portfolios, macroeconomic stress testing models are applied to estimate the impact of FLI on ECL. These stress testing models are industry-specific and make use of regression techniques, observed macroeconomic correlations and expert judgement, depending on the extent of data available in each industry. The outputs from these models are used to determine the level of stress that a particular industry is expected to experience, and through-the-cycle impairment parameters are scaled accordingly, with scaling factors based on historical Standard & Poors Global Ratings (S&P) default data.

Within retail and commercial portfolios, forward-looking ECL is modelled using regression-based techniques that determine the relationship between key macroeconomic factors and credit risk parameters (with industry considerations further applied in the case of commercial portfolios) based on historically observed correlations. Modelled correlations and macroeconomic variable weightings are adjusted on the basis of expert judgement to ensure that the relationships between macroeconomic forecasts and risk parameters are intuitive and that ECL is reflective of forward-looking expectations of credit performance.

The approach applied within the UK operations is aligned with the approach applied within domestic retail portfolios, with FLI-adjusted ECL estimates determined on the basis of a combination of regression-based modelling and expert judgement.

Where the impact of forward-looking macroeconomic information on ECL is determined based on historical relationships between macroeconomic movements and default rates, and it is not expected for these relationships to hold under current macroeconomic conditions, judgemental post-model adjustments have been applied to ensure that relationships between macroeconomic forecasts and ECL estimates are intuitive, with ECL increasing where macroeconomic conditions are expected to worsen, and reflecting additional relevant information not catered for in models. Other post-model overlays reflecting additional relevant information not catered for in models are also incorporated into the ECL allowance and staged appropriately per portfolio. This approach is followed across all portfolios and does not constitute a material portion of the ECL allowance.

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.

## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

### Critical accounting estimates, assumptions and judgements continued

#### Impairment of financial assets continued

##### FORWARD-LOOKING INFORMATION continued

The table below sets out the most significant macroeconomic factors used to estimate the FLI relating to ECL provisions in South Africa and broader Africa. The information is forecast over a period of three years, per major economic region that the group operates in.

Scenario	Probability	Description
<b>Baseline</b>	60% (2023: 56%)	<ul style="list-style-type: none"> <li>The global economy avoids a significant slowdown and geopolitical tensions continue to add to risk premia for risk assets, including commodities.</li> <li>GDP growth lifts gradually as a result of the deployment of capital into renewable energy projects while other economic reforms slowly begin to support economic activity.</li> <li>The country's election outcome does not result in a change on the status quo on policy and economic reforms. Policy makers and the private sector do not make meaningful progress with structural reforms.</li> <li>Climate transition progresses slowly amid lack of agreement and progress on the COP27 Energy Transition Partnerships (JETP) implementation plan.</li> <li>Drought and water management targets progress gradually.</li> <li>Fiscal pressures continue to build while the South African Reserve Bank (SARB) continues to implement monetary policy to achieve its inflation objectives.</li> </ul>
<b>Upside</b>	15% (2023: 15%)	<ul style="list-style-type: none"> <li>The global economy avoids a significant slowdown and geopolitical tensions continue to add to risk premia for risk assets including, commodities.</li> <li>GDP growth lifts meaningfully thanks to deployment of capital into renewable energy projects while other economic reforms slowly begin to support economic activity.</li> <li>The country's election outcome results in a private sector friendly approach to policy and economic reforms.</li> <li>Economic and policy reform progress lifts investor and consumer confidence.</li> <li>Climate transition progresses slowly and meaningful implementation progress is made on the COP27 JETP implementation plan.</li> <li>Drought and water management targets progress meaningfully with pockets of the economy remaining more vulnerable than others.</li> <li>Fiscal pressures reduce slightly but remain elevated in the near term.</li> </ul>
<b>Downside</b>	25% (2023: 29%)	<ul style="list-style-type: none"> <li>Geo-economic fragmentation, including the Ukraine war, a regional war in the Middle East and conflict in the South China Sea, drives headline inflation significantly higher and real disposable income growth significantly lower.</li> <li>The country fails to implement growth-enhancing economic reforms.</li> <li>The country's election outcome results in a private sector unfriendly approach to policy and economic reforms.</li> <li>The South African government experiences setbacks in its efforts to manage the decarbonisation process.</li> <li>South Africa's export competitiveness and trade volume growth deteriorate during the transitional and implementation phases of the European Union's Carbon Border Adjustment Mechanism.</li> <li>Currency depreciation stalls the disinflation trend, together with sustained policy tightening bias with negative consequences for financial conditions and risk appetite.</li> <li>Real credit extension falls and savings lift.</li> </ul>

## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

### Critical accounting estimates, assumptions and judgements continued

#### Impairment of financial assets continued

##### FORWARD-LOOKING INFORMATION continued

The following table sets out the scenarios and the probabilities assigned to each scenario for the group's UK operations at 30 June 2024:

Scenario	Probability	Description
<b>Base</b>	50% (2023: 60%)	<ul style="list-style-type: none"> <li>The combination of lower agriculture and energy prices, weaker global trade and domestic growth will see inflation return to the Bank of England's (BoE) 2% target.</li> <li>The BoE will hold the bank rate at 5.25% until August 2024 as services inflation and wage growth ease.</li> <li>The continued impact of higher interest rates will weigh on growth in 2024.</li> <li>Property prices have bottomed, however stretched affordability and a softer labour market act as a speed limit on activity.</li> </ul>
<b>Upside</b>	20% (2023: 15%)	<ul style="list-style-type: none"> <li>Continued demand and supply side disinflation alleviate the cost-of-living crisis and significantly lower 12-month ahead forward expectations.</li> <li>Global geopolitical tensions dissipate rapidly, and financial and commodity market risk premia recede.</li> <li>Lower domestic inflation and persistence of inflation allow the BoE to begin normalising interest rates.</li> <li>Excess household savings and strong savings income, as well as strong real and nominal wage growth, significantly boost consumption and economic growth.</li> <li>Lower inflation and interest rates reduce government interest payments and together with high nominal growth increase fiscal headroom to raise investment and trend growth.</li> <li>The UK services sector achieves an efficient and beneficial outcome for the trade relationship with the EU.</li> <li>The higher interest rate environment relative to the pre-pandemic is largely offset by rising household and corporate income and the support of excess savings built up over the pandemic, resulting in a low level of redundancies and insolvencies.</li> <li>A growing economy sees hiring intentions rise. Labour supply mismatches clear rapidly, and unemployment falls as the market successfully absorbs increasing labour supply.</li> <li>Asset prices rise broadly as the economy recovers and interest rates fall.</li> </ul>
<b>Downside</b>	20% (2023: 20%)	<ul style="list-style-type: none"> <li>Longer than previously experienced monetary policy lags feed into corporate balance sheets, whose excess savings are now depleted, causing a wave of insolvencies and redundancies and a one-year recession.</li> <li>Fiscal manoeuvrability is limited given elevated debt stock and interest servicing levels, and the government is unable to quickly react.</li> <li>Higher redundancies and the return of inactive workers seeking to boost income result in unemployment rising to 7%.</li> <li>The loss of income through a looser labour market offsets the previous income gains from elevated interest rates, and households reduce consumption.</li> <li>Brexit uncertainty limits support for business investment despite lower interest rates, disrupts trade and leads to specific skilled labour shortages.</li> <li>Cratering domestic inflation sees the BoE rapidly reduce interest rates to 1.5% to support the economy, alleviating pressures on business and public balance sheets.</li> <li>Rising unemployment introduces forced selling, causing a 12% fall in house prices with larger declines in regions where affordability metrics are most stretched, such as London and the South East.</li> <li>Commercial real estate capital prices fall over 31%, focused on poor quality, energy inefficient and retail and office sector properties.</li> <li>The BoE raises interest rates as the economic recovery unfolds, ensuring that the labour market sufficiently recovers.</li> </ul>

**Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements** continued

**Critical accounting estimates, assumptions and judgements** continued

**Impairment of financial assets** continued

<b>FORWARD-LOOKING INFORMATION</b> continued		
<b>Scenario</b>	<b>Probability</b>	<b>Description</b>
<b>Severe downside</b>	10% (2023: 5%)	<ul style="list-style-type: none"> <li>• Geopolitical escalation leads to a significant supply side inflation shock and the risk of a wage price spiral, prompting further aggressive action from central banks and leading to a deep two-year recession.</li> <li>• The government is less able to provide the significant fiscal support needed due to already elevated debt levels and soaring borrowing costs. An Energy Price Guarantee is re-established, but at a higher level of £3 500, with the policy’s cost limiting what other support the government can provide.</li> <li>• UK fails to secure any significant post-Brexit trade deals resulting in much lower trade volumes.</li> <li>• Due to increased fiscal vulnerability, appetite for UK assets falls causing a prolonged depreciation in sterling, which pushes up imported and producer inflation.</li> <li>• The resurgence in energy prices causing inflation to re-accelerate to over 8% and risk of a wage price spiral emerging prompts a second flurry of tightening from the BoE, taking the bank rate to 7%. Policy rates stays tighter for longer.</li> <li>• Consumer and investor sentiment falls further and spare capacity in the economy increases significantly, while economic shocks result in permanent economic scarring and lower trend growth.</li> <li>• Unemployment rises considerably to over 9% as business insolvencies surge and productivity and earnings growth fall sharply.</li> <li>• Rising mortgage rates and unemployment drive increased forced selling in a residential property market where affordability metrics are already stretched, causing a substantial correction in house prices of -23%.</li> <li>• Permanent decline in commercial property prices due to diminished demand and high business insolvencies.</li> </ul>

**Overview of forward-looking information included in the 30 June 2024 impairment of advances**

During the year, global economic growth and inflation continued to moderate. Central banks paused the aggressive interest rate hikes that they implemented to stem inflation, resulting in a slight reduction in risk aversion in financial markets. However, uncertainty about the potential future extent of the expected economic slowdown and possible interest rate cuts, combined with a significant increase in geopolitical risk, continued to drive market volatility.

The war in Ukraine remains ongoing, and the conflict in Gaza continued to escalate, lifting regional and global geopolitical tensions. Although these tensions remain important risk factors going forward, they did not translate into a significant macroeconomic impact for the economies in which the group operates during the period under review.

**South Africa**

South Africa’s inflation remained above the central bank’s target range, but began to reduce slowly, resulting in interest rates remaining on hold. With interest rates remaining at their cyclical peak, real economic activity continued to slow down, with domestic household consumption and corporate income being impacted by high interest rates and inflation. Rolling blackouts were less severe than expected and commodity prices remained somewhat resilient for certain key export commodities. However logistics bottlenecks continued to limit both export and import growth.

Towards the end of the year, the peaceful election, and subsequent formation of a Government of National Unity, turned out to be a more market friendly result than was widely expected. An increased probability of improvements in service delivery and economic reform momentum was reflected in financial market pricing for the currency, government debt securities and other domestic risk assets including equities. Although we noted a slight improvement in economic reform implementation before the election, and the election outcome has increased the probability of further progress, the election itself has not yielded tangible economic reform developments. As such we continue to carefully monitor the economic environment for signs of economic reform progress.

**United Kingdom**

The UK has started the calendar year on a stronger footing than it exited the last, however the impact of previous rate rises will continue to weigh on activity. Inflation is returning to the BoE’s 2% target as supply side shocks continue to unwind. BoE guidance remains cautious but is evolving more dovish. We forecast that the BoE will hold the bank rate at 5.25% until August 2024. The Monetary Policy Committee’s comments are becoming more balanced but they continue to state their concerns over the persistence of domestic inflation and the tightness of the labour market. While we currently mechanically forecast that rates are lowered 25bps per meeting from August, we see the growing risk that rates are not lowered uniformly, with risks of skips, or larger cuts should inflation and/or growth surprise further to the downside. Unemployment is gradually rising but we expect it to peak well below levels recorded from previous recessions. Following the rebound in house prices in the first quarter of 2024, we have raised our house price forecast for 2024. Whilst stretched affordability and a softer labour market means some months or quarters of falls should be expected, we do not expect the 6% peak-to-trough fall reported by Nationwide to be re-tested.

## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

### Critical accounting estimates, assumptions and judgements continued

#### Impairment of financial assets continued

##### FORWARD-LOOKING INFORMATION continued

#### Broader Africa

##### General

The operating environment in the group's broader Africa footprint was generally characterised by modestly stronger economic activity, still high, but moderating inflation, and elevated interest rates. Simultaneously, fiscal headwinds remained prevalent. Slow progress in addressing structural weaknesses pre-dating the Covid-19 pandemic looks set to continue hampering GDP growth over the medium term.

##### Namibia

Real GDP growth in Namibia remained comparatively firm. Increased mining output, ongoing fixed investment in renewable energy and in oil and gas exploration, as well as a rebound in tourism, have all supported economic activity. Impetus from these sectors should continue underpinning growth in future. Supportive too should be more favourable weather conditions as the impact of the drought on agriculture and food inflation fades. Given the currency peg with the rand, the policy rate in Namibia is tied to SA's, but not at the same level. At 7.75% the repo rate in Namibia is 50bp below SA's. The start of a cutting cycle in both countries later in 2024 will help ease the pressure on highly indebted households and firms.

##### Botswana

The economy remained resilient during the year. Notably lower inflation, real increases in public sector wages, low interest rates and rising credit extension all brought about much-needed support from consumer spending. Pockets of strength in sectors like transport, utilities and mining, augmented by increased fiscal support (drought related) for the agricultural sector, further underpinned GDP growth. A recovery in global demand for raw diamonds, increased copper mining activity and inflation remaining within the central bank's target range should help keep growth comparatively firm in the year ahead. Much of Botswana's longer-term growth potential will rely on the successful delivery of key public sector infrastructure projects, as well as the implementation of revised policies targeted at improving non-mining output.

##### SIGNIFICANT MACROECONOMIC FACTORS

The table below sets out the most significant macroeconomic factors used to estimate the FLI 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.

30 June 2024

South Africa (%)	Upside scenario			Baseline expectation			Downside scenario		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
<b>Applicable across all portfolios</b>									
Real GDP growth	3.30	3.60	3.00	1.80	1.40	1.90	0.20	0.60	0.80
CPI inflation	3.70	3.60	4.50	4.60	4.70	4.40	6.40	6.20	5.00
Repo rate	5.50	6.00	6.00	7.75	7.50	7.50	9.50	8.00	7.25
<b>Retail-specific</b>									
Retail real income growth	3.30	3.60	0.90	1.20	1.20	1.80	(2.70)	(1.10)	4.40
House price index growth*	5.10	6.00	9.50	1.90	3.10	3.40	(1.00)	0.60	3.10
Household debt to income	60.10	57.80	59.50	61.40	61.50	62.30	61.90	61.30	58.60
Employment growth	2.30	2.20	2.00	0.90	0.80	1.10	0.60	1.40	-
<b>Wholesale-specific</b>									
Fixed capital formation	5.40	8.00	7.10	5.70	3.20	4.90	(0.10)	(1.10)	2.70
Foreign exchange rate (USD/ZAR)	17.20	17.10	17.40	17.70	17.90	18.60	21.90	20.80	19.50

\* Applicable to the secured portfolio.

**Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements** *continued*

**Critical accounting estimates, assumptions and judgements** *continued*

Impairment of financial assets *continued*

SIGNIFICANT MACROECONOMIC FACTORS												
UK (%)	Upside scenario			Baseline expectation			Downside scenario			Severe scenario		
	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027
Real GDP growth	2.10	2.80	2.70	0.90	1.20	1.30	(1.70)	1.90	1.30	(3.60)	(0.10)	0.80
CPI inflation	1.90	2.40	2.20	2.00	2.40	2.20	0.60	2.40	2.20	6.50	1.20	1.50
BoE rate	3.00	2.50	2.50	3.50	3.50	3.50	1.50	1.75	2.75	7.00	6.00	5.00
Household disposable income growth	2.00	1.60	1.40	1.10	1.70	1.60	(1.00)	1.70	2.30	(5.80)	2.30	3.50
House price index growth	3.50	4.10	3.60	3.00	3.10	3.00	2.70	1.90	3.60	1.20	(3.90)	0.70
Unemployment rate	3.50	3.50	3.50	4.70	4.30	4.10	7.00	6.20	5.10	9.20	8.70	8.10

\* Applicable to the secured portfolio.

**Broader Africa**

Namibia (%)	Upside scenario			Baseline expectation			Downside scenario		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
Real GDP growth	5.70	6.10	6.00	4.40	3.10	3.40	0.65	-	0.30
CPI inflation	6.30	6.50	6.60	5.30	5.20	4.90	7.65	7.80	7.80
Repo rate	6.75	6.10	6.00	7.50	7.50	7.50	10.75	9.90	7.75

Botswana (%)	Upside scenario			Baseline expectation			Downside scenario		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
Real GDP growth	8.25	8.50	8.00	4.20	4.00	3.80	0.25	1.00	1.50
CPI inflation	3.60	3.00	2.70	4.10	3.70	3.50	8.50	8.00	7.00
Repo rate	2.10	2.10	2.10	2.15	2.15	2.15	3.70	3.70	3.70

**Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements** continued

**Critical accounting estimates, assumptions and judgements** continued

Impairment of financial assets continued

<b>SIGNIFICANT MACROECONOMIC FACTORS</b>									
30 June 2023									
<b>South Africa</b>	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
Applicable across all portfolios									
<b>Real GDP growth</b>	3.50	3.40	3.50	0.30	1.60	1.80	(0.50)	(0.50)	1.50
<b>CPI inflation</b>	5.50	4.10	4.00	6.00	4.90	5.00	7.90	6.80	6.00
<b>Repo rate</b>	8.00	6.00	5.75	8.50	7.25	7.00	9.50	8.75	7.75
Retail-specific									
<b>Retail real income growth</b>	12.00	1.50	1.70	0.90	0.70	0.80	(1.70)	–	0.70
<b>House price index growth*</b>	4.70	5.70	8.30	1.50	2.20	3.30	(2.70)	(0.70)	2.80
<b>Household debt to income</b>	63.50	64.40	64.80	62.20	62.20	62.20	60.40	59.20	58.60
<b>Employment growth</b>	2.00	1.90	1.50	1.00	0.50	0.40	(0.40)	(0.10)	0.30
Wholesale-specific									
<b>Fixed capital formation</b>	9.00	7.70	8.70	3.10	3.70	4.30	(5.60)	(1.10)	3.70
<b>Foreign exchange rate (USD/ZAR)</b>	15.90	14.80	15.20	18.80	17.40	17.90	26.30	20.90	21.50

\* Applicable to the secured portfolio.

<b>UK</b>	Upside scenario			Baseline expectation			Downside scenario			Severe scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
<b>Real GDP growth</b>	2.00	3.20	2.60	(0.50)	1.40	1.40	(2.40)	0.10	1.60	(3.30)	(1.60)	0.60
<b>CPI inflation</b>	3.20	2.00	1.80	3.70	2.10	2.10	4.40	2.60	2.00	5.60	6.10	2.10
<b>BoE rate</b>	4.30	3.10	3.00	4.50	3.50	3.50	5.30	4.80	4.00	5.40	6.00	5.90
<b>Household disposable income growth</b>	(0.40)	2.30	2.40	(0.30)	1.70	1.90	(3.10)	(0.10)	2.30	(5.00)	(2.50)	2.70
<b>House price index growth</b>	1.30	3.80	3.80	(4.90)	3.00	3.90	(7.70)	(2.50)	1.70	(11.50)	(7.00)	(0.30)
<b>Unemployment rate</b>	3.70	3.50	3.50	4.70	4.20	3.90	5.90	6.80	5.90	8.40	9.00	8.30

\* Applicable to the secured portfolio.

<b>Broader Africa</b>									
<b>Namibia</b>	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
<b>Real GDP growth</b>	5.60	6.30	6.70	2.90	3.00	2.90	0.40	(0.30)	–
<b>CPI inflation</b>	4.90	4.90	5.10	4.90	4.50	4.70	7.60	7.60	7.80
<b>Policy rate</b>	5.25	5.25	5.25	7.25	7.25	7.00	10.00	7.50	7.50
<b>Botswana</b>	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
<b>Real GDP growth</b>	7.50	7.90	8.00	3.80	4.40	4.30	1.00	1.20	1.20
<b>CPI inflation</b>	4.60	4.60	3.80	7.00	4.50	3.50	11.70	9.30	8.50
<b>Policy rate</b>	3.10	3.10	3.10	3.20	3.20	3.20	8.40	8.40	8.40



## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

### Critical accounting estimates, assumptions and judgements continued

#### Impairment of financial assets continued

##### SIGNIFICANT MACROECONOMIC FACTORS

The following table reflects the impact on the performing (stage 1 and stage 2) impairment provisions on advances, if the probability weighting assigned to each of the scenarios were increased to 100%. The analysis only reflects the changing of the probability assigned to each scenario to 100%.

R million	IFRS 9 impairment provision	Baseline	% change in total IFRS 9 provision	Upside	% change in total IFRS 9 provision	Downside	% change in total IFRS 9 provision
<b>Total at 30 June 2024</b>	<b>23 501</b>	<b>22 469</b>	<b>(4)</b>	<b>19 790</b>	<b>(16)</b>	<b>27 173</b>	<b>16</b>
Retail	10 938	10 504	(4)	9 077	(17)	12 762	17
Commercial	2 529	2 521	–	2 191	(13)	2 771	10
RMB CIB	4 584	4 494	(2)	4 267	(7)	4 827	5
Broader Africa	1 988	2 023	2	1 735	(13)	2 359	19
Centre (including Group Treasury)*	288	286	(1)	280	(3)	292	1
UK operations*	3 174	2 641	(17)	2 240	(29)	4 162	31
<b>Total at 30 June 2023</b>	<b>24 197</b>	<b>23 609</b>	<b>(2)</b>	<b>20 914</b>	<b>(14)</b>	<b>26 279</b>	<b>9</b>
Retail	10 749	10 274	(4)	9 101	(15)	11 676	9
Commercial	2 459	2 438	(1)	2 199	(11)	2 618	6
RMB CIB	3 770	3 736	(1)	3 480	(8)	4 044	7
Broader Africa	2 093	2 165	3	1 898	(9)	2 374	13
Centre (including Group Treasury)	521	512	(2)	506	(3)	518	(1)
UK operations	4 605	4 484	(3)	3 730	(19)	5 049	10

\* The MotoNovo back book is now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023. Prior period information has not been restated.

**Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements** continued

**Critical accounting estimates, assumptions and judgements** continued

Impairment of financial assets continued

Judgement	Retail and retail SME	Wholesale and commercial SME
<p><b>Measurement of the 12-month and LECL</b></p>	<p>Parameters are determined on a basis whereby exposures are pooled at a portfolio level (at a minimum). Where appropriate, more granular pooling is applied. The inputs used to determine parameter values include historically observed behaviour, as well as behavioural and demographic information related to individual exposures currently on book.</p> <p>PD parameters are determined through assessment of the influence that various risk drivers have had on historical default rates. EAD parameter estimates are based on product characteristics in addition to historical drawdown and payment behaviour. LGDs are determined by estimating expected future cash flows, adjusted for FLI such as the house price index, prime lending rate and GDP. These cash flows include direct costs and proceeds from the sale of collateral. Collateral recovery rates are based on historically observed outcomes.</p> <p>The statistical models applied implicitly assume that risk drivers that influence default risk, payment behaviour and recovery expectations within historical data will continue to be relevant in the future.</p>	<p>Parameters are determined based on the application of statistical models that produce estimates based on counterparty-specific financial information and transaction characteristics. These characteristics include the nature of available collateral. Due to the specialised nature of these exposures, parameters produced by models are taken through a robust review and challenge process before being applied to calculate ECL, and are required to be signed off by a committee of wholesale and commercial credit experts who can motivate adjustments to modelled parameters.</p>
<p><b>Determination of whether the credit risk of financial instruments have increased significantly since initial recognition (SICR)</b></p>	<p>SICR triggers continue to be based on client behaviour, client-based behaviour scores and judgemental factors.</p>	<p>SICR triggers continue to be determined based on client behaviour and the internal FirstRand client rating or risk score, as well as judgemental factors, which include triggers for industries in distress, potentially resulting in the client being added to the watchlist through the group's ongoing risk management process. These triggers are determined at a deal and client level and are calibrated over time to determine what level of deterioration is reflective of a SICR.</p>

## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

### Critical accounting estimates, assumptions and judgements continued

#### Impairment of financial assets continued

Judgement	Retail and retail SME	Wholesale and commercial SME	
<b>Sensitivity staging</b>	The move from 12-month ECL (stage 1) to LECL (stage 2) can result in a substantial increase in ECL. The sensitivity information provided in the table below details the estimated additional ECL charge to the income statement that the group would need to recognise if 5% of the stage 1 GCA of advances suffered a SICR and were moved from stage 1 to stage 2 as at 30 June 2024. A 5% increase in advances categorised as stage 2 can be viewed as a reasonably possible alternative based on the current economic conditions.		
		<b>30 June 2024</b>	
		<b>5% increase in gross carrying amount of exposure*</b>	<b>Increase in the loss allowance</b>
	R million		
	Retail	<b>35 255</b>	<b>2 835</b>
	Wholesale, commercial and other (including Group Treasury)	<b>38 895</b>	<b>4 467</b>
	<b>Total increase in stage 2 advances and ECL</b>	<b>74 150</b>	<b>7 302</b>
		30 June 2023	
	Retail	34 634	2 504
	Wholesale, commercial and other (including Group Treasury)	36 283	4 411
<b>Total increase in stage 2 advances and ECL</b>	<b>70 917</b>	<b>6 915</b>	
	<i>* Includes exposures across the group's exposures in South Africa, broader Africa and UK operations.</i>		

#### Subsidiaries, associates and joint arrangements

##### SUBSIDIARIES

Only one party can have control over a subsidiary. In determining whether the group has control over an entity, consideration is given to any rights the group has that result in the ability to direct the relevant activities of the investee, and the group's exposure to variable returns.

In operating entities, shareholding is most often the clearest indication of control. However, for structured entities and investment management funds, judgement is often needed to determine which investors have control of the entity or fund. Generally, where the group's shareholding is greater than 50%, the investment is accounted for as a subsidiary.

<b>Decision-making power</b>	<p>Some of the major factors considered by the group in making this determination include the following:</p> <ul style="list-style-type: none"> <li>• the purpose and design of the entity;</li> <li>• what the relevant activities of the entity are;</li> <li>• who controls the relevant activities and whether control is based on voting rights or contractual agreements. This includes considering: <ul style="list-style-type: none"> <li>– what percentage of voting rights is held by the group and the dispersion and behaviour of other investors;</li> <li>– potential voting rights and whether these increase/decrease the group's voting powers;</li> <li>– who makes the operating and capital decisions;</li> <li>– who appoints and determines the remuneration of the KMP of the entity;</li> <li>– whether any investor has any veto rights on decisions;</li> <li>– whether there are any management contracts in place that confer decision-making rights;</li> <li>– whether the group provides significant funding or guarantees to the entity; and</li> <li>– whether the group's exposure is disproportionate to its voting rights;</li> </ul> </li> <li>• whether the group is exposed to any downside risk or upside potential that the entity was designed to create;</li> <li>• to what extent the group is involved in the setup of the entity; and</li> <li>• to what extent the group is responsible to ensure that the entity operates as intended.</li> </ul>
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**Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements** continued

**Critical accounting estimates, assumptions and judgements** continued

**Subsidiaries, associates and joint arrangements** continued

SUBSIDIARIES continued	
<b>Exposure to variable returns</b>	Factors considered include: <ul style="list-style-type: none"> <li>• the group’s rights in respect of profit or residual distributions;</li> <li>• the group’s rights in respect of repayments and return of debt funding;</li> <li>• whether the group receives any remuneration from servicing assets or liabilities of the entity;</li> <li>• whether the group provides any credit or liquidity support to the entity;</li> <li>• whether the group receives any management fees and whether these are market-related; and</li> <li>• whether the group can obtain any synergies through the shareholding that are not available to other shareholders. Benefits could be non-financial in nature, such as employee services, etc.</li> </ul>
<b>Ability to use power to affect returns</b>	Factors considered include: <ul style="list-style-type: none"> <li>• whether the group is acting as an agent or principal;</li> <li>• whether the group has any <i>de facto</i> decision-making rights;</li> <li>• whether the decision-making rights the group has are protective or substantive; and</li> <li>• whether the group has the practical ability to direct the relevant activities.</li> </ul>

Associates	Joint arrangements
Determining whether the group has significant influence over an entity: <ul style="list-style-type: none"> <li>• Significant influence may arise from rights other than voting rights, for example management agreements.</li> <li>• The group considers both the rights that it has as well as currently exercisable rights that other investors have when assessing whether it has the practical ability to significantly influence the relevant activities of the investee.</li> </ul>	Determining whether the group has joint control over an entity: <ul style="list-style-type: none"> <li>• The group considers all contractual arrangements to determine whether unanimous consent is required in all circumstances.</li> <li>• A joint arrangement is classified as a joint venture when it is a separate legal entity, and the shareholders share in the net assets of the separate legal entity which requires consideration of the practical decision-making ability and management control over the activities of the joint arrangement.</li> </ul>

**STRUCTURED ENTITIES**

Structured entities are those where voting rights generally relate to administrative tasks only and the relevant activities are determined only by means of a contractual arrangement.

When assessing whether the group has control over a structured entity, specific consideration and judgement is given to the purpose and design of the structured entity, and whether the group has power over decisions that relate to activities that the entity was designed to conduct.

## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

### Critical accounting estimates, assumptions and judgements continued

#### Subsidiaries, associates and joint arrangements continued

##### INVESTMENT FUNDS

The group acts as fund manager to a number of investment funds. In terms of a mandate the group is required to make active investment management decisions in respect of the fund.

Determining whether the group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the group in the fund (comprising any direct interests in the fund and expected management fees), as well as the investors' right to remove the group as fund manager.

If the other investors are able to easily remove the group as fund manager or the group's aggregate interest is not deemed to be significant, the group does not consolidate the funds as it is merely acting as an agent for other investors. Other investors are considered to be able to easily remove the fund manager if it is possible for a small number of investors acting together to appoint a new fund manager in the absence of misconduct. Where the group has a significant investment and an irrevocable fund management agreement, the fund is consolidated.

Where such funds are consolidated, judgement is applied in determining if the non-controlling interests in the funds are classified as equity or financial liabilities. Where the external investors have the right to put their investments back into the fund, these non-controlling interests do not meet the definition of equity and are classified as financial liabilities.

Where such funds are not consolidated or equity accounted, the group accounts for the investments in the funds as investment securities in terms of IFRS 9.

Where investments in funds managed by the group meet the criteria for consolidation, but are considered to be financially inconsequential both individually and in aggregate with other inconsequential investments in funds, they are not consolidated by the group, and are recognised as marketable advances.

As decisions related to the relevant activities are based on a contractual agreement (mandate) as opposed to voting or similar rights, investment funds that are managed by the group are considered to be structured entities as defined in IFRS 12, except where other investors can easily remove the group as fund manager without cause as this represents rights similar to voting rights.

The group receives investment management fees from the funds for investment management services rendered. These fees are typical of supplier-customer relationships in the investment management industry.

Where the group provides seed funding or has any other interests in investment funds it manages, and does not consolidate, the investment is considered to represent a typical customer-supplier relationship.

##### IMPAIRMENT OF GOODWILL

The carrying amount of goodwill is tested annually for impairment in accordance with the group's policy. Goodwill is considered to be impaired when its recoverable amount is less than its carrying amount. The recoverable amount of the cash generating unit (CGU) is determined as the higher of the value in use or fair value less costs to sell. For impairment testing purposes, goodwill is allocated to CGUs at the lowest level of operating activity to which it relates and is therefore not combined at group level. The group's goodwill impairment test is performed on the balances as at 31 March annually, except balances for Aldermore are tested at 30 June.

The goodwill balance as at 30 June is allocated to the following significant CGUs:

R million	Segment the goodwill is allocated to	2024	2023**
Aldermore	Aldermore	8 078	8 389
WesBank*	WesBank	2	94
African operations	FNB broader Africa	36	38
Other	Various	65	125
<b>Total</b>		<b>8 181</b>	<b>8 646</b>

\*A subsidiary within the WesBank segment was classified as non-current asset held for sale. The related goodwill balance of R92 million has been transferred to the disposal group. Refer to note 14.

\*\*The goodwill was incorrectly disclosed in the prior year for Aldermore (R8 361 million) and WesBank (R122 million). The comparatives have been restated. The total for goodwill did not change.

Refer to Note 3 – Operating expenses for details of the impairment charge recognised in profit or loss.

## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

### Critical accounting estimates, assumptions and judgements continued

#### Subsidiaries, associates and joint arrangements continued

##### DETERMINATION OF RECOVERABLE AMOUNT

The recoverable amount of all CGUs to which goodwill is allocated was determined using the value in use methodology. The value in use is calculated as the net present value of the discounted cash flows of the CGU. This is determined by discounting the estimated future pre-tax cash flows (cash flow projections) to its present value using a pre-tax weighted average cost of capital discount rate. In the prior year, the recoverable amount of the goodwill attributable to the WesBank segment was determined using fair value less costs to sell. The fair value was determined using the discounted cash flow methodology.

##### Management's judgement in estimating the recoverable amount of a CGU

The cash flow projections for each CGU are based on budgets and forecasts approved by the board as part of the annual budget and forecast process undertaken in April and May each year. The budgets and forecasts are based on historical data adjusted for management's expectation of future performance. Expected future performance is determined using both internal and external sources of information. The board challenges and endorses planning assumptions in light of the internal capital allocation decisions necessary to support strategy, current market conditions and the macroeconomic outlook.

Cash flow projections up to 2029 were prepared for Aldermore, whereas the cash flows projections until 2028 were considered for other CGUs.

The terminal cash flows are calculated from the final cash flow period, which is extrapolated into perpetuity, using the estimated growth rates stated below. These growth rates are consistent with economic reports specific to the country in which each CGU operates.

To determine the net present value, the cash flows of the CGU are discounted using the weighted average cost of capital for the specific CGU, adjusted for specific risks relating to the CGU.

##### DETERMINATION OF RECOVERABLE AMOUNT

The table below shows the discount rates and the growth rates used in calculating the value in use for the CGUs.

R million	Discount rates		Growth rates	
	2024	2023	2024	2023
Aldermore	<b>15.34</b>	14.59	<b>2.00</b>	2.00
WesBank	<b>20.34</b>	19.52	<b>3.00</b>	3.00
African operations	<b>15.45</b>	15.70	<b>5.00</b>	4.70
Other	<b>20.34</b>	19.52	<b>3.00</b>	3.00

##### Impairment results

A CGU within the Other segment was fully impaired by R60.5 million during the year. For the remaining CGUs, a reasonable change in projected cash flows, the discount rate or growth rate of the above-mentioned CGUs results in their recoverable amount being sufficiently in excess of the carrying amount resulting in changes to the assumptions not changing the final outcome of the test. The goodwill attributable to the Aldermore CGU in the current and prior period were not shown to be sensitive to changes in assumptions supporting the recoverable amount, as the recoverable amount calculated is higher than the carrying amount attributable to Aldermore.

## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

### Critical accounting estimates, assumptions and judgements continued

#### Taxation

The group is subject to direct tax in a number of jurisdictions. As such there may be transactions and calculations for which the ultimate tax determination has an element of uncertainty during the ordinary course of business.

The group recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 and IFRIC 23, based on objective estimates of the amount of tax that may be due, which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. The group recognises probable liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Furthermore, deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the group in order to utilise the deferred tax assets.

#### Provisions

##### PROVISIONS FOR LITIGATION

The group has a policy and process in place to determine when to recognise provisions for potential litigation and claims. The recognition of such provisions is linked to the ranking of the legal risk of potential litigation on the group's litigation database which indicates if outflow is probable.

#### Transactions with employees

##### EMPLOYEE BENEFITS – DEFINED BENEFIT PLANS

###### Determination of required funding levels

Funding levels are monitored on an annual basis and the current agreed contribution rate in respect of the defined benefit pension fund is 21% (2023: 21%) of pensionable salaries (in excess of the minimum recommended contribution rate set by the fund actuary). The group considers the recommended contribution rate as advised by the fund actuary with each actuarial valuation.

In addition, the trustees of the fund target a funding position on pensioner liabilities that exceeds the value of the best estimate actuarial liability. The funding position is also considered in relation to a solvency reserve basis, which makes allowance for the discontinuance cost of outsourcing the pensions.

As at the last statutory actuarial valuation of the pension fund (during June 2023), all categories of liabilities were at least 100% funded.

If the member chooses to buy into the fund, the fair value of plan assets and the value of the plan liabilities on the defined benefit plan are increased by the amount of the initial contribution on the date of the purchase.

##### EMPLOYEE BENEFITS – DEFINED BENEFIT PLANS

###### Determination of present value of defined benefit plan obligations

The cost of the benefits and the present value of the defined benefit pension funds and post-employment medical obligations depend on a number of factors that are determined annually on an actuarial basis, by independent actuaries, using the projected unit credit method which incorporates a number of assumptions.

The key assumptions used in determining the charge to profit or loss arising from these obligations include the expected long-term rate of return on the relevant plan assets, discount rate and expected salary and pension increase rates. Any changes in these assumptions will impact the charge to profit or loss and may affect planned funding of the pension plans.

##### CASH-SETTLED SHARE-BASED PAYMENT PLANS

###### Determination of fair value of the award

The award is determined using the Black Scholes option pricing model with a zero strike price. The following estimates are included in the model to determine the value:

- management's estimate of future dividends;
- the risk-free interest rate; and
- staff turnover and historical forfeiture rates as indicators of future conditions.

##### EQUITY-SETTLED SHARE-BASED PAYMENT PLANS

###### Determination of fair value of the award

The total value of the services received is calculated with reference to the fair value of the award on grant date. The fair value of the award is determined excluding non-market vesting conditions. These vesting conditions are included in the assumptions of the number of awards expected to vest.

**Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements** continued

**Critical accounting estimates, assumptions and judgements** continued

<b>INSURANCE CONTRACTS</b>																			
<b>Discount rate</b>	<p>The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks to derive an expected present value.</p> <p>A bottom-up approach is used to determine the discount rate for the cash flows that do not vary based on the returns on underlying items in all other contracts within the scope of IFRS 17 and is derived as the sum of the risk-free yield and an illiquidity premium (where necessary).</p> <p>Discount rates are based off the RMB Government Zero Yield Curve, which is derived from the RSA Government Bond Curve with a flat extrapolation beyond February 2048. Beyond 2048, the yield curve is unobservable and a flat extrapolation methodology for the non-observable part of the curve was chosen as it supports sound investment and risk management strategies. Using a flat rate from the LOP (last observable point) is, in the group’s view, more accessible and behaves in a way most consistent with near observable markets.</p> <p>The table below sets out the yield curves used to discount the cash flows of insurance contracts:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Risk-free rates %</th> <th style="text-align: right;">2024</th> <th style="text-align: right;">2023</th> </tr> </thead> <tbody> <tr> <td>1 year</td> <td style="text-align: right;">8.95</td> <td style="text-align: right;">9.62</td> </tr> <tr> <td>5 years</td> <td style="text-align: right;">10.11</td> <td style="text-align: right;">10.19</td> </tr> <tr> <td>10 years</td> <td style="text-align: right;">12.23</td> <td style="text-align: right;">12.40</td> </tr> <tr> <td>20 years</td> <td style="text-align: right;">13.54</td> <td style="text-align: right;">14.23</td> </tr> <tr> <td>50 years</td> <td style="text-align: right;">13.63</td> <td style="text-align: right;">13.95</td> </tr> </tbody> </table>	Risk-free rates %	2024	2023	1 year	8.95	9.62	5 years	10.11	10.19	10 years	12.23	12.40	20 years	13.54	14.23	50 years	13.63	13.95
Risk-free rates %	2024	2023																	
1 year	8.95	9.62																	
5 years	10.11	10.19																	
10 years	12.23	12.40																	
20 years	13.54	14.23																	
50 years	13.63	13.95																	
<b>Risk adjustment for non-financial risk</b>	<p>The group measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the entity to the reinsurer.</p> <p>The risk adjustment was calculated at each insurance entity level and then allocated down to each group of contracts in accordance with their risk profiles.</p> <p>The scenario value-at-risk approach was used to determine the overall adjustment for non-financial risk regarding the liability for remaining coverage (LRC), which includes a specified upfront confidence level (probability of sufficiency) of 80% over a one-year period. The group allows for diversification benefits across products at an overall insurance entity level.</p> <p>With respect to the risk adjustment included in the fulfilment cash flows (FCF) attributable to the liability for incurred claims (LIC), the group has applied a bootstrapping approach. The bootstrapping approach makes use of the basic chain ladder as a source of input, which is a common actuarial reserving methodology.</p>																		
<b>CONTRACTS MEASURED UNDER THE GENERAL MEASUREMENT MODEL</b>																			
<b>Estimates of future cash flows</b>	<p>The current estimate of future cash flows to be included in the measurement of insurance contracts incorporates unbiased and probability-weighted mean of the full range of possible outcomes, which includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events, that is reasonable and supportable without undue cost or effort at the reporting date.</p> <p>Consistent assumptions are used when measuring estimates of the present value of future cash flows for a group of reinsurance contracts held and estimates of the present value of future cash flows for the group(s) of underlying insurance contracts.</p> <p>For contracts measured using the general measurement model (GMM), the measurement of the LRC includes cash flows within the contract boundary of the insurance contracts. Cash flows that are within the contract boundary are those that relate directly to the fulfilment of the contract, including those which the entity has discretion over the amount or timing.</p>																		
<b>Contractual service margin (CSM) amortisation – determination of coverage units</b>	<p>The group currently issues GMM insurance contracts without discretionary participation features. As such, the CSM is amortised to profit or loss using coverage units based on the discounted sum assured in force, which represents the proportion of actual service provided during the financial period. Amortisation of the CSM is determined by first calculating the present value of the coverage units over the remaining period. The amortisation percentage for the reporting period is then calculated as the current coverage units over the current coverage units plus the present value of future coverage units. In the formula, the current coverage unit is calculated as the expected coverage unit for the current period. Although actual coverage units for the current period should present the actual service of the actual coverage provided, as a practical expedient to alleviate operational complexity, expected coverage units for the reporting period are used, as the expected coverage unit have been found to be a close proxy to actual coverage units.</p>																		



## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

### Critical accounting estimates, assumptions and judgements continued

#### Insurance contracts continued

##### KEY ASSUMPTIONS TO WHICH THE ESTIMATION OF LIABILITIES IS PARTICULARLY SENSITIVE

Material judgement is required in determining liabilities and in the choice of assumptions. Assumptions in use are based on experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation. Assumptions are further evaluated on a continual basis in order to ensure realistic and reasonable valuations. The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

<b>Mortality, retrenchment and morbidity rates</b>	Group-specific tables, which are assessed on an annual basis, are based on standard industry tables, national tables, reinsurer tables or internal tables where sufficient data is available. These tables are modified to reflect the entity's specific recent historical experience, and differentiated by certain factors (for example gender, underwriting class and contract types, among others).
<b>Expenses modelling</b>	Expenses comprise all future cash flows that are directly related to the fulfilment of a group of contracts and are referred to as directly attributable expenses.  For contracts measured under the GMM, the group projects the estimate of future expenses relating to fulfilment of contracts (costs of maintaining and servicing in-force policies) using current level of expenses taken as an appropriate expense base, adjusted for expected expense inflation.
<b>Lapse and cancellation rates</b>	Lapses relate to the termination of policies due to non-payment of premiums. Cancellations relate to the voluntary termination of policies by policyholders or the settlement or termination of financing products, to which embedded and credit life policies are linked. Policy termination assumptions are determined using statistical measures based on the group's experience and vary by product type.

#### Fair value

##### FAIR VALUE MEASUREMENT

The details of the processes, procedures and assumptions used in the determination of fair value are disclosed in note 35. In particular, the areas that involve the greatest amount of judgement and complexity include the following:

- assessing whether instruments are trading with sufficient frequency and volume that can be considered liquid;
- the inclusion of a measure of the risk of counterparty non-performance in the fair value measurement of loans and advances; and
- the inclusion of credit valuation adjustments and funding valuation adjustments in the fair value measurement of derivative instruments.

## Impact of the adoption of new accounting standards

### IFRS 17 TRANSITION

##### IMPACT OF IFRS 17 ADOPTION

<b>Introduction</b>	IFRS 17 is the first IFRS Accounting Standard for measuring and reporting for insurance contracts, replacing IFRS 4. IFRS 4 allowed insurers to continue with local practices which were inconsistent amongst peers even within the same jurisdictions.  The adoption of IFRS 17 does not impact the economic value of the insurance business or the total profit or loss recognised over the lifetime of any insurance contract, but rather governs the timing and amount of profit that is recognised as insurance services are rendered to the policyholder.
<b>Overview of the group's IFRS 17 impact</b>	The group writes insurance contracts without direct participation features and as such, where the contract boundary is less than one year, the premium allocation approach (PAA) is applied. In all other circumstances, the GMM is applied. A similar methodology is applied to reinsurance contracts. Reference to insurance contracts therefore refers to both insurance and reinsurance contracts, unless specified.

**Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements** continued

**Impact of the adoption of new accounting standards** continued

IFRS 17 TRANSITION continued

IMPACT OF IFRS 17 ADOPTION	
<b>Transition approach</b>	<p>The default transition approach under IFRS 17 is the fully retrospective approach (FRA), where an entity calculates the impact of IFRS 17 at the transition date as though IFRS 17 had always applied. Where it is impracticable to apply the FRA, an entity is permitted to apply the modified retrospective approach (MRA), which involves specific modifications to the FRA, or to apply the fair value approach. The group applied the FRA and the MRA to all insurance and reinsurance contracts.</p>
<b>Measurement changes</b>	<p>Under IFRS 4, the group did not recognise prospective reserves nor the excess of the estimated cash inflows over the estimated cash outflows (referred to as zeroisation). As such, policyholder liabilities primarily comprised premiums received in advance, represented by the unearned premiums reserve as well as estimated claims and reported claims, represented by the incurred but not yet reported (IBNR) reserve, and the outstanding claims reserve (OCR). Similarly, for reinsurance contracts held, the reinsurance asset only included insurance premiums paid in advance as well as claims recoverable from the reinsurer.</p> <p>Insurance income reported in the income statement under IFRS 4 consisted of insurance premiums, reinsurance expenses, insurance benefits and claims paid, reinsurance recoveries, transfers from/(to) policyholders' liabilities (gross and reinsurance), and commissions, brokerage and participation agreements.</p> <p>The unit of account has been specifically defined in IFRS 17, and requires the grouping of contracts with similar risks, issued within the same time cohort (which cannot be longer than one year), and split into three groups, namely onerous contracts, contracts unlikely to become onerous and remaining contracts. In doing so, IFRS 17 attempts to ensure onerous contracts are recognised and are not masked by cross-subsidisation from other profitable insurance contracts.</p> <p>Where a loss on a group of onerous contracts is recognised, and such a group is subject to a reinsurance contract, the group is permitted to recognise an upfront gain on the reinsurance contract that offsets the loss on recognition of onerous contracts, to the extent the reinsurance contract provides the group protection.</p> <p>IFRS 17 requires recognition and measurement within insurance contract assets and liabilities, the (LRC and the LIC for both insurance contracts and reinsurance contracts, for both the GMM and the PAA.</p> <p>The LRC reflects an estimate of the discounted expected future cash inflows and outflows within the contract boundary of a group of insurance contracts, risk adjustment for non-financial risk (fulfilment cash flows) and the CSM. The LRC is released to the income statement as insurance revenue, which is made up of the current reporting period's expected future cash flows, release of the risk adjustment and the CSM.</p> <p>The risk margins applied to insurance contracts under IFRS 4 have been replaced by a risk adjustment, which is calculated with reference to the group's specific risk appetite on insurance contracts issued.</p> <p>Under IFRS 4 the group zeroised any assets for portfolios of contracts where the estimated future cash inflows exceeded the estimated future cash outflows, which now form part of the LRC. This resulted in the recognition of an LRC asset and a corresponding credit to retained earnings at transition date.</p> <p>LRC for contracts measured using the GMM is required to include the cash outflows attributable to insurance acquisition cash flows (IACF). Previously, under IFRS 4, insurance acquisition costs were immediately expensed in operating expenses. This change also results in the recognition of an LRC asset and a corresponding credit to retained earnings at transition date. The unwind of the IACF contained within the LRC is reflected in insurance revenue and insurance service costs.</p> <p>Under IFRS 4 the group recognised a liability for estimated and reported claims on issued insurance contracts through the IBNR and the OCR, which were not discounted for life contracts, and included explicit risk margins did not include an explicit risk adjustment even though the IBNR included explicit risk margins. The recognition of a risk adjustment and the impact of discounting in terms of IFRS 17 resulted in an insignificant impact on retained earnings.</p> <p>The LRC for contracts using the PAA is not required to be divided into expected future cash flows, risk adjustment and CSM, and it is permitted to recognise insurance premiums earned as insurance revenue under IFRS 17. The group elected to expense insurance acquisition cash flows immediately for contracts measured using the PAA.</p>

**Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements** continued

**Impact of the adoption of new accounting standards** continued  
IFRS 17 TRANSITION continued

IMPACT OF IFRS 17 ADOPTION	
<b>Presentation changes</b>	<p>Presentation on the income statement for insurance income now reflects:</p> <ul style="list-style-type: none"> <li>• insurance revenue (movement in the LRC and experience adjustment);</li> <li>• insurance service expenses, which include actual claims and directly attributable expenses incurred (movement in the LIC);</li> <li>• loss on recognition of onerous contracts;</li> <li>• net income/expense from reinsurance contracts held and insurance contract finance income or expense; and</li> <li>• fees earned from commissions, brokerage and participation agreements (accounted for in terms of IFRS 15).</li> </ul> <p>Insurance service expenses are not limited to the movement in the LIC, including insurance benefits and claims paid, but now include directly attributable expenses relating to the issuance and continued management of insurance contracts. These costs were previously presented as part of operating expenses.</p> <p>Net income/expense from reinsurance contracts held comprises the movement of the LRC and LIC attributable to reinsurance contracts.</p> <p>Insurance and reinsurance finance income or expenses arise from discounting the fulfilment cash flows (FCF) using a current yield curve and the CSM using a locked-in yield curve determined at initial recognition. An entity can elect to present insurance finance income or expense wholly in the income statement, or to present the portion of the insurance finance income or expense that relates to changes in financial assumptions in other comprehensive income (OCI option), with the income statement reflecting insurance finance income or expense at a constant or locked-in rate. The group has elected to apply the OCI option on specifically identified portfolios of insurance contracts.</p>

**Impact due to changes in presentation and restatements**

**Restatement of derivative related margin balances**

Margin balances related to derivative transactions have increased significantly because of growth in the group’s local and international client base and increased trading through the London Clearing House. The group therefore has reconsidered the classification and presentation of margin balances associated with the derivative market in the statement of financial position and statement of cash flows during the current financial year. The revised classification and presentation results in an adjustment of R27 633 million associated with margin balances in the derivative market from cash and cash equivalents into collateral, settlement balances and other assets to reflect the underlying nature of the balances.

**Change in the presentation and restatement of the income statement**

The group refined the description of the other non-interest revenue line item in the income statement to be reflected as net other non-interest revenue, and more appropriately disaggregated the line item between other non-interest revenue and other non-interest related expense, consistent with the presentation of other items that are presented as non-interest revenue.

**Change in presentation and restatement of the statement of cash flows**

In the current year, the group has changed the basis of presentation of the statement of cash flow to the indirect method. The change in the presentation allows for simpler collation of information. The change in the presentation only impacted net cash flows from operating activities within the statement of cash flows for the group.

Proceeds from issue of Tier 2 liabilities and capital repaid on Tier 2 liabilities reflected in the cash flows from financing activities in the statement of cash flows have been restated by R2 500 million to correctly reflect the actual cash flows at 30 June 2023. The net cash inflow from financing activities (R8 490 million) remains unchanged.

## Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

### Impact due to changes in presentation and restatements continued

The table below illustrates the impact of the restatements on the primary financial statements, including where relevant the impact of adopting IFRS 17 as it relates to the restatements above. Refer to note 39 - *Impact due to changes in presentation and restatements* for the changes made to the other notes to the annual financial statements, which did not affect the primary financial statements.

#### Statement of financial position

R million	As previously reported 2022	IFRS17	Reclassification	Restated 2022	As previously reported 2023	IFRS17	Reclassification	Restated 2023
<b>Assets</b>								
Cash and cash equivalents	143 636	—	(36 067)	107 569	175 304	—	(27 633)	147 671
Collateral, settlement balances and other assets*	4 764	(139)	36 067	40 692	3 760	(205)	27 633	31 188
<b>Total assets</b>	<b>1 999 569</b>	<b>155</b>	<b>—</b>	<b>1 999 724</b>	<b>2 297 610</b>	<b>429</b>	<b>—</b>	<b>2 298 039</b>
<b>Total equity and liabilities</b>	<b>1 999 569</b>	<b>155</b>	<b>—</b>	<b>1 999 724</b>	<b>2 297 610</b>	<b>429</b>	<b>—</b>	<b>2 298 039</b>

\* Previously reported as 'Other assets'.

#### Statement of cash flows

R million	As previously reported 2023	Tier 2 liabilities	Margin balances	Change in presentation	Restated 2023
<b>Cash flows from operating activities</b>					
Interest and fee commission receipts	191 607	—	—	(191 607)	—
- Interest received	150 756	—	—	(150 756)	—
- Fee and commission received	43 540	—	—	(43 540)	—
- Insurance income received	4 767	—	—	(4 767)	—
- Fee and commission paid	(7 456)	—	—	7 456	—
Trading and other income	3 774	—	—	(3 774)	—
Interest payments	(74 673)	—	—	74 673	—
Other operating expenses	(52 376)	—	—	52 376	—
Dividends received	3 557	—	—	(3 557)	—
Dividends paid	(29 110)	—	—	29 110	—
Dividends paid to non-controlling interest	(1 240)	—	—	1 240	—
Taxation paid	(14 574)	—	—	14 574	—
<b>Cash generated from operating activities</b>	<b>26 965</b>	<b>—</b>	<b>—</b>	<b>(26 965)</b>	<b>—</b>
<b>Movement in operating assets and liabilities</b>					
- Investment securities	(27 190)	—	—	27 190	—
- Advances	(157 650)	—	—	157 650	—
- Deposits	210 639	—	—	(210 639)	—
Collateral, settlement balances and other assets*	(4 756)	—	—	4 756	—
- Creditors	9 299	—	—	(9 299)	—
- Employee liabilities	(947)	—	—	947	—
- Total other liabilities	(8 705)	—	—	8 705	—
- Other operating liabilities	(9 441)	—	—	9 441	—
- Reinsurance assets	29	—	—	(29)	—
- Policyholder liabilities	707	—	—	(707)	—
<b>Net cash generated from operating activities</b>	<b>47 655</b>	<b>—</b>	<b>—</b>	<b>(47 655)</b>	<b>—</b>
<b>Cash flow from operations (indirect method)</b>					
Profit before income tax	—	—	—	50 849	50 849
Adjustments for non cash items:	—	—	—	(61 736)	(61 736)
- Depreciation and amortisation	—	—	—	4 720	4 720
- Net impairment on intangible assets and property and equipment	—	—	—	364	364

**Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements** continued

**Statement of cash flows (continued)**

R million	As previously reported 2023	Tier 2 liabilities	Margin balances	Change in presentation	Restated 2023
<b>Cash flow from operations (indirect method)</b>					
- Impairment loss on advances excluding post write-off recoveries	—	—	—	13 406	13 406
- Interest and similar income	—	—	—	(151 897)	(151 897)
- Interest expenses and similar charges	—	—	—	75 460	75 460
- Net gain/loss on investing activities	—	—	—	(1 905)	(1 905)
- Dividends accrued	—	—	—	(2 937)	(2 937)
- Indirect tax	—	—	—	1 540	1 540
- Share of profit of associates and joint ventures	—	—	—	(487)	(487)
- Interest received	—	—	—	150 757	150 757
- Interest paid	—	—	—	(74 674)	(74 674)
- Dividends received	—	—	—	3 557	3 557
- Dividends paid	—	—	—	(29 110)	(29 110)
- Dividends paid to non-controlling interests	—	—	—	(1 240)	(1 240)
-Taxation paid	—	—	—	(14 574)	(14 574)
- Indirect tax paid	—	—	—	(1 724)	(1 724)
- Income tax paid	—	—	—	(12 850)	(12 850)
<b>Cash flow from operating activities before operating assets and liabilities</b>	—	—	—	23 829	23 829
<b>Movement in operating assets and liabilities</b>					
- Investment securities	—	—	—	(29 717)	(29 717)
- Advances	—	—	—	(156 574)	(156 574)
- Deposits	—	—	—	210 639	210 639
- Collateral, settlement balances and other assets*	—	—	8 434	1 198	9 632
- Creditors, accruals and provisions	—	—	—	9 755	9 755
- Employee liabilities	—	—	—	3 164	3 164
- Insurance assets and liabilities	—	—	—	(206)	(206)
- Reinsurance assets and liabilities	—	—	—	(37)	(37)
- Policyholder liabilities under investment contracts	—	—	—	840	840
- Non-current assets and disposal groups held for sale	—	—	—	(682)	(682)
- Derivatives and short trading position liabilities	—	—	—	3 623	3 623
- Derivatives and commodities assets	—	—	—	(18 177)	(18 177)
<b>Net cash generated from operating activities</b>	—	—	8 434	47 655	56 089
<b>Cash flow from investing activities</b>	—	—	—	—	—
<b>Cash flows from financing activities</b>					
Proceeds from issue of Tier 2 liabilities	10 486	(2 500)	—	—	7 986
Capital repaid on Tier 2 liabilities	(15 579)	2 500	—	—	(13 079)
<b>Net cash outflow from financing activities</b>	(8 490)	—	—	—	(8 490)
Net increase in cash and cash equivalents	34 870	—	8 434	4 295	47 599
Cash and cash equivalents at the beginning of the year	143 636	—	(36 067)	—	107 569
Effect of exchange rate changes on cash and cash equivalents	(3 202)	—	—	—	(3 202)
<b>Cash and cash equivalents at the end of the year</b>	175 304	—	(27 633)	—	147 671

\* Previously reported as 'other assets'.

## Notes to the consolidated financial statements

for the year ended 30 June

### 1 Analysis of interest income and interest expense

#### 1.1 Interest and similar income

R million	2024	2023
<b>Analysis of interest and similar income</b>		
Debt instruments at fair value through other comprehensive income	5 058	3 313
Instruments at fair value through profit and loss	1 249	2 625
Instruments at amortised cost	183 201	145 956
Non-financial instruments	16	2
<b>Interest and similar income</b>	<b>189 524</b>	<b>151 896</b>
Advances	154 542	123 567
– Overdrafts and cash management accounts	11 468	9 359
– Term loans	10 115	7 870
– Card loans	7 011	5 678
– Instalment sales and hire purchase agreements	27 045	21 235
– Lease payments receivable	998	675
– Property finance	47 842	38 689
– Home loans	40 303	32 694
– Commercial property finance	7 539	5 995
– Personal loans	12 726	11 173
– Preference share agreements	3 125	2 742
– Assets under agreements to resell	1 027	1 060
– Investment bank term loans	19 445	13 936
– Long-term loans to group associates and joint ventures	69	67
– Other customer advances	4 415	3 792
– Invoice finance	2 205	1 499
– Marketable advances	7 051	5 792
Cash and cash equivalents*	5 466	2 396
Investment securities	25 231	19 938
Accrued on off-market advances	64	61
Interest on derivatives qualifying as hedging instruments	2 433	3 894
Collateral, settlement balances and other*	1 788	2 040
<b>Interest and similar income</b>	<b>189 524</b>	<b>151 896</b>

\* Restated. Refer to note 39 Impact due to changes in presentation and restatements.

**Notes to the consolidated financial statements** continued**1 Analysis of interest income and interest expense** continued**1.2 Interest expense and similar charges**

R million	2024	2023
<b>Analysis of interest expense and similar charges</b>		
Instruments at fair value through profit or loss	(36)	(167)
Instruments at amortised cost	(105 829)	(75 146)
Non-financial instruments	(205)	(147)
<b>Interest expense and similar charges</b>	<b>(106 070)</b>	<b>(75 460)</b>
Deposits	(115 087)	(81 335)
Deposits from customers	(94 751)	(65 327)
– Current accounts	(11 459)	(8 403)
– Savings deposits	(3 516)	(2 201)
– Call deposits	(32 320)	(22 619)
– Fixed and notice deposits	(46 780)	(30 504)
– Other deposits	(676)	(1 600)
Debt securities	(16 535)	(13 421)
– Negotiable certificates of deposit	(6 294)	(4 459)
– Fixed-rate and floating-rate notes	(10 241)	(8 962)
Securitisation issuances	(1 374)	(932)
Repurchase agreements	(809)	(450)
Securities lending	(377)	(150)
Cash collateral and credit-linked notes	(1 241)	(1 055)
Other funding liabilities	(2 036)	(1 263)
SARB funding facility due to Covid-19 SME government guarantee	(93)	(125)
Preference shares and other	(97)	(84)
Lease liabilities	(189)	(146)
Tier 2 liabilities	(1 789)	(1 628)
Interest on derivatives qualifying as hedging instruments	1 836	(162)
Other	(214)	(49)
<b>Gross interest expense and similar charges</b>	<b>(117 669)</b>	<b>(84 791)</b>
Less: interest expense on fair value activities reallocated*	11 599	9 331
<b>Interest expense and similar charges</b>	<b>(106 070)</b>	<b>(75 460)</b>

\* Relates to interest expense accrued on amortised cost financial liabilities.

**Notes to the consolidated financial statements** continued

**2 Non-interest revenue**

R million	Notes	2024	2023
<b>Fee and commission income</b>		<b>46 475</b>	43 540
– Instruments at amortised cost		<b>37 291</b>	35 742
– Instruments at fair value through profit or loss		<b>30</b>	79
– Non-financial instruments		<b>9 154</b>	7 719
<b>Fee and commission expenses</b>		<b>(8 344)</b>	(7 387)
<b>Net fee and commission income</b>	2.1	<b>38 131</b>	36 153
<b>Net insurance income</b>		<b>4 420</b>	4 012
– Instruments mandatory at fair value through profit or loss		<b>11 961</b>	4 797
– Instruments designated at fair value through profit or loss		<b>(923)</b>	2 088
– Translation gains or losses on instruments not held at fair value through profit or loss		<b>(2 214)</b>	1 667
<b>Fair value income and foreign exchange gains/(losses)</b>	2.3	<b>8 824</b>	8 552
– Instruments at fair value through profit or loss		<b>60</b>	60
– Mandatory fair value through profit or loss		<b>50</b>	14
– Designated fair value through profit or loss		<b>10</b>	46
– Instruments at amortised cost		<b>(110)</b>	123
– Instruments at fair value through other comprehensive income		<b>103</b>	2
– Non-financial instruments		<b>650</b>	1 343
<b>Gains less losses from investing activities*</b>	2.4	<b>703</b>	1 528
<b>Other non-interest revenue</b>	2.5	<b>4 004</b>	3 599
<b>Total non-interest revenue</b>		<b>56 082</b>	53 844

\* The term investing activities used in this note does not have the same meaning as investing activities in the cash flow statement.



## Notes to the consolidated financial statements

### 2 Non-interest revenue continued

#### 2.1 Net fee and commission income

R million	2024	2023
Banking fee and commission income	40 519	38 462
– Card commissions	7 998	7 224
– Cash deposit fees	1 866	1 823
– Commitment fees	2 357	1 976
– Electronic transaction fees	1 167	892
– Exchange commissions	2 436	2 487
– Brokerage income	72	127
– Bank charges	24 623	23 933
– Transaction and service fees	8 706	8 733
– Documentation and administration fees	11 496	10 931
– Cash handling fees	3 127	3 043
– Other	1 294	1 226
Knowledge-based fee and commission income	2 088	1 455
Management, trust and fiduciary fees	2 649	2 559
Other non-bank commissions*	1 219	1 064
<b>Fee and commission income**</b>	<b>46 475</b>	<b>43 540</b>
Transaction processing fees	(2 683)	(2 079)
Transaction-based fees	(215)	(180)
Commission paid	(350)	(263)
Customer loyalty programmes	(2 362)	(2 292)
Cash sorting, handling and transportation charges	(1 327)	(1 252)
Card and cheque book related	(512)	(404)
ATM commissions paid	(62)	(65)
Other	(833)	(852)
<b>Fee and commission expenses</b>	<b>(8 344)</b>	<b>(7 387)</b>
<b>Net fee and commission income</b>	<b>38 131</b>	<b>36 153</b>

\* In the prior year, fee and commission income from service providers of R509 million and other non-banking fee and commission income of R555 million were disclosed separately. The amounts have been aggregated in the current year as the nature of the items are similar.

\*\* Revenue from contracts with customers that are within the scope of IFRS 15.

**Notes to the consolidated financial statements**

**2 Non-interest revenue** continued

**2.2 Insurance income** continued

Total insurance service results

R million Notes	2024					2023				
	Life	Non-life	Life reinsurance held	Non-life reinsurance held	Total	Life	Non-life	Life reinsurance held	Non-life reinsurance held	Total
<b>Insurance revenue</b>										
Amounts relating to the changes in the LRC for insurance contracts measured under the GMM										
– Expected incurred claims and other directly attributable expenses	3 007	232	–	–	3 239	2 647	213	–	–	2 860
– Change in the risk adjustment for the risk expired	325	–	–	–	325	292	–	–	–	292
– CSM recognised for the services provided	2 162	48	–	–	2 210	1 752	118	–	–	1 870
– Experience adjustments – arising from premiums received in the period other than those that relate to future service	236	–	–	–	236	204	–	–	–	204
– Experience adjustments – arising from insurance acquisition cash flows paid in the period other than those that relate to future service	(31)	–	–	–	(31)	(48)	–	–	–	(48)
Insurance acquisition cash flows recovery	264	66	–	–	330	267	68	–	–	335
Insurance revenue from contracts measured under the GMM	5 963	346	–	–	6 309	5 114	399	–	–	5 513
Insurance revenue from contracts measured under the PAA	167	966	–	–	1 133	151	702	–	–	853
<b>Total insurance revenue</b>	<b>6 130</b>	<b>1 312</b>	<b>–</b>	<b>–</b>	<b>7 442</b>	<b>5 265</b>	<b>1 101</b>	<b>–</b>	<b>–</b>	<b>6 366</b>
<b>Insurance service expenses</b>										
Incurred claims and other directly attributable expenses	(3 111)	(991)	–	–	(4 102)	(2 970)	(870)	–	–	(3 840)
Changes that relate to past service – changes in the FCF relating to the LIC	234	89	–	–	323	685	18	–	–	703
Losses on onerous contracts and reversals of those losses	96	10	–	–	106	8	(2)	–	–	6
Insurance acquisition cash flows amortisation	(265)	(66)	–	–	(331)	(267)	(68)	–	–	(335)
Insurance acquisition cash flows immediately expensed for contracts measured under the PAA	(3)	(85)	–	–	(88)	(1)	(56)	–	–	(57)
<b>Total insurance service expenses</b>	<b>(3 049)</b>	<b>(1 043)</b>	<b>–</b>	<b>–</b>	<b>(4 092)</b>	<b>(2 545)</b>	<b>(978)</b>	<b>–</b>	<b>–</b>	<b>(3 523)</b>

**Notes to the consolidated financial statements**

**2 Non-interest revenue** continued

**2.2 Insurance income** continued

Total insurance service results continued

R million Notes	2024					2023				
	Life 15.3	Non-life 15.4	Life reinsurance held 15.5	Non-life reinsurance held 15.6	Total	Life 15.3	Non-life 15.4	Life reinsurance held 15.5	Non-life reinsurance held 15.6	Total
<b>Net income (expenses) from reinsurance contracts held</b>										
Amounts relating to the changes in the remaining coverage for reinsurance contracts held measured under GMM										
- Expected incurred claims and other directly attributable expenses recovery	-	-	(309)	(200)	(509)	-	-	(310)	(109)	(419)
- Change in the risk adjustment for the risk expired	-	-	(1)	(9)	(10)	-	-	(10)	(4)	(14)
- CSM recognised for the services rendered	-	-	34	26	60	-	-	(34)	10	(24)
- Experience adjustments – arising from ceded premiums paid in the period other than those that relate to future service	-	-	(63)	25	(38)	-	-	11	(24)	(13)
Reinsurance expenses – contracts measured under the GMM	-	-	(339)	(158)	(497)	-	-	(343)	(127)	(470)
Reinsurance expenses – contracts measured under the PAA	-	-	(134)	(107)	(241)	-	-	(119)	(120)	(239)
Incurred claims recovery	-	-	368	261	629	-	-	375	230	605
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	27	(58)	(31)	-	-	(126)	3	(123)
Income on initial recognition of onerous underlying contracts	-	-	49	12	61	-	-	58	22	80
Reinsurance contracts held under the GMM: Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	(11)	(11)	-	-	-	(21)	(21)
Reinsurance contracts held under the GMM: Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	(64)	(3)	(67)	-	-	19	-	19
<b>Total net income (expenses) from reinsurance contracts held</b>	-	-	(93)	(64)	(157)	-	-	(136)	(13)	(149)
<b>Total insurance service result</b>	<b>3 081</b>	<b>269</b>	<b>(93)</b>	<b>(64)</b>	<b>3 193</b>	<b>2 720</b>	<b>123</b>	<b>(136)</b>	<b>(13)</b>	<b>2 694</b>

**Notes to the consolidated financial statements**

**2 Non-interest revenue** continued

**2.2 Insurance income** continued

Net finance income and expenses from insurance activities

R million Notes	2024					2023				
	Life 15.3	Non-life 15.4	Life reinsurance held 15.5	Non-life reinsurance held 15.6	Net	Life 15.3	Non-life 15.4	Life reinsurance held 15.5	Non-life reinsurance held 15.6	Net
<b>Net finance income (expenses) from insurance contracts issued and reinsurance contracts held</b>										
Interest accreted	(86)	(12)	27	(2)	(73)	(34)	(10)	12	1	(31)
Effect of changes in interest rates and other financial assumptions	173	—	(5)	—	168	3	—	—	—	3
<b>Total net finance income (expenses) from insurance contracts issued and reinsurance contracts held</b>	<b>87</b>	<b>(12)</b>	<b>22</b>	<b>(2)</b>	<b>95</b>	<b>(31)</b>	<b>(10)</b>	<b>12</b>	<b>1</b>	<b>(28)</b>
Recognised in profit or loss	(86)	(12)	27	(2)	(73)	(34)	(10)	12	1	(31)
Recognised in other comprehensive income	173	—	(5)	—	168	3	—	—	—	3
<b>Total net finance income (expenses) from insurance contracts issued and reinsurance contracts held</b>	<b>87</b>	<b>(12)</b>	<b>22</b>	<b>(2)</b>	<b>95</b>	<b>(31)</b>	<b>(10)</b>	<b>12</b>	<b>1</b>	<b>(28)</b>

Additional disclosure relating to the net income (expenses) from assets backing insurance contracts

<b>Net income (expenses) from assets backing insurance contracts issued</b>										
Interest revenue from financial assets not measured at fair value through profit or loss	151	163	—	—	314	89	141	—	—	230
Net gains or losses on financial assets measured at fair value through profit or loss	115	—	—	—	115	119	—	—	—	119
Net credit impairment losses	—	(3)	—	—	(3)	—	(1)	—	—	(1)
Net gains on investments in debt securities measured at fair value through other comprehensive income	6	8	—	—	14	16	(8)	—	—	8
<b>Net income (expenses) from assets backing insurance contracts issued</b>	<b>272</b>	<b>168</b>	<b>—</b>	<b>—</b>	<b>440</b>	<b>224</b>	<b>132</b>	<b>—</b>	<b>—</b>	<b>356</b>

## Notes to the consolidated financial statements

### 2 Non-interest revenue continued

#### 2.3 Fair value income and foreign exchange gains/losses

R million		2024	2023
Dividend income on preference shares held		2 800	2 087
Fair value income		6 024	6 465
<b>Fair value income and foreign exchange gains/losses</b>		<b>8 824</b>	<b>8 552</b>

#### 2.4 Gains less losses from investing activities

R million	Notes	2024	2023
Gains on disposal of investment activities at amortised cost		2	715
Impairment loss of debt investment securities at amortised cost		(155)	(716)
Reclassification from other comprehensive income on the derecognition/sale of assets FVOCI		90	(11)
Preference share dividends from unlisted investments		47	124
Other dividends received		346	78
Gain on disposal of investments in subsidiaries		(3)	25
Gain on disposal of investments in associates*		208	1 246
Fair value remeasurements on investment properties	21	28	(25)
Rental income from investment properties	21	115	88
Other gains from investing activities		25	4
<b>Gains less losses from investing activities</b>		<b>703</b>	<b>1 528</b>

\* Includes a gain of R207 million (2023: R1 209 million) on the disposal of an associate that was classified as held for sale in the prior year.

#### 2.5 Other non-interest revenue

R million		2024	2023
Revenue from contracts with customers*		3 713	3 287
– Sales		2 619	2 240
– Other income		1 094	1 047
Rental income**		1 976	1 764
Other operating lease transactions		328	268
<b>Other non-interest revenue</b>		<b>6 017</b>	<b>5 319</b>
– Cost of sales		(1 983)	(1 675)
– Losses on disposal of property and equipment		(23)	(43)
– Other		(7)	(2)
<b>Other non-interest related expense</b>		<b>(2 013)</b>	<b>(1 720)</b>
<b>Net other non-interest revenue</b>		<b>4 004</b>	<b>3 599</b>

The note has been reorganised in the current year to present other non-interest revenue and other non-interest revenue expense separately, to reflect the updated presentation on the face of the income statement. There have been no changes to the amounts presented in the prior year. Refer to note 39 – Impact due to changes in presentation and restatements.

\* Revenue from contracts with customers that are within the scope of IFRS 15.

\*\* Rental income mainly comprises operating lease income earned from vehicle leasing arrangements and speedpoint rentals.

## Notes to the consolidated financial statements

### 3 Operating expenses

R million	Notes	2024	2023
<b>Auditors' remuneration</b>		<b>(669)</b>	(594)
– Audit fees		<b>(641)</b>	(559)
– Fees for other services		<b>(26)</b>	(34)
– Prior year under accrual		<b>(2)</b>	(1)
<b>Non-capitalised lease charges</b>		<b>(551)</b>	(535)
– Short-term lease charge		<b>(374)</b>	(401)
– Low-value lease charge		<b>(199)</b>	(213)
– Variable lease charge		<b>(7)</b>	(12)
– Early termination gains on lease		<b>29</b>	91
<b>Staff costs</b>		<b>(44 568)</b>	(41 974)
– Salaries, wages and allowances		<b>(32 515)</b>	(30 692)
– Contributions to employee benefit funds		<b>(728)</b>	(554)
– Defined contribution schemes		<b>(625)</b>	(417)
– Defined benefit schemes	22.1	<b>(103)</b>	(137)
– Social security levies		<b>(933)</b>	(765)
– Share-based payments	33	<b>(2 963)</b>	(2 428)
– Movement in short-term employee benefit liabilities		<b>(6 282)</b>	(6 081)
– Other staff costs		<b>(1 147)</b>	(1 454)
<b>Other operating costs</b>		<b>(25 644)</b>	(24 326)
– Amortisation of intangible assets		<b>(759)</b>	(657)
– Depreciation of property and equipment		<b>(4 324)</b>	(4 041)
– Impairments incurred*		<b>(267)</b>	(368)
– Impairments reversed		<b>51</b>	4
– Insurance		<b>(209)</b>	(203)
– Advertising and marketing		<b>(1 904)</b>	(1 919)
– Maintenance		<b>(1 727)</b>	(1 568)
– Property		<b>(1 542)</b>	(1 370)
– Computer		<b>(5 397)</b>	(4 768)
– Stationery, storage and delivery		<b>(279)</b>	(277)
– Telecommunications		<b>(559)</b>	(601)
– Professional fees		<b>(3 981)</b>	(4 037)
– Donations		<b>(378)</b>	(340)
– Assets costing less than R7 000		<b>(86)</b>	(229)
– Business travel		<b>(491)</b>	(485)
– Profit share expenses		<b>(176)</b>	(85)
– Bank charges		<b>(101)</b>	(110)
– Legal fee expenses		<b>(353)</b>	(661)
– Entertainment		<b>(345)</b>	(330)
– Subscriptions and memberships		<b>(386)</b>	(392)
– Training expenses		<b>(410)</b>	(341)
– Other operating expenditure		<b>(2 021)</b>	(1 547)
<b>Total operating expenses excluding UK motor commission matter</b>		<b>(71 432)</b>	(67 429)
UK motor commission matter**		<b>(3 299)</b>	–
FCA UK motor commission provision**		<b>(3 001)</b>	–
UK motor commission related costs incurred during the year**		<b>(298)</b>	–
<b>Total operating expenses</b>		<b>(74 731)</b>	(67 429)

\* Included in impairments incurred is an amount for goodwill impairment in the current year of R60.5 million (2023: R338 million) relating to a CGU within the Other segment (2023: WesBank segment R223 million and FNB broader Africa segment R115 million). Other notable impairments in the current year include ECL of R115 million on non-advances.

\*\* Refer to note 25 Creditors, accruals and provisions.

## Notes to the consolidated financial statements

### 3 Operating expenses continued

#### Directors' and prescribed officers' emoluments

Information relating to directors' remuneration for the year under review and dealings in FirstRand shares are set out below.

#### Non-executive directors' remuneration

R thousand	2024			2023		
	Services as directors			Services as directors		
	FirstRand	Group	Total	FirstRand	Group	Total
<b>Independent non-executive directors</b>						
WR Jardine (resigned 30 November 2023)	3 756	204	3 960	7 355	396	7 751
G Gelink	2 632	1 936	4 568	2 871	1 501	4 372
RM Loubser (resigned 30 November 2023)	1 544	1 158	2 702	3 176	2 204	5 380
TS Mashego (resigned 1 December 2022)	–	–	–	668	421	1 089
PD Naidoo	1 252	261	1 513	1 081	74	1 155
L Von Zeuner	2 931	1 148	4 079	2 686	720	3 406
T Winterboer	1 943	1 579	3 522	1 820	1 235	3 055
Z Roscherr	2 375	1 982	4 357	2 334	865	3 199
SP Sibisi	1 847	1 251	3 098	2 141	572	2 713
TC Isaacs (appointed 22 June 2023)	1 474	–	1 474	–	–	–
<b>Non-executive directors</b>						
JP Burger (appointed chairman 1 December 2023)	5 064	997	6 061	2 281	937	3 218
<b>Total non-executive directors</b>	<b>24 819</b>	<b>10 515</b>	<b>35 334</b>	<b>26 413</b>	<b>8 925</b>	<b>35 338</b>

#### Single-figure reporting

Cash package, retirement contributions and other allowances reflect what was paid to the prescribed officers during the year ended 30 June 2024. The FirstRand annual remuneration cycle runs from 1 August to 31 July.

Short term incentives (STIs) reward both group and individual performance achieved during the year. STIs that exceed a certain threshold are deferred into cash and share price linked awards (eventual payments are linked to the share price).

Long-term incentive (LTI) awards are made annually under the conditional incentive plan (CIP) and vesting is dependent on certain corporate targets being met on a cumulative basis over three years.

The following analysis provides two amounts per individual to accommodate the King IV alternative single-figure view. For King IV single-figure reporting, the value presented is the LTI settled in the financial year at original award value.

The explanation of the basis of preparation of the remuneration tables is disclosed in the FirstRand remuneration report.

## Notes to the consolidated financial statements

### 3 Operating expenses continued

R thousand	2024	2023
<b>AP Pullinger<sup>1,8</sup></b>		
Cash package paid during the year	10 084	9 639
Retirement contributions paid during the year	229	211
Other allowances	372	320
<b>Guaranteed package</b>	<b>10 685</b>	<b>10 170</b>
Performance-related STI:		
Cash	10 800	8 476
– Within 6 months <sup>2</sup>	7 533	5 984
– Within 1 year	3 267	2 492
Share linked- deferred 2 and 3 years (BCIP) <sup>3</sup>	8 800	6 476
<b>Variable pay</b>	<b>19 600</b>	<b>14 952</b>
<b>Total guaranteed and variable pay</b>	<b>30 285</b>	<b>25 122</b>
Value of LTI awards allocated during the financial year under the CIP <sup>4</sup>	28 000	26 330
<b>Total reward including LTIs</b>	<b>58 285</b>	<b>51 452</b>
Value of LTI awards allocated during the financial year under the Covid-19 scheme <sup>5</sup>	–	–
<b>Single-figure reporting</b>		
Total guaranteed and variable pay	30 285	25 122
Value of LTI awards settled during the financial year under the CIP <sup>6</sup>	24 000	–
Value of LTI awards settled during the financial year under the Covid-19 scheme <sup>7</sup>	6 425	6 424
<b>Total reward including settled LTIs (single figure)</b>	<b>60 710</b>	<b>31 546</b>
<b>M Vilakazi (group CEO)<sup>1,9</sup></b>		
Cash package paid during the year	8 973	8 069
Retirement contributions paid during the year	187	162
Other allowances	242	209
<b>Guaranteed package</b>	<b>9 402</b>	<b>8 440</b>
Performance-related STI:		
Cash	8 275	6 913
– Within 6 months <sup>2</sup>	5 850	4 942
– Within 1 year	2 425	1 971
Share linked- deferred 2 and 3 years (BCIP) <sup>3</sup>	6 275	4 912
<b>Variable pay</b>	<b>14 550</b>	<b>11 825</b>
<b>Total guaranteed and variable pay</b>	<b>23 952</b>	<b>20 265</b>
Value of LTI awards allocated during the financial year under the CIP <sup>4</sup>	16 600	15 120
<b>Total reward including LTIs</b>	<b>40 552</b>	<b>35 385</b>
Value of LTI awards allocated during the financial year under the Covid-19 scheme <sup>5</sup>	–	–
<b>Single-figure reporting</b>		
Total guaranteed and variable pay	23 952	20 265
Value of LTI awards settled during the financial year under the CIP <sup>6</sup>	11 184	–
Value of LTI awards settled during the financial year under the Covid-19 scheme <sup>7</sup>	5 546	5 546
<b>Total reward including settled LTIs (single figure)</b>	<b>40 682</b>	<b>25 811</b>



## Notes to the consolidated financial statements

### 3 Operating expenses continued

R thousand	2024	2023
<b>M Davias (group CFO)<sup>1,10</sup></b>		
Cash package paid during the year	6 770	–
Retirement contributions paid during the year	134	–
Other allowances	278	–
<b>Guaranteed package</b>	<b>7 182</b>	<b>–</b>
<b>Performance-related STI:</b>		
Cash	6 880	–
– Within 6 months <sup>2</sup>	4 920	–
– Within 1 year	1 960	–
Share linked- deferred 2 and 3 years (BCIP) <sup>3</sup>	4 880	–
<b>Variable pay</b>	<b>11 760</b>	<b>–</b>
<b>Total guaranteed and variable pay</b>	<b>18 942</b>	<b>–</b>
Value of LTI awards allocated during the financial year under the CIP <sup>4</sup>	7 441	–
<b>Total reward including LTIs</b>	<b>26 383</b>	<b>–</b>
Value of LTI awards allocated during the financial year under the Covid-19 scheme <sup>5</sup>	–	–
<b>Single-figure reporting</b>		
Total guaranteed and variable pay	18 942	–
Value of LTI awards settled during the financial year under the CIP <sup>6</sup>	6 000	–
Value of LTI awards settled during the financial year under the Covid-19 scheme <sup>7</sup>	2 008	–
<b>Total reward including settled LTIs (single figure)</b>	<b>26 950</b>	<b>–</b>
<b>HS Kellan (CEO FNB)<sup>1,11</sup></b>		
Cash package paid during the year	9 083	8 661
Retirement contributions paid during the year	74	71
Other allowances	266	236
<b>Guaranteed package</b>	<b>9 423</b>	<b>8 968</b>
<b>Performance-related STI:</b>		
Cash	8 335	7 363
– Within 6 months <sup>2</sup>	5 890	5 242
– Within 1 year	2 445	2 121
Share linked- deferred 2 and 3 years (BCIP) <sup>3</sup>	6 335	5 363
<b>Variable pay</b>	<b>14 670</b>	<b>12 726</b>
<b>Total guaranteed and variable pay</b>	<b>24 093</b>	<b>21 694</b>
Value of LTI awards allocated during the financial year under the CIP <sup>4</sup>	18 317	16 960
<b>Total reward including LTIs</b>	<b>42 410</b>	<b>38 654</b>
Value of LTI awards allocated during the financial year under the Covid-19 scheme <sup>5</sup>	–	–
<b>Single-figure reporting</b>		
Total guaranteed and variable pay	24 093	21 694
Value of LTI awards settled during the financial year under the CIP <sup>6</sup>	13 950	–
Value of LTI awards settled during the financial year under the Covid-19 scheme <sup>7</sup>	4 240	4 240
<b>Total reward including settled LTIs (single figure)</b>	<b>42 283</b>	<b>25 934</b>

## Notes to the consolidated financial statements

### 3 Operating expenses continued

R thousand	2024	2023
<b>J Celliers<sup>12</sup></b>		
Cash package paid during the year	8 629	8 249
Retirement contributions paid during the year	181	165
Other allowances	332	287
<b>Guaranteed package</b>	<b>9 142</b>	<b>8 701</b>
<b>Performance-related STI:</b>		
Cash	10 218	10 109
– Within 6 months <sup>2</sup>	7 145	7 073
– Within 1 year	3 073	3 036
Share linked- deferred 2 and 3 years (BCIP) <sup>3</sup>	8 217	8 109
<b>Variable pay</b>	<b>18 435</b>	<b>18 218</b>
<b>Total guaranteed and variable pay</b>	<b>27 577</b>	<b>26 919</b>
Value of LTI awards allocated during the financial year under the CIP <sup>4</sup>	18 918	17 664
<b>Total reward including LTIs</b>	<b>46 495</b>	<b>44 583</b>
Value of LTI awards allocated during the financial year under the Covid-19 scheme <sup>5</sup>	–	–
<b>Single-figure reporting</b>		
Total guaranteed and variable pay	27 577	26 919
Value of LTI awards settled during the financial year under the CIP <sup>6</sup>	16 100	–
Value of LTI awards settled during the financial year under the Covid-19 scheme <sup>7</sup>	5 002	5 003
<b>Total reward including settled LTIs (single figure)</b>	<b>48 679</b>	<b>31 922</b>
<b>E Brown (CEO RMB)<sup>11,13</sup></b>		
Cash package paid during the year	8 009	7 025
Retirement contributions paid during the year	139	116
Other allowances	69	61
<b>Guaranteed package</b>	<b>8 217</b>	<b>7 202</b>
<b>Performance-related STI:</b>		
Cash	11 045	10 550
– Within 6 months <sup>2</sup>	7 696	7 367
– Within 1 year	3 349	3 183
Share linked- deferred 2 and 3 years (BCIP) <sup>3</sup>	9 045	8 550
<b>Variable pay</b>	<b>20 090</b>	<b>19 100</b>
<b>Total guaranteed and variable pay</b>	<b>28 307</b>	<b>26 302</b>
Value of LTI awards allocated during the financial year under the CIP <sup>4</sup>	13 750	12 500
<b>Total reward including LTIs</b>	<b>42 057</b>	<b>38 802</b>
Value of LTI awards allocated during the financial year under the Covid-19 scheme <sup>5</sup>	–	–
<b>Single-figure reporting</b>		
Total guaranteed and variable pay	28 307	26 302
Value of LTI awards settled during the financial year under the CIP <sup>6</sup>	8 000	–
Value of LTI awards settled during the financial year under the Covid-19 scheme <sup>7</sup>	1 175	1 175
<b>Total reward including settled LTIs (single figure)</b>	<b>37 482</b>	<b>27 477</b>

## Notes to the consolidated financial statements

### 3 Operating expenses continued

R thousand	2024	2023
<b>J Formby</b>		
Cash package paid during the year	–	1 775
Retirement contributions paid during the year	–	24
Other allowances	–	44
<b>Guaranteed package</b>	–	1 843
<b>Performance-related STI:</b>		
Cash	–	–
– Within 6 months <sup>2</sup>	–	–
– Within 1 year	–	–
Share linked- deferred 2 and 3 years (BCIP) <sup>3</sup>	–	–
<b>Variable pay</b>	–	–
<b>Total guaranteed and variable pay</b>	–	1 843
Value of LTI awards allocated during the financial year under the CIP <sup>4</sup>	–	13 780
Total reward including LTIs	–	15 623
Value of LTI awards allocated during the financial year under the Covid-19 scheme <sup>5</sup>	–	–
<b>Single-figure reporting</b>		
Total guaranteed and variable pay	–	1 843
Value of LTI awards settled during the financial year under the CIP <sup>6</sup>	–	–
Value of LTI awards settled during the financial year under the Covid-19 scheme <sup>7</sup>	–	2 900
<b>Total reward including settled LTIs (single figure)</b>	–	4 743
<b>£ thousand</b>	<b>2024</b>	<b>2023</b>
<b>S Cooper (Aldermore CEO)<sup>1</sup></b>		
Cash package paid during the year	796	757
Retirement contributions paid during the year	80	52
Other allowances	290	277
<b>Guaranteed package</b>	<b>1 166</b>	<b>1 086</b>
<b>Performance-related STI:</b>		
Cash	565	581
– Within 6 months <sup>14</sup>	334	335
– More than one year (in line with CRD V regulations) <sup>17</sup>	231	246
Share linked- deferred <sup>15</sup>	566	581
<b>Variable pay</b>	<b>1 131</b>	<b>1 162</b>
<b>Total guaranteed and variable pay</b>	<b>2 297</b>	<b>2 248</b>
Value of LTI awards allocated during the financial year under the CIP <sup>4+16</sup>	282	282
<b>Total reward including LTIs</b>	<b>2 579</b>	<b>2 530</b>
Buy-out award paid in cash	–	–
<b>Single-figure reporting</b>		
Total guaranteed and variable pay	2 297	2 248
Value of LTI awards settled during the financial year under the CIP <sup>6</sup>	–	–
<b>Total reward including settled LTIs (single figure)</b>	<b>2 297</b>	<b>2 248</b>

## Notes to the consolidated financial statements

### 3 Operating expenses continued

- 1 *FirstRand defines its prescribed officers as the group's executive directors, and the CEOs of the group's Retail and Commercial, and Corporate and Institutional segments, as well as the CEO of the Aldermore Group. These officers are members of the group strategic executive committee and attend board meetings.*
- 2 *Variable compensation (STI), paid in cash in respect of the year ended June, is paid in three tranches during the following year ending on 30 June, i.e. August, December and June (with interest on the deferred payments).*
- 3 *A portion of variable compensation is deferred as share price linked awards and vests after two years. Previously vesting was split equally over two and three years for the executive directors and prescribed officers (2019 and 2020).*
- 4 *Long-term incentive awards are made annually under the CIP. Vesting is subject to performance conditions and targets on a cumulative basis over three years. The value presented in the table is the LTI allocated in the financial year and is reflected at award value at grant date. Refer to note 33.*
- 5 *The Covid-19 retention instrument was awarded in September 2020. The award is linked to the FirstRand share price and vests in three equal proportions (tranches) over three years (September 2021, 2022 and 2023), if performance conditions are met.*
- 6 *For King IV single-figure reporting, the value presented in the table is the LTI vested and settled in the financial year at original award value. It is zero if conditions are not met and awards are forfeited.*
- 7 *For King IV single-figure reporting, the value presented in the table under the Covid-19 scheme is the LTI vested and settled at original award value in the financial year. It is zero if conditions are not met and awards are forfeited.*
- 8 *Alan Pullinger stepped down as group CEO on the 31st Of March 2024 and retired on the 30th of June 2024. His guaranteed package is reflected for the full year.*
- 9 *Mary Vilakazi was appointed group CEO on 1 April 2024, having previously held the role of group COO and an Executive Director.*
- 10 *Markos Davias was appointed as group CFO on 1 April 2024, having previously held the role of FNB CFO. His guaranteed package is reflected for the full year.*
- 11 *Harry Kellan was appointed as CEO FNB on 1 April, having previously held the role of group CFO as an Executive Director.*
- 12 *Jacques Celliers stepped down as CEO FNB on 31 March 2024. His guaranteed package is reflected for the full year.*
- 13 *Emrie Brown was RMB CEO effective 1 October 2022.*
- 14 *The Aldermore performance-related STI cash component is paid in full in August.*
- 15 *The Aldermore performance-related STI share price linked component is released in equal annual tranches over the deferral period required by Capital Requirements Directive 5 (CRD V) Regulations.*
- 16 *The Aldermore LTI allocated amount is the on-target value assumed at 55% of maximum. The LTI is a 50% share price linked award and 50% deferred cash award.*
- 17 *The Aldermore performance-related STI deferred cash component is paid in equal tranches over the deferral period required by Capital Requirements Directive 5 (CRD V) regulations.*

All executive directors and prescribed officers in South Africa have a notice period of one month. Steven Cooper has a notice period of six months. Non-executive directors are appointed for a period of three years and are subject to the Companies Act, 71 of 2008 provision relating to removal.

## Notes to the consolidated financial statements

### 3 Operating expenses continued

#### Ownership of FirstRand Bank Limited

FRB is a wholly owned subsidiary of FSR.

#### Covid-19 instrument for executive directors and prescribed officers

The Covid-19 health crisis and the resulting economic impact have been evident in FirstRand's results. This impact has resulted in the 2017, 2018 and 2019 LTI not vesting. In September 2020, Remco introduced a one-off Covid-19 instrument that caters for the retention of employees considered critical to the ongoing sustainability of the business. The value of the Covid-19 instrument was struck at half of the original value of the 2018 and 2019 LTIs and is linked to the FirstRand share price.

For FirstRand executive directors and prescribed officers, the award vests in three equal proportions (tranches) over three years (September 2021, 2022 and 2023), if performance conditions are met, including both financial and risk elements. The financial conditions are linked to the group's ROE being within the target range.

In September 2021 and 2022 the first and second Covid-19 tranche vested as the 2018 and 2019 LTI award failed, respectively. Should an employee who receives this award resign within 12 months of a tranche of the award vesting, they will be required to repay the full amount of the vested tranche. Thereby the instrument represents a retention period of up to four-years.

At 30 June 2024, there are no outstanding balances on the Covid-19 award as the last tranche, vested in September 2023. Refer to the prescribed officers' outstanding incentives table on page B75 for details.

#### Long-term executive management retention scheme

LTEMRS <sup>1</sup> participation award realised in September 2023		
Designation	Number of participation awards realised (thousands)	Participation award value realised (thousands)
<b>Previous Executive Director</b>		
AP Pullinger	188	2 203
<b>Prescribed officers</b>		
HS Kellan	563	4 617
J Celliers	469	3 847

<sup>1</sup> In addition to the group's existing long-term incentive plan, and in order to better align executive interests with those of the group's shareholders, the group introduced a long-term executive management retention scheme (LTEMRS) in December 2016. This is a five-year scheme in which members of the group's strategic committee were eligible to participate, on a voluntary basis, by purchasing a predetermined fixed number of participation awards. Participants paid an upfront cash deposit of 10% for their predetermined fixed number of participation awards, with the balance being funded by the group through a facilitated mechanism. The fixed number for each participant was converted into a number of participation awards, determined by the share price of R53.33, being the three-day volume-weighted average price of the FirstRand share price at the date of award, being 15 December 2016. The scheme and the funding mechanism ensure that participants have full risk and potential reward of their participation awards (downside risk and upside potential). Continued employment is a condition for vesting of the cash settled scheme. Early termination before the expiry of three full years of service carries the full cost of early termination, including a full forfeit of any potential benefit, with a sliding scale of forfeiture being applied in years four and five. No cost to the group is associated with the LTEMRS as the scheme is economically hedged. In the 2020 financial year, Remco approved a two-year extension of the scheme, from the original vesting date of September 2021 to September 2023. If the participant leaves after September 2020 but before the amended vesting date of September 2023, the participant will forfeit 20% of the upside of the scheme and carry 100% downside risk in line with the scheme. The extension of the scheme is considered an amendment of terms and therefore an increased rate, linked to the real interest rate, has been applied to the outstanding funding. The scheme vested and terminated in September 2023.

#### Prescribed officers' outstanding incentives

The outstanding incentive disclosure has been prepared in the format required by King IV. King IV reporting requires disclosure of the number of units of outstanding incentive schemes, the value of outstanding incentive schemes and value on settlement. The explanation of the basis of preparation of the remuneration tables is disclosed in the FirstRand remuneration report.

**Notes to the consolidated financial statements**

**3 Operating expenses** continued

						Units			
	Issue date	Value at grant date R thousand	Settlement date	Opening balance	Awards made during year <sup>1</sup>	Number of awards settled in year	Number of awards forfeited in year	Closing number of awards <sup>2,3</sup> 30 Jun 2024	Value on settlement in 2024 <sup>4</sup> R thousand
<b>AP Pullinger</b>									
<b>Deferred share price linked STI awards</b>									
2020 (3-year deferral)	September 2020	1 913	September 2023	48 738	–	(48 738)	–	–	3 477
2021 (2-year deferral)	September 2021	5 032	September 2023	81 658	–	(81 658)	–	–	5 922
2022 (2-year deferral)	September 2022	5 912	September 2024	95 234	–	–	–	95 234	–
2023 (2-year deferral)	September 2023	6 475	September 2025	99 844	–	–	–	99 844	–
2024 (2-year deferral)	September 2024	8 800	September 2026	–	–	–	–	–	–
Balance deferred share price linked STIs		<b>28 132</b>		325 474	–	(130 396)	–	195 078	9 399
<b>LTI awards under the CIP</b>									
2020	September 2020	24 000	September 2023	611 621	–	(611 621)	–	–	47 604
2021	September 2021	24 840	September 2024	403 156	–	–	–	403 156	–
2022	September 2022	26 330	September 2025	424 137	–	–	–	424 137	–
2023	September 2023	28 000	September 2026	–	431 699	–	–	431 699	–
Balance LTIs		<b>103 170</b>		1 438 914	431 699	(611 621)	–	1 258 992	47 604
<b>LTI awards under the Covid-19 scheme<sup>5</sup></b>									
2020	September 2020	6 425	September 2023	163 719	–	(163 719)	–	–	10 619
Balance Covid-19 award		<b>6 425</b>		163 719	–	(163 719)	–	–	10 619
<b>M Vilakazi</b>									
<b>Deferred share price linked STI awards</b>									
2020 (3-year deferral)	September 2020	1 013	September 2023	25 802	–	(25 802)	–	–	1 841
2021 (2-year deferral)	September 2021	3 325	September 2023	53 965	–	(53 965)	–	–	3 914
2022 (2-year deferral)	September 2022	4 406	September 2024	70 977	–	–	–	70 977	–
2023 (2-year deferral)	September 2023	4 912	September 2025	75 737	–	–	–	75 737	–
2024 (2-year deferral)	September 2024	6 275	September 2026	–	–	–	–	–	–
Balance deferred share price linked STIs		<b>19 931</b>		226 481	–	(79 767)	–	146 714	5 755
<b>LTI awards under the CIP</b>									
2020	September 2020	11 184	September 2023	285 015	–	(285 015)	–	–	22 183
2021	September 2021	14 000	September 2024	227 221	–	–	–	227 221	–
2022	September 2022	15 120	September 2025	243 557	–	–	–	243 557	–
2023	September 2023	16 600	September 2026	–	255 936	–	–	255 936	–
Balance LTIs		<b>56 904</b>		755 793	255 936	(285 015)	–	726 714	22 183
<b>LTI awards under the Covid-19 scheme<sup>5</sup></b>									
2020	September 2020	5 546	September 2023	141 331	–	(141 331)	–	–	9 167
Balance Covid-19 award		<b>5 546</b>		141 331	–	(141 331)	–	–	9 167

**Notes to the consolidated financial statements**

**3 Operating expenses** continued

	Issue date	Value at grant date R thousand	Settlement date	Opening balance	Awards made during year <sup>1</sup>	Units		Closing number of awards <sup>2,3</sup> 30 Jun 2024	Value on settlement in 2024 <sup>4</sup> R thousand
						Number of awards settled in year	Number of awards forfeited in year		
<b>MG Davias</b>									
<b>Deferred share price linked STI awards</b>									
2021 (2-year deferral)	September 2021	2 400	September 2023	38 952	-	(38 952)	-	-	2 825
2022 (2-year deferral)	September 2022	3 250	September 2024	52 352	-	-	-	52 352	-
2023 (2-year deferral)	September 2023	3 640	September 2025	56 121	-	-	-	56 121	-
2024 (2-year deferral)	September 2024	4 880	September 2026	-	-	-	-	-	-
Balance deferred share price linked STIs		<b>14 170</b>		147 425	-	(38 952)	-	108 473	2 825
<b>LTI awards under the CIP</b>									
2020	September 2020	6 000	September 2023	152 905	-	(152 905)	-	-	11 901
2021	September 2021	6 500	September 2024	105 496	-	-	-	105 496	-
2022	September 2022	6 890	September 2025	110 986	-	-	-	110 986	-
2023	September 2023	7 441	September 2026	-	114 727	-	-	114 727	-
Balance LTIs		<b>26 831</b>		369 387	114 727	(152 905)	-	331 209	11 901
<b>LTI awards under the Covid-19 scheme<sup>5</sup></b>									
2020	September 2020	2 008	September 2023	51 180	-	(51 180)	-	-	3 320
Balance Covid-19 award		<b>2 008</b>		51 180	-	(51 180)	-	-	3 320
<b>HS Kellan</b>									
<b>Deferred share price linked STI awards</b>									
2020 (3-year deferral)	September 2020	1 150	September 2023	29 306	-	(29 306)	-	-	2 091
2021 (2-year deferral)	September 2021	3 750	September 2023	60 863	-	(60 863)	-	-	4 414
2022 (2-year deferral)	September 2022	4 838	September 2024	77 924	-	-	-	77 924	-
2023 (2-year deferral)	September 2023	5 362	September 2025	82 678	-	-	-	82 678	-
2024 (2-year deferral)	September 2024	6 335	September 2026	-	-	-	-	-	-
Balance deferred share price linked STIs		<b>21 435</b>		250 771	-	(90 169)	-	160 602	6 505
<b>LTI awards under the CIP</b>									
2020	September 2020	13 950	September 2023	355 530	-	(355 530)	-	-	27 672
2021	September 2021	16 000	September 2024	259 682	-	-	-	259 682	-
2022	September 2022	16 960	September 2025	273 196	-	-	-	273 196	-
2023	September 2023	18 317	September 2026	-	282 405	-	-	282 405	-
Balance LTIs		<b>65 227</b>		888 408	282 405	(355 530)	-	815 283	27 672
<b>LTI awards under the Covid-19 scheme<sup>5</sup></b>									
2020	September 2020	4 240	September 2023	108 053	-	(108 053)	-	-	7 008
Balance Covid-19 award		<b>4 240</b>		108 053	-	(108 053)	-	-	7 008

**Notes to the consolidated financial statements**

**3 Operating expenses** continued

	Issue date	Value at grant date R thousand	Settlement date	Opening balance	Awards made during year <sup>1</sup>	Units <sup>a</sup> Number of awards settled in year	Number of awards forfeited in year	Closing number of awards <sup>2,3</sup> 30 Jun 2024	Value on settlement in 2024 <sup>4</sup> R thousand
<b>J Celliers</b>									
<b>Deferred share price linked STI awards</b>									
2020 (3-year deferral)	September 2020	2 075	September 2023	52 880	–	(52 880)	–	–	3 773
2021 (2-year deferral)	September 2021	5 850	September 2023	94 946	–	(94 946)	–	–	6 886
2022 (2-year deferral)	September 2022	7 357	September 2024	118 508	–	–	–	118 508	–
2023 (2-year deferral)	September 2023	8 109	September 2025	125 025	–	–	–	125 025	–
2024 (2-year deferral)	September 2024	8 217	September 2026	–	–	–	–	–	–
Balance deferred share price linked STIs		<b>31 608</b>		391 359	–	(147 826)	–	243 533	10 659
<b>LTI awards under the CIP</b>									
2020	September 2020	16 100	September 2023	410 296	–	(410 296)	–	–	31 934
2021	September 2021	16 664	September 2024	270 458	–	–	–	270 458	–
2022	September 2022	17 663	September 2025	284 534	–	–	–	284 534	–
2023	September 2023	18 918	September 2026	–	291 674	–	–	291 674	–
Balance LTIs		<b>69 345</b>		965 288	291 674	(410 296)	–	846 666	31 934
<b>LTI awards under the Covid-19 scheme<sup>5</sup></b>									
2020	September 2020	5 003	September 2023	127 484	–	(127 484)	–	–	8 269
Balance Covid-19 award		<b>5 003</b>		127 484	–	(127 484)	–	–	8 269
<b>E Brown</b>									
<b>Deferred share price linked STI awards</b>									
2021 (2-year deferral)	September 2021	6 350	September 2023	103 061	–	(103 061)	–	–	7 475
2022 (2-year deferral)	September 2022	8 375	September 2024	134 907	–	–	–	134 907	–
2023 (2-year deferral)	September 2023	8 550	September 2025	131 822	–	–	–	131 822	–
2024 (2-year deferral)	September 2024	9 045	September 2026	–	–	–	–	–	–
Balance deferred share price linked STIs		<b>32 320</b>		369 790	–	(103 061)	–	266 729	7 475
<b>LTI awards under the CIP</b>									
2020	September 2020	8 000	September 2023	203 874	–	(203 874)	–	–	15 868
2021	September 2021	8 400	September 2024	136 333	–	–	–	136 333	–
2022	September 2022	12 500	September 2025	201 353	–	–	–	201 353	–
2023	September 2023	13 750	September 2026	–	211 995	–	–	211 995	–
Balance LTIs		<b>42 650</b>		541 560	211 995	(203 874)	–	549 681	15 868
<b>LTI awards under the Covid-19 scheme<sup>5</sup></b>									
2020	September 2020	1 175	September 2023	29 944	–	(29 944)	–	–	1 942
Balance Covid-19 award		<b>1 175</b>		29 944	–	(29 944)	–	–	1 942



**Notes to the consolidated financial statements**

**3 Operating expenses** continued

	Issue date	Value at grant date R thousand	Settlement date	Opening balance	Awards made during year <sup>1</sup>	Units <sup>8</sup>		Closing number of awards <sup>2,3</sup> 30 Jun 2024	Value on settlement in 2024 <sup>4</sup> R thousand
						Number of awards settled in year	Number of awards forfeited in year		
<b>S Cooper (£ thousand)</b>									
<b>Deferred share price linked STI awards<sup>6</sup></b>									
2021 (3-year deferral)	September 2021	32	September 2022-2024	-	-	-	-	-	11
2022 (7-year deferral)	September 2022	434	September 2023-2030	-	-	-	-	-	288
2023 (7-year deferral)	September 2023	581	September 2024-2031	-	-	-	-	-	-
2024 (7-year deferral)	September 2024	566	September 2025-2032	-	-	-	-	-	-
Balance deferred share price linked STIs		<b>1 613</b>		-	-	-	-	-	299
<b>LTI awards under the CIP<sup>7</sup></b>									
2021	September 2021	542	September 2024	-	-	-	-	-	-
2022	September 2022	282	September 2025-2030	-	-	-	-	-	-
2023	September 2023	282	September 2026-2031	-	-	-	-	-	-
Balance LTIs		<b>1 106</b>		-	-	-	-	-	-

<sup>1</sup> FirstRand share price linked schemes are determined on monetary value and not on the number of shares. The allocation of deferred share price linked STI awards is determined after year end, using the average three-day volume-weighted average price (VWAP) eight days after the results announcement. This means that the number of deferred share price linked STI award units allocated in 2024 is only calculated after the annual financial statements are issued.

<sup>2</sup> Deferred share price linked STI awards vesting depends on continued employment as well as personal and business unit performance requirements over two years. Previously vesting was split equally over two and three years for the executive directors and prescribed officers (2019 and 2020).

<sup>3</sup> FirstRand does not apply graded vesting to LTI awards allocated before September 2019, with awards thereafter having graded vesting. For these incentive schemes, LTI vesting depends on performance conditions and targets being met on a cumulative basis over three years as well as continued employment. For the unvested awards the assumption is 100% vesting up until the final remuneration committee decision, given the current environment and uncertainty in quantifying the probability of vesting. For information purposes, the maximum possible value of the unvested awards as at June 2024 is the market value of the total number of shares at R76.90 per share on the last trading day of the financial year (30 June 2024).

<sup>4</sup> The values at settlement date include share price growth and interest earned (deferred share price linked STI awards) from grant date.

<sup>5</sup> The Covid-19 retention instrument was awarded in September 2020. The value was converted to share price linked instruments on the award date and will vest in equal proportions (tranches) over three years (September 2021, 2022 and 2023) if the performance conditions are met. The third and final tranche of the Covid-19 instrument vested and was settled in September 2023, with the performance conditions being tested as at June 2024 (clawback was not applied, as the Covid-19 award performance conditions were met).

<sup>6</sup> The Aldermore performance-related STI share price linked component is released in equal annual tranches over the deferral period required by CRD V regulations, 2022 and 2023 have been restated to only reflect equity linked deferrals.

<sup>7</sup> Aldermore incentive awards are not convertible into units.

## Notes to the consolidated financial statements

### 4 Indirect and income tax expense

R million	2024	2023
<b>4.1 Indirect tax</b>		
Value-added tax (net)	(1 644)	(1 503)
Securities transfer tax	(10)	(24)
Other	(1)	(13)
<b>Total indirect tax</b>	<b>(1 655)</b>	<b>(1 540)</b>
<b>4.2 Income tax expense</b>		
<b>South African income tax</b>		
Current	(9 183)	(9 354)
– Current year	(9 164)	(9 425)
– Prior year adjustment	(19)	71
Deferred income tax	417	284
– Current year	448	642
– Prior year adjustment	(31)	(358)
<b>Total South African income tax</b>	<b>(8 766)</b>	<b>(9 070)</b>
<b>Foreign company and withholding tax</b>		
Current	(3 716)	(2 642)
– Current year	(3 700)	(2 671)
– Prior year adjustment	(16)	29
Deferred income tax	626	(122)
– Current year	573	(83)
– Prior year adjustment	53	(39)
<b>Total foreign company and withholding tax</b>	<b>(3 090)</b>	<b>(2 764)</b>
<b>South African capital gains tax</b>	<b>8</b>	<b>(323)</b>
– Current	–	(345)
– Deferred capital gains tax	8	22
<b>Total capital gains tax</b>	<b>8</b>	<b>(323)</b>
Customer tax adjustment account	(1)	(15)
Deferred tax rate adjustment	8	–
<b>Total income tax expense</b>	<b>(11 841)</b>	<b>(12 172)</b>

#### Tax rate reconciliation

%	2024	2023
<b>Standard rate of income tax</b>	<b>27.0</b>	<b>27.0</b>
Total tax has been affected by:		
Dividend and other exempt income	(3.6)	(3.0)
Other non-taxable income*	(0.2)	(0.6)
Rate difference	(0.4)	(1.1)
Prior year adjustments	–	0.6
Tax difference on associates	(0.7)	(0.2)
Tax difference on joint ventures	(0.4)	(0.1)
Disallowed expenditure**	1.2	1.0
Other	(0.6)	0.3
<b>Effective rate of tax</b>	<b>22.3</b>	<b>23.9</b>

\* The majority of other non-taxable income relates to non-taxable translation (gains)/losses on preference shares.

\*\* The majority of the disallowed expense relates to non-recoverable expenses from foreign operations that are non-deductible.

## Notes to the consolidated financial statements

### 5 Headline earnings, earnings and dividends per share

	Notes	Earnings attributable			
		R million		Cents per share	
		2024	2023*	2024	2023*
Headline earnings					
- Basic	5.2	<b>38 054</b>	36 700	<b>679.0</b>	654.7
- Diluted	5.2	<b>38 054</b>	36 700	<b>679.0</b>	654.7
Earnings attributable to ordinary equityholders					
- Basic	5.2	<b>38 191</b>	36 331	<b>681.4</b>	648.1
- Diluted	5.2	<b>38 191</b>	36 331	<b>681.4</b>	648.1
Dividends – ordinary					
- Interim paid				<b>200.0</b>	189.0
- Final declared/paid				<b>215.0</b>	195.0
Dividends – preference**					
- Interim paid				-	52.2
- Final declared/paid				-	-

\* Restated due to the adoption of IFRS 17.

\*\* The listing was terminated on 27 September 2022.

#### 5.1 Weighted average number of shares

	2024	2023
Weighted average number of shares before treasury shares	<b>5 609 488 001</b>	5 609 488 001
Less: treasury shares	<b>(4 954 913)</b>	(3 768 649)
- Shares for client trading	<b>(4 954 913)</b>	(3 768 649)
<b>Weighted average number of shares in issue</b>	<b>5 604 533 088</b>	5 605 719 352
<b>Diluted weighted average number of shares in issue</b>	<b>5 604 533 088</b>	5 605 719 352

The same weighted average number of shares was used for the basic and diluted headline earnings per share (HEPS) and basic and diluted earnings per share (EPS) as there are no potential dilutive ordinary shares in issue.

#### 5.2 Headline earnings reconciliation

R million	2024		2023*	
	Gross	Net	Gross	Net
Earnings attributable to ordinary equityholders		<b>38 191</b>		36 331
<b>Adjusted for:</b>				
Gains on disposal of non-private equity associates	<b>(208)</b>	<b>(208)</b>	-	-
Loss/(gain) on disposal of investments in subsidiaries	<b>3</b>	<b>2</b>	(25)	(25)
Loss on disposal of property and equipment	<b>23</b>	<b>18</b>	43	36
Impairment of goodwill	<b>61</b>	<b>61</b>	342	295
Fair value movement on investment properties	<b>(28)</b>	<b>(18)</b>	25	18
Impairment/(reversal of impairment) of assets in terms of IAS 36	<b>11</b>	<b>8</b>	61	45
<b>Headline earnings attributable to ordinary equityholders</b>		<b>38 054</b>		36 700

\* Restated due to the adoption of IFRS 17.

**Notes to the consolidated financial statements**

**6 Analysis of assets and liabilities**

**6.1 Analysis of assets**

The following table analyses the assets in the statement of financial position per category of financial instrument, according to the measurement basis.

R million	Notes	2024									
		Amortised cost	At fair value through profit or loss		At fair value through other comprehensive income		Derivatives designated as hedging instruments	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual
			Mandatory	Designated	Debt	Equity					
<b>ASSETS</b>											
Cash and cash equivalents	7	158 477	-	-	-	-	-	-	158 477	158 477	-
Derivative financial instruments	8	-	46 007	-	-	-	9 277	-	55 284	48 302	6 982
Investment securities*	10	241 559	112 232	9 609	69 728	388	-	-	433 516	209 769	223 747
Advances	11	1 498 197	98 111	15 233	-	-	-	-	1 611 541	487 771	1 123 770
Collateral, settlement balances and other assets	13	33 511	-	-	-	-	-	2 541	36 052	30 585	5 467
Non-current assets and disposal groups held for sale	14	814	-	-	-	-	-	684	1 498	1 498	-
Insurance contract assets		-	-	-	-	-	-	760	760	191	569
Reinsurance contract assets		-	-	-	-	-	-	509	509	137	372
Non-financial assets		-	-	-	-	-	-	71 702	71 702	15 552	56 150
<b>Total assets</b>		<b>1 932 558</b>	<b>256 350</b>	<b>24 842</b>	<b>69 728</b>	<b>388</b>	<b>9 277</b>	<b>76 196</b>	<b>2 369 339</b>	<b>952 282</b>	<b>1 417 057</b>
2023											
Cash and cash equivalents**	7	147 671	-	-	-	-	-	-	147 671	147 671	-
Derivative financial instruments	8	-	65 389	-	-	-	20 567	-	85 956	71 803	14 153
Investment securities*	10	226 136	128 708	9 578	54 333	385	-	-	419 140	219 650	199 490
Advances	11	1 409 450	117 794	12 131	-	-	-	-	1 539 375	465 069	1 074 306
Collateral, settlement balances and other assets**	13	36 177	-	-	-	-	-	(4 989)	31 188	33 972	(2 784)
Non-current assets and disposal groups held for sale	14	793	-	-	-	-	-	566	1 359	1 359	-
Insurance contract assets		-	-	-	-	-	-	555	555	300	255
Reinsurance contract assets		-	-	-	-	-	-	610	610	366	244
Non-financial assets		-	-	-	-	-	-	72 185	72 185	18 170	54 015
<b>Total assets (restated)</b>		<b>1 820 227</b>	<b>311 891</b>	<b>21 709</b>	<b>54 333</b>	<b>385</b>	<b>20 567</b>	<b>68 927</b>	<b>2 298 039</b>	<b>958 360</b>	<b>1 339 679</b>

\* All non-recourse investments are included in the investment securities balance held at mandatory FVTPL.

\*\* Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements.

**Notes to the consolidated financial statements**

**6 Analysis of assets and liabilities** continued

**6.2 Analysis of liabilities**

The following table analyses the liabilities in the statement of financial position per category of financial instrument, according to measurement basis and in order of when the liabilities are expected to be settled.

R million	Notes	2024							
		Amortised cost	At fair value through profit or loss		Derivatives designated as hedging instruments	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual
			Mandatory	Designated					
<b>LIABILITIES</b>									
Short trading positions	24	-	10 273	-	-	-	10 273	10 273	-
Derivative financial instruments	8	-	43 439	-	1 206	-	44 645	43 272	1 373
Creditors, accruals and provisions	25	22 888	-	-	-	19 559	42 447	31 470	10 977
Liabilities directly associated with disposal groups held for sale	14	281	-	-	-	845	1 126	1 126	-
Deposits	26	1 937 166	55 761	10 224	-	-	2 003 151	1 746 352	256 799
Other liabilities	27	2 695	-	49	-	3 062	5 806	1 535	4 271
Insurance contract liabilities		-	-	-	-	968	968	448	520
Reinsurance contract liabilities		-	-	-	-	48	48	35	13
Policyholder liabilities under investment contracts	16	-	-	7 669	-	-	7 669	2 479	5 190
Tier 2 liabilities	28	17 268	-	-	-	-	17 268	-	17 268
Non-financial liabilities		-	-	-	-	18 134	18 134	10 191	7 943
<b>Total liabilities</b>		<b>1 980 298</b>	<b>109 473</b>	<b>17 942</b>	<b>1 206</b>	<b>42 616</b>	<b>2 151 535</b>	<b>1 847 181</b>	<b>304 354</b>
2023									
<b>LIABILITIES</b>									
Short trading positions	24	-	12 753	-	-	-	12 753	12 753	-
Derivative financial instruments	8	-	68 909	-	1 445	-	70 354	69 662	692
Creditors, accruals and provisions	25	29 966	-	-	-	13 297	43 263	34 904	8 359
Liabilities directly associated with disposal groups held for sale	14	-	-	-	-	-	-	-	-
Deposits	26	1 863 525	49 012	10 566	-	-	1 923 103	1 674 928	248 175
Other liabilities	27	3 923	-	84	-	3 026	7 033	2 068	4 965
Insurance contract liabilities		-	-	-	-	1 392	1 392	455	937
Reinsurance contract liabilities		-	-	-	-	24	24	21	3
Policyholder liabilities under investment contracts	16	-	-	6 236	-	-	6 236	1 573	4 663
Tier 2 liabilities	28	16 869	-	-	-	-	16 869	1 924	14 945
Non-financial liabilities		-	-	-	-	18 578	18 578	10 830	7 748
<b>Total liabilities</b>		<b>1 914 283</b>	<b>130 674</b>	<b>16 886</b>	<b>1 445</b>	<b>36 317</b>	<b>2 099 605</b>	<b>1 809 118</b>	<b>290 487</b>

## Notes to the consolidated financial statements

### 7 Cash and cash equivalents

R million	2024	2023*
Coins and bank notes	10 679	11 094
Money at call and short notice*	88 436	79 740
Balances with central banks	59 362	56 837
Mandatory reserve balances with central banks	40 503	40 958
Other balances with central banks	18 859	15 879
<b>Total cash and cash equivalents**</b>	<b>158 477</b>	<b>147 671</b>

\* Restated. Refer to Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in preparation and restatements. Refer to note 39 Impact due to changes in presentation and restatements.

\*\* ECL for physical cash is zero. ECL for cash equivalents is calculated using the loss rate approach and is immaterial.

Banks across the group are required to deposit a minimum average balance, calculated monthly, with their respective central bank, which is available for use subject to certain restrictions and limitations levelled by the central banks within the countries of operation. These deposits bear little or no interest. Amounts that do not meet the definition of cash and cash equivalents are included in collateral, settlements balances and other assets.

### 8 Derivative financial instruments

#### Use of derivatives

The group transacts in derivatives for two purposes: to create risk management solutions for clients and to manage and hedge the group's own risk. The group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed constantly to ensure that they remain within acceptable risk levels, with offsetting deals being utilised to achieve this where necessary.

Derivative instruments are classified either as held for trading or formally designated as hedging instruments. The group applies IFRS 9 for cash flow and fair value micro hedges. IAS 39 is applied to portfolio hedges, which the group refers to as macro hedges, to which fair value hedge accounting has been applied.

For further details on the valuation of derivatives refer to note 35.

#### Qualifying for hedge accounting

Where all required criteria are met, derivatives are classified as qualifying for hedge accounting. Hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying hedged item. All qualifying hedging relationships are designated as either fair value or cash flow hedges. The group applies hedge accounting in respect of specified interest rate risk and equity price risk detailed in this note.

The group defines interest rate risk in the banking book (IRRBB) as the sensitivity of the statement of financial position and income statement to unexpected adverse movements in interest rates. IRRBB and equity price risks are managed by Group Treasury and the FirstRand asset, liability and capital committee (ALCCO) under approved policies. Aldermore manages its interest rate risk through its own treasury department and ALCCO. For further details on the group's approach to managing interest rate risk and market risk, refer to note 38.

IRRBB is expected within a banking operation and can be an important source of profitability and shareholder value. It is therefore managed from an earnings approach, with the aim to protect and enhance net interest income (NII). Therefore, both fair value and cash flow hedge accounting are applied to provide a better reflection of how IRRBB is managed in profit or loss.

## Notes to the consolidated financial statements

### 8 Derivative financial instruments continued

#### Qualifying for hedge accounting continued

The group is exposed to equity price risk through its obligation under its employee share incentive schemes, the future cash outflows of which are directly impacted by changes in FirstRand share price. This equity price risk is managed by purchasing equity derivatives which mitigate the exposure to variability in cash outflows as a result of FirstRand's share price movements. Cash flow hedge accounting is employed to provide a better reflection of how equity price risk is managed in profit or loss.

IFRS 9 does not specify a method for assessing hedge effectiveness. The group uses the regression analysis approach to quantitatively assess hedge effectiveness for all the cash flow and fair value hedges and it considers this approach to accurately capture the characteristics of the hedging relationships and sources of ineffectiveness. The hedge effectiveness results are assessed against the effectiveness range of 80% and 125%. Even though this quantitative measure is not required under IFRS 9, the group believes that this is a benchmark which has been extensively used in the past and is a prudent approach to determining the effectiveness of the hedge relationship in line with the group's risk management strategy.

#### Held for trading activities

Most of the group's derivative transactions relate to sales activities. Sales activities include the structuring and marketing of derivative products to customers to enable them to take on, transfer, modify or reduce current or expected risks.

Notional amounts represent the gross notional amount of all outstanding contracts at year end. The gross notional amount is the sum of the absolute purchase and sales of derivative instruments. The notional amounts do not represent amounts exchanged by the parties and therefore represent only the measure of involvement by the group in the derivative contracts and not its exposures to risk. Notional amounts that are denominated in foreign currency are translated to the group functional currency at the spot rate of exchange. Exchange rate fluctuations impact the value of the notional.

The following tables reflect the notional and fair values of the derivative instruments that qualify for hedge accounting or are held for trading. The notional amounts for derivative instruments qualifying for fair value hedge accounting include macro hedging portfolios.

#### Derivative financial instruments

R million	2024				
	Notional asset	Notional liability	Total notional	Fair value assets	Fair value liabilities
<b>Qualifying for hedge accounting</b>	<b>523 433</b>	<b>496 717</b>	<b>1 020 150</b>	<b>11 148</b>	<b>1 206</b>
Fair value hedge accounting	<b>244 166</b>	<b>124 378</b>	<b>368 544</b>	<b>9 430</b>	<b>740</b>
– Interest rate derivatives*	<b>244 166</b>	<b>124 378</b>	<b>368 544</b>	<b>9 430</b>	<b>740</b>
Cash flow hedge accounting	<b>279 267</b>	<b>372 339</b>	<b>651 606</b>	<b>1 718</b>	<b>466</b>
– Interest rate derivatives*	<b>271 908</b>	<b>372 339</b>	<b>644 247</b>	<b>187</b>	<b>466</b>
– Equity derivatives	<b>7 359</b>	<b>–</b>	<b>7 359</b>	<b>1 531</b>	<b>–</b>
<b>Held for trading</b>	<b>11 675 458</b>	<b>11 383 616</b>	<b>23 059 074</b>	<b>44 136</b>	<b>43 439</b>
– Currency derivatives	<b>375 656</b>	<b>287 438</b>	<b>663 094</b>	<b>9 968</b>	<b>9 911</b>
– Interest rate derivatives*	<b>11 208 943</b>	<b>11 025 219</b>	<b>22 234 162</b>	<b>27 913</b>	<b>29 826</b>
– Equity derivatives	<b>44 543</b>	<b>45 608</b>	<b>90 151</b>	<b>4 211</b>	<b>2 440</b>
– Commodity derivatives	<b>39 472</b>	<b>23 252</b>	<b>62 724</b>	<b>1 793</b>	<b>1 140</b>
– Energy derivatives	<b>1 852</b>	<b>995</b>	<b>2 847</b>	<b>78</b>	<b>26</b>
– Credit derivatives	<b>4 992</b>	<b>1 104</b>	<b>6 096</b>	<b>173</b>	<b>96</b>
<b>Total derivative assets/liabilities</b>	<b>12 198 891</b>	<b>11 880 333</b>	<b>24 079 224</b>	<b>55 284</b>	<b>44 645</b>
Exchange traded	<b>16 594</b>	<b>33 713</b>	<b>50 307</b>	<b>17</b>	<b>6</b>
Over the counter	<b>12 182 297</b>	<b>11 846 620</b>	<b>24 028 917</b>	<b>55 267</b>	<b>44 639</b>
<b>Total derivative assets/liabilities</b>	<b>12 198 891</b>	<b>11 880 333</b>	<b>24 079 224</b>	<b>55 284</b>	<b>44 645</b>

\* Includes derivatives cleared by a central clearing counterparty and whose fair value is reflected on a net basis, although the notional continues to be reflected on a gross basis.

## Notes to the consolidated financial statements

### 8 Derivative financial instruments continued

#### Derivative financial instruments

R million	2023				
	Notional asset	Notional liability	Total notional	Fair value assets	Fair value liabilities
<b>Qualifying for hedge accounting</b>	426 230	454 267	880 497	20 567	1 445
Fair value hedge accounting	244 380	124 573	368 953	17 242	750
– Interest rate derivatives*	244 380	124 573	368 953	17 242	750
Cash flow hedge accounting	181 850	329 694	511 544	3 325	695
– Interest rate derivatives*	174 322	329 694	504 016	1 216	695
– Equity derivatives	7 528	–	7 528	2 109	–
<b>Held for trading</b>	11 365 703	11 695 263	23 060 966	65 389	68 909
– Currency derivatives	321 084	297 827	618 911	14 765	17 546
– Interest rate derivatives*	10 942 087	11 312 700	22 254 787	44 857	47 945
– Equity derivatives	69 434	69 949	139 383	3 845	2 789
– Commodity derivatives	27 330	10 616	37 946	1 731	507
– Energy derivatives	480	508	988	59	54
– Credit derivatives	5 288	3 663	8 951	132	68
<b>Total derivative assets/liabilities</b>	11 791 933	12 149 530	23 941 463	85 956	70 354
Exchange traded	15 815	41 068	56 883	290	149
Over the counter	11 776 118	12 108 462	23 884 580	85 666	70 205
<b>Total derivative assets/liabilities</b>	11 791 933	12 149 530	23 941 463	85 956	70 354

\* Include derivatives cleared by a central clearing counterparty and whose fair value is reflected on a net basis, although the notional continues to be reflected on a gross basis.

#### Fair value hedges

##### Interest rate risk

The group defines interest rate risk, to which fair value hedge accounting is applied, as the potential variations in NII due to the group issuing portfolios of fixed-rate long-dated term financial liabilities and holding investment securities, as well as fixed-rate advances, which may result from:

- mismatches in the repricing of assets and liabilities;
- increases or decreases in the absolute levels of interest rates and/or changes in the shape of the term structure of interest rates when applied to the group's balance sheet; and
- behavioural uncertainties of the underlying hedged item, for example increased defaults, prepayments or early deposit withdrawals.

Where a hedging relationship involves government bonds classified at amortised cost and FVOCI as the designated hedged item, the hedged risk is the change in the fair value due to changes in the benchmark interest rate. However, only the benchmark interest rate component of the coupon cash flows plus the principal are designated as the hedged item. The interest rate swap curve is regarded as the best indicator of the interest rate risk and as such the benchmark interest rate is obtained from the interest rate swap curve denominated in the exposure's currency. The swap curve enables the measurement of the benchmark interest rate component on designation. The difference between the benchmark rate and the base rate is therefore excluded from the hedge risk designated.

As such, the benchmark interest rate risk is the component being hedged, while other risks such as credit risk are managed but not hedged by the group. This benchmark interest rate risk comprises the majority of the hedged items fair value risk.



## Notes to the consolidated financial statements

### 8 Derivative financial instruments continued

For all other hedged items, the complete cash flow of the underlying financial asset or financial liability is designated as the hedged item, where the credit risk is proven not to dominate the fair value movements as a result of this risk.

The following are the identified hedged items subject to fair value interest rate risk hedge accounting and the related hedging instrument:

- Specified long-term fixed-rate investment securities, advances and other funding liabilities measured at amortised cost, as well as investment securities measured at amortised cost and FVOCI. To manage the interest rate risk associated with such risk exposures, the group uses a variety of cash collateralised vanilla fixed-for-floating interest rate swap derivatives.
- Interest rate exposure on a portfolio of fixed-rate high-quality liquid assets (HQLA) measured at amortised cost and FVOCI; and advances and deposits measured at amortised cost in Aldermore, where Aldermore enters into interest rate swaps on a monthly basis. The exposure from these portfolios frequently changes due to new transactions being entered into, contractual repayments, prepayments and early withdrawals. As a result, Aldermore has adopted a dynamic hedging strategy (macro hedging), to hedge the exposure profile by de-designating and re-designating interest rate swaps agreements at each month end to reach offsetting positions.

The designated hedged items attract fixed-interest cash flows, which expose the group to the risk of changes in the hedged item's fair value attributable to changes in the benchmark interest rate embedded in the hedge item. The group presents the change in value (fair value of the interest rate component of the hedged portfolio) of the hedged item in an asset position within collateral, settlement balances and other assets and for a hedged item in a liability position within creditors and accruals.

The group enters into a variety of collateralised fixed-for-floating vanilla interest rate swaps. As such there is an expectation that the changes in fair value of the hedged item would move in the opposite direction to changes in the interest rate swaps as a result of movements in the benchmark interest rate swap curve. The swap prices off the swap curve denominated in the exposure's currency, which is regarded as the best indicator of the interest rate risk present in the hedged item.

In certain circumstances, the economic relationship is evident due to critical terms such as the denominated currency, nominal amount, duration and either the fixed rate on the hedged item or the benchmark rate component of the hedged item and the interest rate swap matching. In other instances, the hedge accounting relationship is designated based on matching the PV01 of the hedging instrument to the hedged item. In both instances, the group uses regression analyses to quantitatively prove the economic relationship.

The outcome of this is that for most hedge accounting relationships a 1:1 hedge ratio is maintained throughout the duration of the relationship. Some hedge accounting relationships do not have 1:1 hedge ratios as the designations are not based on matching notional amounts, but rather on matching the PV01 associated with the hedged item to that of the hedging instrument.

In the fair value hedge relationships for interest rate risk, the following may lead to ineffectiveness:

- the designated fixed interest rate on the hedged item differs from the offsetting rate of the interest rate swap;
- the unwinding of the time value of money element contained within the fair value of the hedging instrument on designation date;
- prepayment risk on macro hedging portfolios on the date of designating the hedge relationship;
- day 1 gains or losses on the hedging instrument at the inception of the hedge;
- differences in maturities of the interest rate swap and the hedged item;
- where applicable, the effects of the interest rates reforms, as the amendments to the terms of the hedging instrument and the related hedged item could take effect at different times;
- different reset and or settlement dates for the hedging instrument and the hedged items; and
- difference in the notional amounts of the hedging instrument and the hedged items.

## Notes to the consolidated financial statements

### 8 Derivative financial instruments continued

The following table discloses the maturity of the hedging instruments and the average interest rate included in fair value hedging relationships, excluding the maturity of the macro hedging portfolios.

R million	2024	2024	2023	2023
	Interest rate risk	Average interest rate	Interest rate risk	Average interest rate
	Notional amount	risk (%)	Notional amount	(%)**
4 – 12 months	–	–	41 936	2
1 – 5 years*	9 619	4	7 903	5
>5 years*	19 094	5	21 751	5
<b>Total</b>	<b>28 713</b>		71 590	

\* The bucketing has been disaggregated to reflect the 1 – 5 years bucket and over 5 years bucket. The total notional amount remains unchanged.  
 \*\* In the prior year 9% was presented for the 1 – 5 years bucket. The numbers have been restated to reflect the average interest rate risk.

The following table discloses the average interest rate of the hedging instruments included in fair value hedging relationships, according to their respective maturity buckets, excluding macro hedging portfolios.

The following table sets out information about hedged items in fair value hedging relationships.

R million	2024		
	Advances	Investment securities	Funding liabilities**
<b>Interest rate risk – hedged items</b>			
Carrying amount excluding fair value hedge adjustments	164 382	53 162	129 854
Accumulated fair value hedge adjustments for instruments that are actively hedged*	(2 998)	(2 102)	(151)
<b>Total carrying amount of hedged items</b>	<b>161 384</b>	<b>51 060</b>	<b>129 703</b>
Accumulated fair value hedge adjustments for items that have ceased to be adjusted for fair value hedge gains and losses	26	(267)	–
			2023
<b>Interest rate risk – hedged items</b>			
Carrying amount excluding fair value hedge adjustments	182 004	51 124	98 855
Accumulated fair value hedge adjustments for instruments that are actively hedged**	(10 017)	(5 206)	504
<b>Total carrying amount of hedged items</b>	<b>171 987</b>	<b>45 918</b>	<b>99 359</b>
Accumulated fair value hedge adjustments for items that have ceased to be adjusted for fair value hedge gains and losses	–	(29)	–

\* Accumulated fair value hedge adjustments for instruments that are actively hedged reflected under advances includes the macro hedges employed by Aldermore. The hedged items that form part of the macro hedges include advances, investment securities and funding liabilities. The accumulated fair value hedge balance attributable to these macro hedges is presented in collateral, settlement balances and other assets and in creditors, accruals and provisions.

\*\* Deposits and Tier 2 liabilities presented on the statement of financial position are aggregated and reflected as funding liabilities.

The following amounts were recognised in NII and NIR for the year in respect of both single and macro fair value hedging relationships.

R million	2024	2023
<b>Interest rate risk</b>		
Changes in fair value for the year arising on hedging instruments	(9 876)	6 680
– Interest rate derivatives	(9 876)	6 680
Changes in fair value on the hedged items attributable to the hedged risk	9 503	(5 979)
– Advances	6 537	(4 929)
– Investment securities – amortised cost	(40)	530
– Investment securities – FVOCI	3 640	(1 386)
– Funding liabilities*	(634)	(194)
<b>Ineffectiveness recognised in NIR</b>	<b>(373)</b>	701

\* Deposits and Tier 2 liabilities presented on the statement of financial position are aggregated and reflected as funding liabilities.

## Notes to the consolidated financial statements

### 8 Derivative financial instruments continued

#### Cash flow hedges

The group employs cash flow hedge accounting to mitigate changes in future cash flows on variable rate financial instruments with the objective of mitigating variability in future cash flows resulting from changes in market rates. The following are the identified hedged items subject to cash flow hedge accounting:

- prime-linked advances (cash flow interest rate risk);
- variable Johannesburg Interbank Average Rate-linked (JIBAR-linked) advances (cash flow interest rate risk);
- variable overnight financial liabilities (cash flow interest rate risk); and
- the group's share incentive scheme (cash flow equity price risk).

#### Interest rate risk

Cash flow hedges of interest rate risk relate to exposures to the variability in future interest cash flows due to the movement of benchmark interest rates on recognised financial assets and financial liabilities. The change in the interest cash flows attributable to the change in benchmark rate is designated as the hedged risk for hedge accounting purposes. This variability in cash flows is hedged by cash collateralised vanilla interest rate swaps, fixing the hedged cash flows.

The variable interest rate on JIBAR-linked assets and overnight financial liabilities exposes the group to volatility in interest cash flows as the variable benchmark interest rate varies over time. To manage the cash flow risk, the group enters into interest rate swaps that have similar critical terms as the hedged items, such as reference rates, reset dates, payment dates, maturities and notional amounts. Variable rate assets are hedged with receive fixed pay float interest rate swaps, and variable rate liabilities are hedged with receive float pay fixed interest rate swaps. The changes in the cash flows on the hedging instruments are therefore expected to offset the changes in the cash flows on hedged items, resulting in an economic relationship.

A 1:1 hedge ratio is applied as the nominal amount of the hedging instruments and the designated hedged item is the same.

In the cash flow hedge of interest rate risk, the main sources of ineffectiveness are:

- day 1 gains or losses on the hedging instrument at the inception of the hedge;
- benchmark rate differences (basis risk) arising from the use of prime and JIBAR-linked swaps to hedge overnight financial liabilities; and
- designation of JIBAR-linked advances between JIBAR fixing dates.

#### Equity price risk

Equity price risk exists within the group's employee share incentive schemes that enable key management personnel (KMP) and employees to benefit from the performance of FirstRand's share price. Refer to note 33 for further details. These share incentive schemes, which are accounted for as cash-settled share-based payment (SBP) in terms of IFRS 2, expose the group to cash equity price risk due to volatility in FirstRand's share price.

The fair value of the IFRS 2 liability, which is predominantly driven by movements in the FirstRand share price, is economically hedged with total return swaps (TRS). When the share price increases/decreases, the SBP expense increases/decreases in line with the share price movement. Similarly, the fair value of the TRS will increase/decrease for the share price component of the derivative in line with the increase/decrease in share price. Changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other, resulting in an economic relationship being present between the SBP expense and the TRS. The number of FirstRand shares covered by the TRS is 119 million (2023: 143 million).

In cash flow hedging for equity price risk hedge relationships, the main sources of ineffectiveness are:

- mismatches in the critical terms (including differences between the notional amount of the hedging instrument and the actual number of grants vested or expected to vest) of the hedged item and the hedging instrument;
- actual number of shares that vest versus the vesting probabilities used in the calculation of the cash-settled SBP;
- funding costs associated with the hedging instrument; and
- the complete fair value of the hedging instrument at inception as well as the unwinding of the time value of money element contained within the fair value of the hedging instrument on designation date.

## Notes to the consolidated financial statements

### 8 Derivative financial instruments continued

The following table discloses the maturity of the hedging instruments included in cash flow hedging relationships.

R million	2024		2023	
	Notional amount		Notional amount	
	Interest rate risk	Equity price risk	Interest rate risk	Equity price risk
1 – 3 months	98 772	–	26 387	–
4 – 12 months	224 677	6 137	136 740	5 409
1 – 5 years*	279 533	1 223	300 146	2 119
>5 years*	41 265	–	40 743	–
<b>Total</b>	<b>644 247</b>	<b>7 360</b>	<b>504 016</b>	<b>7 528</b>

\* The bucketing has been disaggregated to reflect the 1 – 5 years bucket and over 5 years bucket. The total notional amount remains unchanged.

The following table discloses the average interest rate and share price which the hedging instruments included in cash flow hedging relationships are based on, according to their respective maturity buckets.

R million	2024		2023	
	Average rate/share price		Average rate/share price	
	Interest rate risk (%)	Equity price risk (ZAR)	Interest rate risk (%)	Equity price risk (ZAR)
<b>Derivative assets</b>				
1 – 3 months	7	–	5	–
4 – 12 months	7	62	7	56
1 – 5 years*	7	63	7	56
>5 years*	8	–	8	–
<b>Derivative liabilities</b>				
1 – 3 months	8	–	7	–
4 – 12 months	7	–	7	–
1 – 5 years*	7	–	8	–
>5 years*	8	–	8	–

\* The bucketing has been disaggregated to reflect the 1 – 5 years bucket and over 5 years bucket.

The following amounts were recorded in NIR for the year in respect of cash flow hedging relationships.

R million	2024			2023		
	Interest rate risk	Equity price risk	Total	Interest rate risk	Equity price risk	Total
Changes in fair value for the year						
<b>On the hedging instruments</b>	<b>3 022</b>	<b>723</b>	<b>3 745</b>	(685)	683	(2)
– Interest rate derivatives	3 022	–	3 022	(685)	–	(685)
– Equity derivatives	–	723	723	–	683	683
<b>On the hedged item subject to the hedged risk</b>	<b>(2 929)</b>	<b>(765)</b>	<b>(3 694)</b>	642	(960)	(318)
– Advances	(6 152)	–	(6 152)	614	–	614
– Other funding liabilities	3 223	–	3 223	28	–	28
– Share-based payment	–	(765)	(765)	–	(960)	(960)
<b>Ineffectiveness in NIR</b>	<b>93</b>	<b>–</b>	<b>93</b>	(42)	–	(42)

## Notes to the consolidated financial statements

### 8 Derivative financial instruments continued

The following amounts relate to the fair value and cash flow movements in other comprehensive income on hedging instruments included in cash flow hedging relationships. Debit balances are reflected as a negative in the table below.

R million	Interest rate risk	Equity price risk	Total
<b>As at 30 June 2024</b>			
Cash flow hedge reserve – opening balance	(3 721)	626	(3 095)
Gains recognised in reserves in the current year	1 780	768	2 548
Deferred tax on reserve movement	(907)	41	(866)
Transfers to NII and operating expenses (staff costs)	1 577	(889)	688
– Hedged item affects profit or loss	1 215	(889)	326
– Hedged future cash flows no longer expected to occur	362	–	362
<b>Cash flow hedge reserve – closing balance</b>	<b>(1 271)</b>	<b>546</b>	<b>(725)</b>
Cash flow hedge reserve relating to continuing hedges	(1 447)	544	(903)
Cash flow hedge reserve relating to discontinued hedges	176	2	178
<b>Cash flow hedge reserve – closing balance</b>	<b>(1 271)</b>	<b>546</b>	<b>(725)</b>
As at 30 June 2023			
Cash flow hedge reserve – opening balance	(3 001)	644	(2 357)
(Losses)/gains recognised in reserves in the current year	(745)	1 027	282
Deferred tax on reserve movement	266	47	313
Transfers to NII, operating staff costs and tax expense	(241)	(1 092)	(1 333)
– Hedged item affects profit or loss	(145)	(1 092)	(1 237)
– Hedged future cash flows no longer expected to occur	(96)	–	(96)
<b>Cash flow hedge reserve – closing balance</b>	<b>(3 721)</b>	<b>626</b>	<b>(3 095)</b>
Cash flow hedge reserve relating to continuing hedges	(3 485)	625	(2 860)
Cash flow hedge reserve relating to discontinued hedges	(236)	1	(235)
<b>Cash flow hedge reserve – closing balance</b>	<b>(3 721)</b>	<b>626</b>	<b>(3 095)</b>

### 9 Commodities

R million	2024	2023
Agricultural commodities	1 426	2 164
Gold	13 611	14 931
Platinum group metals	72	157
<b>Total commodities</b>	<b>15 109</b>	<b>17 252</b>

## Notes to the consolidated financial statements

### 10 Investment securities

R million	2024	2023
Negotiable certificates of deposit	39	359
Treasury bills	94 391	116 578
Other government and government-guaranteed stock	277 977	251 222
Other dated securities	30 786	25 793
Other undated securities	1 495	500
Non-recourse investments	4 830	3 758
Equities	18 412	15 761
Other	6 424	5 949
<b>Total gross carrying amount of investment securities</b>	<b>434 354</b>	<b>419 920</b>
Loss allowance on investment securities	(838)	(780)
<b>Total investment securities</b>	<b>433 516</b>	<b>419 140</b>

#### 10.1 Analysis of impairment stages of investment securities

R million	Amortised cost		FVOCI (debt)	
	Carrying amount	ECL allowance	Carrying amount	ECL allowance*
<b>As at 30 June 2024</b>				
Stage 1	241 863	822	69 728	-
Stage 2	-	1	-	-
Stage 3	43	15	-	-
Purchased or originated credit impaired	491	-	-	-
<b>Total investment securities</b>	<b>242 397</b>	<b>838</b>	<b>69 728</b>	<b>-</b>
<b>As at 30 June 2023</b>				
Stage 1	226 252	695	54 333	-
Stage 2	-	-	-	-
Stage 3	195	85	-	-
Purchased or originated credit impaired	468	-	-	-
<b>Total investment securities</b>	<b>226 915</b>	<b>780</b>	<b>54 333</b>	<b>-</b>

\* ECL for FVOCI debt instruments are calculated using the loss rate approach and is immaterial.

The Ghanaian government bonds were classified as originated credit impaired (stage 4), post the restructure in the prior year which resulted in the original instruments being derecognised and new instruments recognised.

## Notes to the consolidated financial statements

### 10 Investment securities continued

#### 10.2 Non-recourse investments at fair value through profit or loss

The group entered into the following transactions with its consolidated structured entities over the course of many years.

SPV	Type of SPV	Instruments
iNkotha Investments Limited	Call bond programme	Overnight high credit quality
iVuzi Investments Limited	Asset-backed commercial paper programme	Short-dated high credit quality
iNguza Investments Limited	Repack programme	Debentures or notes linked to underlying credit exposure

The performance on the commercial paper is directly linked to the performance and risk of the underlying portfolio of the special purpose vehicle (SPV). The group has no obligations towards other investors beyond the amount already invested. Information regarding other investments is kept at the group's registered offices. iVuzi Investments Limited is in the process of being wound down.

The aggregated fair value of the non-recourse investments and associated liabilities are R4 831 million (2023: R3 758 million) and R4 831 million (2023: R3 758 million) respectively.

#### 10.3 Repurchase agreements and securities lending transactions

The table below sets out the details of investment securities that have been transferred in terms of repurchase agreements, but not derecognised.

R million	Investment securities (carrying amount)		Associated liabilities recognised in deposits (carrying amount)	
	2024	2023	2024	2023
Repurchase agreements	<b>7 871</b>	4 705	<b>7 271</b>	3 848

Transferred investments and related deposits under repurchase agreements are either measured at amortised cost or at fair value through profit or loss (FVTPL).

The fair value of the investment securities transferred under repurchase agreements is R7 271 million (2023: R4 006 million) and that of the associated liabilities is R7 271 million (2023: R3 847 million).

#### 10.4 Equity investments designated at fair value through other comprehensive income

Strategic equity investments which the group does not plan on selling are designated as non-trading equity instruments classified on initial recognition as measured at FVOCI. The fair values of these investments are R389 million (2023: R384 million).

## Notes to the consolidated financial statements

### 11 Advances

#### 11.1 Category analysis of advances

R million	Notes	2024	2023
Overdrafts and cash management accounts		97 614	91 880
Term loans		112 983	97 108
Card loans		46 357	41 725
Instalment sales, hire purchase agreements and lease payments receivable	11.2	290 871	288 284
Property finance		550 693	536 558
Personal loans		61 235	57 425
Preference share agreements		41 453	40 928
Investment bank term loans		243 900	205 380
Long-term loans to group associates and joint ventures		2 919	2 696
Other		70 921	65 100
<b>Total customer advances</b>		<b>1 518 946</b>	<b>1 427 084</b>
Marketable advances		78 952	83 953
Assets under agreements to resell		67 808	79 410
<b>Gross value of advances</b>		<b>1 665 706</b>	<b>1 590 447</b>
Impairment and credit of fair value advances	12.1	(54 165)	(51 072)
<b>Net advances</b>		<b>1 611 541</b>	<b>1 539 375</b>
Gross advances – amortised cost		1 551 374	1 459 196
Impairment of advances – amortised cost		(53 177)	(49 746)
<b>Net advances – amortised cost</b>		<b>1 498 197</b>	<b>1 409 450</b>
Gross advances – fair value		114 332	131 251
Impairment of advances – fair value		(988)	(1 326)
<b>Net advances – fair value</b>		<b>113 344</b>	<b>129 925</b>
<b>Net advances</b>		<b>1 611 541</b>	<b>1 539 375</b>

#### 11.2 Analysis of instalment sales, hire purchase agreements and lease payments receivable

R million	2024	2023
Within 1 year	46 131	49 450
Between 1 and 2 years	42 800	43 547
Between 2 and 3 years	35 829	37 990
Between 3 and 4 years	22 304	26 980
Between 4 and 5 years	5 985	6 480
More than 5 years	5 108	3 113
<b>Total gross amount*</b>	<b>158 157</b>	<b>167 560</b>
Unearned finance charges	(24 973)	(25 649)
<b>Net amount of hire purchase and lease payments receivable</b>	<b>133 184</b>	<b>141 911</b>
Instalment sales	157 687	146 373
<b>Total instalment sales, hire purchase agreements and lease payments receivable</b>	<b>290 871</b>	<b>288 284</b>

\* Hire purchase agreements and lease payment receivables relate to leases for motor vehicles and equipment. The agreements do not include contingent rentals. The decrease in the gross amount is attributable to weaker demand reflecting the impact of economic pressure on customers, and increased redemptions from a maturing portfolio in the UK operations.



## Notes to the consolidated financial statements

### 11 Advances continued

#### 11.3 Securitisation transactions

The following bankruptcy remote structured entities were created over the course of many years to facilitate traditional securitisation transactions for WesBank retail instalment sale advances (FAST, Nitro Programme and Turbo Finance 9), for MotoNovo retail hire purchase advances (MotoMore) and for Aldermore residential mortgage advances (Oak 3 and Oak 4). During the financial year, Turbo Finance 9 was closed out and the Lehæ securitisation, relating to FNB residential mortgages, was launched. These structured entities are consolidated by the FirstRand. The table below discloses the carrying amount of advances and related assets held by the structured entities at 30 June, as well as the financial liabilities incurred to fund the initial acquisitions and other related liabilities.

Name of securitisation	Established	Initial transaction value	Carrying value of assets		Carrying value of liabilities	
			R million		R million	
			2024	2023	2024	2023
FAST	July 2016	R6.8 billion	<b>1 919</b>	3 846	<b>704</b>	2 772
Nitro Programme	May 2019	R2 billion	<b>2</b>	215	–	170
Oak 3	September 2019	£344 million	<b>1 579</b>	2 602	<b>1 572</b>	2 464
MotoMore	September 2019	£250 million	<b>9 786</b>	17 753	<b>9 593</b>	17 400
Turbo Finance 9	October 2020	£583 million	–	2 626	–	2 596
Oak 4	May 2023	£447 million	<b>6 914</b>	9 756	<b>6 993</b>	9 686
Lehæ	September 2023	R2.04 billion	<b>1 980</b>	–	<b>1 971</b>	–

## Notes to the consolidated financial statements

### 11 Advances continued

#### 11.4 Analysis of advances per class

Basis of preparation of the analysis of advances per class

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 subclasses.

The UK operations retail portfolio consists of property finance and motor finance. Commercial represents the structured and specialised finance business.

#### Voluntary changes in presentation

##### MotoNovo back book

As MotoNovo's back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023. Prior period information has not been restated.

#### 11.5 Reconciliation of the gross advances and loss allowance on total advances per class

Basis of preparation of the reconciliation

The reconciliation of the gross carrying amount (GCA) and ECL has been prepared using a year-to-date view. This means that the group reports exposures based on the impairment stage at the end of the reporting period. The reconciliation distinguishes between the back book and new business as this provides meaningful information to the user in gaining an understanding of the performance of advances overall.

The group transfers opening balances (back book) at the value as at 1 July, based on the impairment stage at the end of the reporting period. Any change in exposure and additional ECL raised or released is included in the impairment stage as at the end of the reporting period. Exposures that are in the back book can move directly from stage 3 to stage 1 if the curing requirements have been met in a reporting period. The opening balances as at 1 July are transferred to the impairment stage at 30 June in the transfers section. The current year movements of the back book are included in changes in exposure and net movement GCA and ECL provided/(released) are reflected separately in the reconciliation. The current year movement in the ECL for stage 2 advances is split between exposure where there has been a change in the measurement basis from 12 months to lifetime expected credit losses (LECLs) and other changes.

The movement on GCA is split between:

- additional amounts advanced on the back book and any settlements, with transfers on the back book reflected separately; and
- new business originated during the financial year, the transfers between stages of the new origination and any settlements.

Current year ECL provided/(released) relates to:

- an increase/(decrease) in the carrying amount of the back book during the current financial year, as well as the increase/(decrease) in the risk associated with the opening balance of the back book; and
- includes interest on stage 3 advances for stage 3 exposures in the back book and new business.

New business is broadly defined as any new product issued to a new or existing customer during the current financial year. All new business is reflected based on the impairment stage at the end of the reporting period. Therefore, exposures in the new business lines can be reported in stage 3 at the end of the reporting date.

The majority of the fair value advances is originated within the RMB corporate and investment banking portfolio.

The decrease in the advance as a result of a write-off is equal to the decrease in the ECL (bad debts written off), as exposures are 100% provided for before being written off. There is however an exception in the RMB corporate and investment banking portfolio, where partial write-offs are permitted on a case-by-case basis.

#### Additional information relating to advances

The total contractual amount outstanding on amortised cost advances that were written off during the period and are still subject to enforcement activity is R12 124 million (30 June 2023: R11 948 million).

Included in the core lending advances are advances of R1 632 million (30 June 2023: R1 815 million) for which no ECL is raised due to over-collateralisation. These advances are originated in FNB commercial and RMB corporate and investment banking. Advances under agreements to resell are also fully collateralised and therefore no ECL is raised for these advances either. All advances under agreements to resell are classified in stage 1.

**Notes to the consolidated financial statements**

**11 Advances** continued

**11.5 Reconciliation of the gross advances and loss allowance on total advances per class** continued

11.5.1 Reconciliation of the gross carrying amount of total advances per class

Amortised cost – 30 June 2024

R million	Retail secured		Retail unsecured		Retail secured and unsecured		Corporate and commercial					UK operations			Total
	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario	FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)*	Retail*	Commercial	
<b>GCA reported as at 1 July 2023</b>	259 635	108 779	37 149	50 072	7 406	–	115 928	–	54 212	335 608	76 804	40 861	286 908	85 834	1 459 196
– Stage 1	223 096	90 310	30 073	35 024	5 843	–	102 500	–	49 682	311 754	65 913	40 861	259 928	77 780	1 292 764
– Stage 2	22 466	12 300	3 019	7 501	639	–	8 655	–	3 464	19 495	7 346	–	18 256	6 636	109 777
– Stage 3	14 073	6 169	4 057	7 547	924	–	4 773	–	1 066	3 577	3 545	–	8 724	1 418	55 873
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	782	–	–	–	–	782
<b>Transfers between stages</b>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Transfers to/(from) stage 1</b>	(4 661)	(4 132)	(1 733)	(5 211)	(261)	–	(1 761)	–	(827)	(8 134)	(1 519)	9	708	(5 585)	(33 107)
– Transfers into stage 1	6 758	2 606	1 066	1 443	177	–	3 297	–	2 745	1 312	5 010	21	10 117	2 437	36 989
– Transfers out of stage 1	(11 419)	(6 738)	(2 799)	(6 654)	(438)	–	(5 058)	–	(3 572)	(9 446)	(6 529)	(12)	(9 409)	(8 022)	(70 096)
<b>Transfers to/(from) stage 2</b>	(572)	890	(634)	130	19	–	240	–	484	7 689	240	12	(4 671)	4 404	8 231
– Transfers into stage 2	10 455	5 770	1 221	3 920	342	–	4 293	–	3 238	9 081	5 814	8	7 101	7 322	58 565
– Transfers out of stage 2	(11 027)	(4 880)	(1 855)	(3 790)	(323)	–	(4 053)	–	(2 754)	(1 392)	(5 574)	4	(11 772)	(2 918)	(50 334)
<b>Transfers to/(from) stage 3</b>	5 233	3 242	2 367	5 081	242	–	1 521	–	343	445	1 279	(21)	3 963	1 181	24 876
– Transfers into stage 3	6 913	4 129	2 464	5 821	358	–	1 822	–	607	445	1 529	22	4 628	1 285	30 023
– Transfers out of stage 3	(1 680)	(887)	(97)	(740)	(116)	–	(301)	–	(264)	–	(250)	(43)	(665)	(104)	(5 147)
<b>Current year movement</b>	13 240	6 091	6 190	9 127	559	–	14 512	–	6 125	65 057	8 702	(2 623)	800	3 489	131 269
<b>New business – changes in exposure</b>	40 258	38 672	3 735	20 785	1 207	–	28 911	–	20 517	131 950	18 839	3 013	62 091	28 465	398 443
<b>Back book – current year movement</b>	(27 018)	(32 581)	2 455	(11 658)	(648)	–	(14 399)	–	(14 392)	(66 951)	(10 137)	(5 636)	(61 291)	(24 976)	(267 232)
– Exposures with a change in measurement basis from 12 months to LECL	(1 229)	(2 092)	198	(1 251)	1	–	(567)	–	(590)	(2 019)	(109)	(24)	(3 241)	(2 520)	(13 443)
– Other current year change in exposure/ net movement on GCA	(25 789)	(30 489)	2 257	(10 407)	(649)	–	(13 832)	–	(13 802)	(64 932)	(10 028)	(5 612)	(58 050)	(22 456)	(253 789)
<b>Purchased or originated credit impaired</b>	–	–	–	–	–	–	–	–	–	58	–	–	–	–	58
Acquisition/(disposal) of advances	–	–	–	–	–	–	–	–	–	(3 737)	–	–	–	–	(3 737)
Transfers from/(to) other divisions	(28)	–	–	–	28	–	–	–	–	–	–	1 592	(1 592)	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–	–	–	(1 653)	(4 452)	(44)	(11 460)	(3 524)	(21 133)
Bad debts written off	(447)	(1 779)	(1 869)	(5 263)	(648)	–	(1 412)	–	(119)	(487)	(645)	(34)	(317)	(340)	(13 360)
Modifications that did not give rise to derecognition	(37)	(47)	(96)	(650)	(31)	–	–	–	–	–	–	–	–	–	(861)
<b>GCA as at 30 June 2024</b>	272 363	113 044	41 374	53 286	7 314	–	129 028	–	60 218	394 788	80 409	39 752	274 339	85 459	1 551 374
– Stage 1	231 891	93 276	33 111	35 345	5 715	–	115 394	–	55 268	366 607	69 393	39 106	253 218	73 262	1 371 586
– Stage 2	22 249	12 552	3 030	8 933	584	–	8 901	–	3 841	24 451	7 071	13	10 923	10 324	112 872
– Stage 3	18 223	7 216	5 233	9 008	1 015	–	4 733	–	1 109	2 890	3 945	633	10 198	1 873	66 076
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	840	–	–	–	–	840
Core lending advances	272 363	113 044	41 374	53 286	7 314	–	129 028	–	60 218	394 712	80 409	32 296	274 339	85 459	1 543 842
Assets under agreements to resell	–	–	–	–	–	–	–	–	–	76	–	7 456	–	–	7 532
<b>Total GCA of advances as at 30 June 2024</b>	272 363	113 044	41 374	53 286	7 314	–	129 028	–	60 218	394 788	80 409	39 752	274 339	85 459	1 551 374

\* The MotoNovo back book is now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023. Comparatives have not been restated.

**Notes to the consolidated financial statements**

**11 Advances** continued

**11.5 Reconciliation of the gross advances and loss allowance on total advances per class** continued

11.5.2 Reconciliation of the loss allowance on total advances per class

Amortised cost – 30 June 2024

R million	Retail secured		Retail unsecured		Retail secured and unsecured		Corporate and commercial					UK operations			Total
	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario	FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)*	Retail*	Commercial	
<b>ECL reported as at 1 July 2023</b>	4 356	5 862	4 767	9 289	1 248	–	4 952	–	733	5 210	4 140	531	6 866	1 792	49 746
– Stage 1	432	995	1 165	2 069	310	–	907	–	228	1 334	1 285	370	2 372	962	12 429
– Stage 2	1 076	1 879	754	1 901	168	–	1 213	–	111	2 436	808	151	889	382	11 768
– Stage 3	2 848	2 988	2 848	5 319	770	–	2 832	–	394	1 195	2 047	10	3 605	448	25 304
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	245	–	–	–	–	245
<b>Transfers between stages</b>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Transfers to/(from) stage 1</b>	187	200	81	(327)	8	–	206	–	62	67	188	9	190	9	880
– Transfers into stage 1	226	290	234	326	30	–	282	–	81	112	255	9	244	93	2 182
– Transfers out of stage 1	(39)	(90)	(153)	(653)	(22)	–	(76)	–	(19)	(45)	(67)	–	(54)	(84)	(1 302)
<b>Transfers to/(from) stage 2</b>	(337)	(609)	(422)	(1 024)	(21)	–	(324)	–	(34)	(82)	(239)	–	(265)	(58)	(3 415)
– Transfers into stage 2	157	144	79	486	58	–	96	–	29	43	79	3	76	79	1 329
– Transfers out of stage 2	(494)	(753)	(501)	(1 510)	(79)	–	(420)	–	(63)	(125)	(318)	(3)	(341)	(137)	(4 744)
<b>Transfers to/(from) stage 3</b>	150	409	341	1 351	13	–	118	–	(28)	15	51	(9)	75	49	2 535
– Transfers into stage 3	304	501	395	1 633	67	–	225	–	17	15	102	2	159	76	3 496
– Transfers out of stage 3	(154)	(92)	(54)	(282)	(54)	–	(107)	–	(45)	–	(51)	(11)	(84)	(27)	(961)
<b>Current year provision created/ (released)</b>	1 612	2 176	2 807	6 122	752	–	1 531	–	302	1 360	868	(420)	(7)	300	17 403
<b>New business – impairment charge/ (release)</b>	362	1 280	328	2 779	161	–	511	–	225	497	469	–	428	273	7 313
<b>Back book – impairment charge/ (release)</b>	1 250	896	2 479	3 343	591	–	1 020	–	77	526	399	(420)	(435)	27	9 753
– Exposures with a change in measurement basis from 12 months to LECL	119	(187)	171	52	15	–	189	–	31	296	49	(2)	(7)	1	727
– Other current year impairment charge/ (release)	1 131	1 083	2 308	3 291	576	–	831	–	46	230	350	(418)	(428)	26	9 026
<b>Purchased or originated credit impaired</b>	–	–	–	–	–	–	–	–	–	337	–	–	–	–	337
Acquisition/(disposal) of advances	–	–	–	–	–	–	–	–	–	(9)	–	–	–	–	(9)
Transfers from/(to) other divisions	(70)	–	–	95	(25)	–	–	–	–	–	–	827	(827)	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–	–	–	(16)	(239)	(27)	(242)	(79)	(603)
Bad debts written off	(447)	(1 779)	(1 869)	(5 263)	(648)	–	(1 412)	–	(119)	(487)	(645)	(34)	(317)	(340)	(13 360)
<b>ECL as at 30 June 2024</b>	5 451	6 259	5 705	10 243	1 327	–	5 071	–	916	6 058	4 124	877	5 473	1 673	53 177
– Stage 1	414	982	1 157	1 884	284	–	1 189	–	245	1 347	1 134	229	1 460	701	11 026
– Stage 2	1 290	1 877	773	2 112	167	–	947	–	147	3 238	854	57	580	433	12 475
– Stage 3	3 747	3 400	3 775	6 247	876	–	2 935	–	524	891	2 136	591	3 433	539	29 094
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	582	–	–	–	–	582
<b>Current year provision created/ (released) per impairment stage</b>	1 612	2 176	2 807	6 122	752	–	1 531	–	302	1 360	868	(420)	(7)	300	17 403
– Stage 1	(133)	(215)	(90)	46	(9)	–	76	–	(44)	(31)	(287)	(152)	(1 019)	(237)	(2 095)
– Stage 2	550	607	442	1 235	20	–	58	–	70	884	356	(102)	(12)	125	4 233
– Stage 3	1 195	1 784	2 455	4 841	741	–	1 397	–	276	170	799	(166)	1 024	412	14 928
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	337	–	–	–	–	337

\* The MotoNovo back book is now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023. Comparatives have not been restated.

## Notes to the consolidated financial statements

### 11 Advances continued

#### 11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

##### 11.5.3 Reconciliation of the gross carrying amount of total advances per class

Fair value – 30 June 2024

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
<b>GCA reported as at 1 July 2023</b>	520	130 400	255	76	131 251
– Stage 1	520	124 776	255	33	125 584
– Stage 2	–	4 847	–	43	4 890
– Stage 3	–	777	–	–	777
– Purchased or originated credit impaired	–	–	–	–	–
<b>Transfers between stages</b>	–	–	–	–	–
<b>Transfers to/(from) stage 1</b>	–	(1 068)	–	43	(1 025)
– Transfers into stage 1	–	–	–	43	43
– Transfers out of stage 1	–	(1 068)	–	–	(1 068)
<b>Transfers to/(from) stage 2</b>	–	1 064	–	(43)	1 021
– Transfers into stage 2	–	1 064	–	–	1 064
– Transfers out of stage 2	–	–	–	(43)	(43)
<b>Transfers to/(from) stage 3</b>	–	4	–	–	4
– Transfers into stage 3	–	4	–	–	4
– Transfers out of stage 3	–	–	–	–	–
<b>Current year movement</b>	296	(16 638)	176	82	(16 084)
<b>New business – changes in exposure</b>	320	15 016	353	38	15 727
<b>Back book – current year movement</b>	(24)	(31 654)	(177)	44	(31 811)
– Exposures with a change in measurement basis from 12 months to LECL	–	(22)	–	–	(22)
– Other current year change in exposure/net movement on GCA	(24)	(31 632)	(177)	44	(31 789)
<b>Purchased or originated credit impaired</b>	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–
Exchange rate differences	–	(385)	(78)	–	(463)
Bad debts written off	–	(372)	–	–	(372)
<b>GCA as at 30 June 2024</b>	816	113 005	353	158	114 332
– Stage 1	816	110 087	353	158	111 414
– Stage 2	–	1 994	–	–	1 994
– Stage 3	–	924	–	–	924
– Purchased or originated credit impaired	–	–	–	–	–
Core lending advances	816	52 780	302	158	54 056
Assets under agreements to resell	–	60 225	51	–	60 276
<b>Total GCA of advances as at 30 June 2024</b>	816	113 005	353	158	114 332

## Notes to the consolidated financial statements

### 11 Advances continued

#### 11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

##### 11.5.4 Reconciliation of the loss allowance on total advances per class

Fair value – 30 June 2024

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
<b>ECL reported as at 1 July 2023</b>	<b>51</b>	<b>1 258</b>	<b>–</b>	<b>17</b>	<b>1 326</b>
– Stage 1	51	295	–	4	350
– Stage 2	–	483	–	4	487
– Stage 3	–	480	–	9	489
– Purchased or originated credit impaired	–	–	–	–	–
<b>Transfers between stages</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Transfers to/(from) stage 1</b>	<b>–</b>	<b>(2)</b>	<b>–</b>	<b>13</b>	<b>11</b>
– Transfers into stage 1	–	3	–	13	16
– Transfers out of stage 1	–	(5)	–	–	(5)
<b>Transfers to/(from) stage 2</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>(5)</b>	<b>(3)</b>
– Transfers into stage 2	–	5	–	–	5
– Transfers out of stage 2	–	(3)	–	(5)	(8)
<b>Transfers to/(from) stage 3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(8)</b>	<b>(8)</b>
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	(8)	(8)
<b>Current year provision created/(released)</b>	<b>(45)</b>	<b>100</b>	<b>1</b>	<b>(10)</b>	<b>46</b>
<b>New business – impairment charge/(release)</b>	<b>5</b>	<b>92</b>	<b>–</b>	<b>–</b>	<b>97</b>
<b>Back book – impairment charge/(release)</b>	<b>(50)</b>	<b>8</b>	<b>1</b>	<b>(10)</b>	<b>(51)</b>
– Exposures with a change in measurement basis from 12 months to LECL	–	(162)	–	–	(162)
– Other current year impairment charge/(release)	(50)	170	1	(10)	111
<b>Purchased or originated credit impaired</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–
Exchange rate differences	–	(12)	–	–	(12)
Bad debts written off	–	(372)	–	–	(372)
<b>ECL as at 30 June 2024</b>	<b>6</b>	<b>974</b>	<b>1</b>	<b>7</b>	<b>988</b>
– Stage 1	6	604	1	7	618
– Stage 2	–	109	–	–	109
– Stage 3	–	261	–	–	261
– Purchased or originated credit impaired	–	–	–	–	–
<b>Current year provision created/(released) per impairment stage</b>	<b>(45)</b>	<b>100</b>	<b>1</b>	<b>(10)</b>	<b>46</b>
– Stage 1	(45)	313	1	(10)	259
– Stage 2	–	(365)	–	–	(365)
– Stage 3	–	152	–	–	152
– Purchased or originated credit impaired	–	–	–	–	–

**Notes to the consolidated financial statements**

**11 Advances** continued

**11.5 Reconciliation of the gross advances and loss allowance on total advances per class** continued

11.5.5 Reconciliation of the gross carrying amount of total advances per class

Amortised cost – 30 June 2023

R million	Retail secured		Retail unsecured		Retail secured and unsecured		Corporate and commercial				UK operations			Total	
	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario	FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail		Commercial
<b>GCA reported as at 1 July 2022</b>	242 757	99 354	32 821	46 623	7 907	–	107 711	–	45 128	284 141	67 218	47 271	231 437	72 409	1 284 777
– Stage 1	211 306	82 088	26 914	32 510	6 045	(2 688)	95 656	(130)	39 417	259 862	58 053	47 271	203 370	65 183	1 124 857
– Stage 2	19 649	11 063	2 229	7 149	586	2 688	7 428	130	4 808	20 974	5 847	–	21 102	6 263	109 916
– Stage 3	11 802	6 203	3 678	6 964	1 276	–	4 627	–	903	2 572	3 318	–	6 965	963	49 271
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	733	–	–	–	–	733
<b>Transfers between stages</b>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers to/(from) stage 1	(6 016)	(3 071)	(1 802)	(3 242)	(321)	–	(3 130)	–	708	(5 974)	(3 280)	–	2 151	(1 094)	(25 071)
– Transfers into stage 1	5 873	2 418	641	1 085	156	–	2 388	–	3 070	1 714	1 173	–	9 760	3 002	31 280
– Transfers out of stage 1	(11 889)	(5 489)	(2 443)	(4 327)	(477)	–	(5 518)	–	(2 362)	(7 688)	(4 453)	–	(7 609)	(4 096)	(56 351)
Transfers to/(from) stage 2	2 130	740	96	(195)	69	–	1 303	–	(1 120)	3 675	2 680	–	(3 424)	624	6 578
– Transfers into stage 2	11 272	4 805	1 292	2 628	369	–	4 591	–	2 025	7 219	4 214	–	6 831	3 639	48 885
– Transfers out of stage 2	(9 142)	(4 065)	(1 196)	(2 823)	(300)	–	(3 288)	–	(3 145)	(3 544)	(1 534)	–	(10 255)	(3 015)	(42 307)
Transfers to/(from) stage 3	3 886	2 331	1 706	3 437	252	–	1 827	–	412	2 299	600	–	1 273	470	18 493
– Transfers into stage 3	5 585	3 242	1 822	4 086	375	–	1 894	–	500	2 299	755	–	2 242	749	23 549
– Transfers out of stage 3	(1 699)	(911)	(116)	(649)	(123)	–	(67)	–	(88)	–	(155)	–	(969)	(279)	(5 056)
<b>Current year movement</b>	17 452	11 256	6 082	8 647	311	–	9 914	–	9 262	50 565	10 875	(6 423)	9 149	(868)	126 222
<b>New business – changes in exposure</b>	45 431	43 635	3 467	21 297	1 024	–	18 585	–	22 321	109 953	16 946	578	102 265	26 933	412 435
<b>Back book – current year movement</b>	(27 979)	(32 379)	2 615	(12 650)	(713)	–	(8 671)	–	(13 059)	(59 468)	(6 071)	(7 001)	(93 116)	(27 801)	(286 293)
– Exposures with a change in measurement basis from 12 months to LECL	(1 505)	(1 992)	185	(1 108)	1	–	(496)	–	(2 344)	(1 942)	(186)	–	(8 718)	(2 441)	(20 546)
– Other current year change in exposure/net movement on GCA	(26 474)	(30 387)	2 430	(11 542)	(714)	–	(8 175)	–	(10 715)	(57 526)	(5 885)	(7 001)	(84 398)	(25 360)	(265 747)
<b>Purchased or originated credit impaired</b>	–	–	–	–	–	–	–	–	–	80	–	–	–	–	80
Acquisition/(disposal) of advances	–	–	–	–	–	–	(90)	–	–	(3 932)	–	–	86	–	(3 936)
Transfers from/(to) other divisions	(11)	–	–	–	11	–	–	–	–	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–	–	–	–	(44)	–	–	(785)	–	(829)
Exchange rate differences	–	–	–	–	–	–	–	–	–	5 265	(529)	13	47 496	14 425	66 670
Bad debts written off	(438)	(1 777)	(1 639)	(4 895)	(745)	–	(1 612)	–	(178)	(387)	(760)	–	(475)	(132)	(13 038)
Modifications that did not give rise to derecognition	(125)	(54)	(115)	(303)	(78)	–	5	–	–	–	–	–	–	–	(670)
<b>GCA as at 30 June 2023</b>	259 635	108 779	37 149	50 072	7 406	–	115 928	–	54 212	335 608	76 804	40 861	286 908	85 834	1 459 196
– Stage 1	223 096	90 310	30 073	35 024	5 843	–	102 500	–	49 682	311 754	65 913	40 861	259 928	77 780	1 292 764
– Stage 2	22 466	12 300	3 019	7 501	639	–	8 655	–	3 464	19 495	7 346	–	18 256	6 636	109 777
– Stage 3	14 073	6 169	4 057	7 547	924	–	4 773	–	1 066	3 577	3 545	–	8 724	1 418	55 873
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	782	–	–	–	–	782
Core lending advances	259 635	108 779	37 149	50 072	7 406	–	115 928	–	54 212	334 969	76 804	26 456	286 908	85 834	1 444 152
Assets under agreements to resell	–	–	–	–	–	–	–	–	–	639	–	14 405	–	–	15 044
<b>Total GCA of advances as at 30 June 2023</b>	259 635	108 779	37 149	50 072	7 406	–	115 928	–	54 212	335 608	76 804	40 861	286 908	85 834	1 459 196

**Notes to the consolidated financial statements**

**11 Advances** continued

**11.5 Reconciliation of the gross advances and loss allowance on total advances per class** continued

11.5.6 Reconciliation of the loss allowance on total advances per class

Amortised cost – 30 June 2023

R million	Retail secured		Retail unsecured		Retail secured and unsecured		Corporate and commercial				UK operations			Total	
	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario	FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail		Commercial
<b>ECL reported as at 1 July 2022</b>	4 084	5 396	4 361	8 681	1 585	317	5 234	55	795	5 576	3 856	510	4 565	1 121	46 136
– Stage 1	609	802	1 130	2 065	385	156	1 030	23	186	1 200	1 035	361	1 271	529	10 782
– Stage 2	939	1 344	620	1 727	147	161	1 059	32	193	2 420	876	149	746	182	10 595
– Stage 3	2 536	3 250	2 611	4 889	1 053	–	3 145	–	416	1 873	1 945	–	2 548	410	24 676
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	83	–	–	–	–	83
<b>Transfers between stages</b>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers to/(from) stage 1	123	94	46	(145)	17	–	98	–	127	32	21	–	224	21	658
– Transfers into stage 1	189	149	171	244	39	–	192	–	143	74	72	–	279	76	1 628
– Transfers out of stage 1	(66)	(55)	(125)	(389)	(22)	–	(94)	–	(16)	(42)	(51)	–	(55)	(55)	(970)
Transfers to/(from) stage 2	(92)	(296)	(281)	(727)	(23)	–	(270)	–	(113)	(178)	(48)	–	(175)	(8)	(2 211)
– Transfers into stage 2	238	116	79	360	61	–	91	–	19	36	77	–	110	59	1 246
– Transfers out of stage 2	(330)	(412)	(360)	(1 087)	(84)	–	(361)	–	(132)	(214)	(125)	–	(285)	(67)	(3 457)
Transfers to/(from) stage 3	(31)	202	235	872	6	–	172	–	(14)	146	27	–	(49)	(13)	1 553
– Transfers into stage 3	171	299	295	1 109	68	–	215	–	10	146	72	–	101	22	2 508
– Transfers out of stage 3	(202)	(97)	(60)	(237)	(62)	–	(43)	–	(24)	–	(45)	–	(150)	(35)	(955)
<b>Current year provision created/ (released)</b>	640	2 243	2 045	5 468	513	(317)	1 330	(55)	116	720	927	(11)	1 655	514	15 788
<b>New business – impairment charge/ (release)</b>	388	1 501	275	2 831	91	–	259	–	237	647	543	(21)	900	418	8 069
<b>Back book – impairment charge/ (release)</b>	252	742	1 770	2 637	422	(317)	1 071	(55)	(121)	(123)	384	10	755	96	7 523
– Exposures with a change in measurement basis from 12 months to LECL	43	(63)	190	(119)	14	–	299	–	(28)	(16)	69	–	(107)	30	312
– Other current year impairment charge/ (release)	209	805	1 580	2 756	408	(317)	772	(55)	(93)	(107)	315	10	862	66	7 211
<b>Purchased or originated credit impaired</b>	–	–	–	–	–	–	–	–	–	196	–	–	–	–	196
Acquisition/(disposal) of advances	–	–	–	–	–	–	–	–	–	(723)	–	22	–	–	(701)
Transfers from/(to) other divisions	70	–	–	35	(105)	–	–	–	–	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–	–	–	–	(36)	–	–	–	–	(36)
Exchange rate differences	–	–	–	–	–	–	–	–	–	60	117	–	1 121	289	1 587
Bad debts written off	(438)	(1 777)	(1 639)	(4 895)	(745)	–	(1 612)	–	(178)	(387)	(760)	10	(475)	(132)	(13 028)
<b>ECL as at 30 June 2023</b>	4 356	5 862	4 767	9 289	1 248	–	4 952	–	733	5 210	4 140	531	6 866	1 792	49 746
– Stage 1	432	995	1 165	2 069	310	–	907	–	228	1 334	1 285	370	2 372	962	12 429
– Stage 2	1 076	1 879	754	1 901	168	–	1 213	–	111	2 436	808	151	889	382	11 768
– Stage 3	2 848	2 988	2 848	5 319	770	–	2 832	–	394	1 195	2 047	10	3 605	448	25 304
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	245	–	–	–	–	245
<b>Current year provision created/ (released) per impairment stage</b>	640	2 243	2 045	5 468	513	(317)	1 330	(55)	116	720	927	(11)	1 655	514	15 788
– Stage 1	(370)	100	(10)	112	15	(156)	(220)	(23)	(85)	55	188	(11)	512	268	375
– Stage 2	229	830	415	902	44	(161)	424	(32)	31	189	(23)	–	180	155	3 183
– Stage 3	781	1 313	1 640	4 454	454	–	1 126	–	170	280	762	–	963	91	12 034
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	196	–	–	–	–	196



## Notes to the consolidated financial statements

### 11 Advances continued

#### 11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

##### 11.5.7 Reconciliation of the gross carrying amount of total advances per class

Fair value – 30 June 2023

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
<b>GCA reported as at 1 July 2022</b>	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
<b>Transfers between stages</b>	–	–	–	–	–
Transfers to/(from) stage 1	–	(319)	–	–	(319)
– Transfers into stage 1	–	1 312	–	–	1 312
– Transfers out of stage 1	–	(1 631)	–	–	(1 631)
Transfers to/(from) stage 2	–	319	–	–	319
– Transfers into stage 2	–	1 631	–	–	1 631
– Transfers out of stage 2	–	(1 312)	–	–	(1 312)
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
<b>Current year movement</b>	(44)	32 270	365	93	32 684
<b>New business – changes in exposure</b>	–	19 849	–	194	20 043
<b>Back book – current year movement</b>	(44)	12 422	365	(101)	12 642
– Exposures with a change in measurement basis from 12 months to LECL	–	1 016	–	–	1 016
– Other current year change in exposure/net movement on GCA	(44)	11 406	365	(101)	11 626
<b>Purchased or originated credit impaired</b>	–	(1)	–	–	(1)
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	502	–	–	(502)	–
Exchange rate differences	–	1 557	(139)	–	1 418
Bad debts written off	(50)	(82)	–	–	(132)
<b>GCA as at 30 June 2023</b>	520	130 400	255	76	131 251
– Stage 1	520	124 776	255	33	125 584
– Stage 2	–	4 847	–	43	4 890
– Stage 3	–	777	–	–	777
– Purchased or originated credit impaired	–	–	–	–	–
Core lending advances	520	66 289	–	76	66 885
Assets under agreements to resell	–	64 111	255	–	64 366
<b>Total GCA of advances as at 30 June 2023</b>	520	130 400	255	76	131 251

## Notes to the consolidated financial statements

### 11 Advances continued

#### 11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

##### 11.5.8 Reconciliation of the loss allowance on total advances per class

Fair value – 30 June 2023

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
<b>ECL reported as at 1 July 2022</b>	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
<b>Transfers between stages</b>	–	–	–	–	–
Transfers to/(from) stage 1	–	175	–	–	175
– Transfers into stage 1	–	181	–	–	181
– Transfers out of stage 1	–	(6)	–	–	(6)
Transfers to/(from) stage 2	–	(175)	–	–	(175)
– Transfers into stage 2	–	6	–	–	6
– Transfers out of stage 2	–	(181)	–	–	(181)
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
<b>Current year provision created/(released)</b>	(1)	(210)	–	9	(202)
<b>New business – impairment charge/(release)</b>	–	189	–	9	198
<b>Back book – impairment charge/(release)</b>	(1)	(399)	–	–	(400)
– Exposures with a change in measurement basis from 12 months to LECL	–	9	–	–	9
– Other current year impairment charge/(release)	(1)	(408)	–	–	(409)
<b>Purchased or originated credit impaired</b>	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	99	–	–	(99)	–
Exchange rate differences	–	62	–	–	62
Bad debts written off	(50)	(82)	–	–	(132)
<b>ECL as at 30 June 2023</b>	51	1 258	–	17	1 326
– Stage 1	51	295	–	4	350
– Stage 2	–	483	–	4	487
– Stage 3	–	480	–	9	489
– Purchased or originated credit impaired	–	–	–	–	–
<b>Current year provision created/(released) per impairment stage</b>	(1)	(210)	–	9	(202)
– Stage 1	(51)	(169)	–	1	(219)
– Stage 2	–	(41)	–	1	(40)
– Stage 3	50	–	–	7	57
– Purchased or originated credit impaired	–	–	–	–	–

## Notes to the consolidated financial statements

### 11 Advances continued

#### 11.6 Modified advances measured at amortised cost

The following table provides information on advances that were modified while they had a loss allowance measured at an amount equal to LECL and the modification resulted in a modification gain or loss being recognised.

R million	2024				2023			
	Stage 2 and stage 3				Stage 2 and stage 3			
	Gross carrying amount before modification	Loss allowance before modification	Amortised cost before modification	Modification gain/(loss)	Gross carrying amount before modification	Loss allowance before modification	Amortised cost before modification	Modification gain/(loss)
Residential mortgages	941	(85)	856	(37)	11 612	(137)	11 475	(101)
WesBank VAF	1 495	(348)	1 147	(47)	1 279	(282)	997	(54)
<b>Total retail secured</b>	<b>2 436</b>	<b>(433)</b>	<b>2 003</b>	<b>(84)</b>	<b>12 891</b>	<b>(419)</b>	<b>12 472</b>	<b>(155)</b>
FNB card	823	(434)	389	(96)	582	(284)	298	(115)
Personal loans	2 810	(1 163)	1 647	(650)	2 619	(921)	1 698	(303)
Retail other	99	(50)	49	(31)	124	(55)	69	(78)
<b>Total retail unsecured</b>	<b>3 732</b>	<b>(1 647)</b>	<b>2 085</b>	<b>(777)</b>	<b>3 325</b>	<b>(1 260)</b>	<b>2 065</b>	<b>(496)</b>
FNB commercial	43	(3)	40	-	208	(9)	199	5
<b>Total</b>	<b>6 211</b>	<b>(2 083)</b>	<b>4 128</b>	<b>(861)</b>	<b>16 424</b>	<b>(1 688)</b>	<b>14 736</b>	<b>(646)</b>

The GCA in stage 2 or stage 3 of advances that previously had been modified but not derecognised, and whose improvement in credit risk in the current year has moved into stage 1, amounted to R561 million (2023: R341 million).

## Notes to the consolidated financial statements

### 12 Impairment of advances

#### 12.1 Analysis of the loss allowance closing balance

R million	2024				
	Loss allowance				
	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
<b>Amount as at 30 June 2024</b>	<b>54 165</b>	<b>11 644</b>	<b>12 584</b>	<b>29 355</b>	<b>582</b>
Amortised cost	53 177	11 026	12 475	29 094	582
Fair value	988	618	109	261	–
<b>Included in the total loss allowance</b>					
– On- and off-balance sheet exposure*	53 955	11 540	12 482	29 351	582
– Letters of credit and guarantees	210	104	102	4	–
<b>Components of total loss allowance as at 30 June 2024</b>					
– Forward-looking information**	2 836	1 164	1 200	472	–
– Model updates <sup>#</sup>	22	59	(58)	21	–
	2023				
Amount as at 30 June 2023	51 072	12 779	12 255	25 793	245
Amortised cost	49 746	12 429	11 768	25 304	245
Fair value	1 326	350	487	489	–
<b>Included in the total loss allowance</b>					
– On- and off-balance sheet exposure*	50 848	12 662	12 157	25 784	245
– Letters of credit and guarantees	224	117	98	9	–
<b>Components of total loss allowance as at 30 June 2023</b>					
– Forward-looking information** <sup>†</sup>	4 830	2 180	1 967	683	–
– Model updates <sup>#</sup>	(534)	477	(69)	(942)	–

\* Includes loan commitments as the credit risks is managed and monitored with the drawn component as a single EAD. The EAD on the entire facility is used to calculate the ECL and is therefore included in the ECL allowance.

\*\* This represents the total ECL closing balance as at 30 June that is attributable to incorporating FLI macroeconomic information into the ECL calculations. For more detail on the process of incorporating FLI into the ECL calculation refer to the critical accounting estimates and judgements on page B39.

<sup>#</sup> This represents the total ECL closing balance as at 30 June that is attributable to model recalibrations or refinements in the impairment methodology used that has been approved by a governance body. The amount reflected is the additional ECL recognised at the point/date that the model update was implemented.

<sup>†</sup> Restated. Refer to note 39 – Impact due to changes in presentation and restatements on page B208.

## Notes to the consolidated financial statements

### 12 Impairment of advances continued

#### 12.2 Breakdown of ECL created in the reporting period

##### 12.2.1 Breakdown of ECL created in the reporting period per impairment charge

R million	2024				Purchased or originated credit-impaired
	Total	Stage 1	Stage 2	Stage 3	
Current period ECL provided	17 449	(1 836)	3 868	15 080	337
Interest suspended on stage 3 advances	(3 272)	–	–	(3 215)	(57)
<b>Current period change in ECL provided after interest suspended on stage 3 advances</b>	<b>14 177</b>	<b>(1 836)</b>	<b>3 868</b>	<b>11 865</b>	<b>280</b>
Post write-off recoveries	(2 483)	–	–	(2 483)	–
Modification losses	861	–	106	755	–
<b>Impairment recognised in the income statement for the period ended 30 June 2024</b>	<b>12 555</b>	<b>(1 836)</b>	<b>3 974</b>	<b>10 137</b>	<b>280</b>
<b>Amortised cost</b>	<b>12 510</b>	<b>(2 095)</b>	<b>4 339</b>	<b>9 986</b>	<b>280</b>
<b>Fair value*</b>	<b>45</b>	<b>259</b>	<b>(365)</b>	<b>151</b>	<b>–</b>
	2023				
Current period ECL provided	15 586	156	3 143	12 091	196
Interest suspended on stage 3 advances	(2 850)	–	–	(2 847)	(3)
<b>Current period change in ECL provided after interest suspended on stage 3 advances</b>	<b>12 736</b>	<b>156</b>	<b>3 143</b>	<b>9 244</b>	<b>193</b>
Post write-off recoveries	(2 457)	–	–	(2 457)	–
Modification losses	670	24	75	571	–
<b>Impairment recognised in the income statement for the period ended 30 June 2023</b>	<b>10 949</b>	<b>180</b>	<b>3 218</b>	<b>7 358</b>	<b>193</b>
<b>Amortised cost</b>	<b>11 151</b>	<b>400</b>	<b>3 258</b>	<b>7 300</b>	<b>193</b>
<b>Fair value*</b>	<b>(202)</b>	<b>(220)</b>	<b>(40)</b>	<b>58</b>	<b>–</b>

\* No material recoveries of bad debts written off or modification losses are attributable to advances measured at fair value.

## Notes to the consolidated financial statements

### 12 Impairment of advances continued

#### 12.2 Breakdown of ECL created in the reporting period continued

##### 12.2.2 Breakdown of ECL created in the reporting period per key driver

The table below provides a breakdown of the change in the ECL impairment recognised in the current period based on the key drivers. The key components of the ECL impairment recognised in the current period are as follows:

Income statement component	Definition and key drivers
<b>Volume change in stage 1</b>	<p>This represents the change in the impairment on stage 1 core lending advances, assuming that the coverage ratio has remained unchanged from the prior year. It is calculated as the movement in the GCA of stage 1 advances (current year less prior year) multiplied by the prior year stage 1 coverage ratio.</p> <p>The key drivers relate to the change in volume of stage 1 advances due to new business, stage migrations and loans commencing in the period in stage 1 subsequently written off or curing.</p>
<b>Change in stage 1 coverage</b>	<p>This represents the change in the impairment on stage 1 core lending advances due to a change in the coverage ratio for stage 1 advances. This is calculated as the GCA of stage 1 advances at the current year-end multiplied by the difference in the current year and prior year stage 1 coverage ratio.</p>
<b>Volume change in stage 2</b>	<p>This represents the change in the impairment on stage 2 core lending advances, assuming that the coverage ratio remained unchanged from the prior year. This is calculated as the movement in the GCA of stage 2 advances (current year less prior year) multiplied by the prior year stage 2 coverage ratio.</p> <p>This column therefore represents the change in volume of stage 2 advances due to stage migration, or loans commencing the period in stage 2 subsequently migrating to stage 3 or curing.</p>
<b>Change in stage 2 coverage</b>	<p>This represents the change in the impairment on stage 2 core lending advances due to a change in the coverage ratio for stage 2 advances. This is calculated as the gross carrying amount of stage 2 advances at the current year-end multiplied by the difference in the current year and prior year stage 2 coverage ratio.</p>
<b>Change in stage 3 provisions (NPLs)</b>	<p>This represents the change in the impairment on stage 3 core lending advances due to a change in the coverage ratio and volume changes due to loans commencing in the period in stage 3 subsequently written off or curing.</p>
<b>Modification gains or losses</b>	<p>Gains or losses recognised on modified exposures that are not derecognised.</p>
<b>Write-offs and other charges</b>	<p>Gross advances written off and other movements (foreign exchange movements, acquisition and disposal of advances and transfers to non-current assets held for sale).</p>

**Notes to the consolidated financial statements**

**12 Impairment of advances** continued

12.2 Breakdown of ECL created in the reporting period continued

12.2.2 Breakdown of ECL created in the reporting period per key driver continued

R million	2024												
	Movement in the balance sheet provisions					Movement in the balance sheet provisions				Recognised directly in the income statement			
	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	Performing book provisions	Change in stage 3 provisions	Credit provision increase/ (decrease)	Gross write-off and other	Current year ECL provided	Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries**	Total
Total retail secured	50	(81)	28	184	181	1 311	1 492	2 296	3 788	84	(647)	(239)	2 986
Total retail unsecured	123	(342)	385	(156)	10	1 961	1 971	7 711	9 682	777	(1 746)	(1 059)	7 654
Temporary stress scenario	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total retail secured and unsecured</b>	<b>173</b>	<b>(423)</b>	<b>413</b>	<b>28</b>	<b>191</b>	<b>3 272</b>	<b>3 463</b>	<b>10 007</b>	<b>13 470</b>	<b>861</b>	<b>(2 393)</b>	<b>(1 298)</b>	<b>10 640</b>
Total FNB commercial	113	124	34	(300)	(29)	103	74	1 412	1 486	-	(495)	(147)	844
- FNB commercial	113	124	34	(300)	(29)	103	74	1 412	1 486	-	(495)	(147)	844
- Temporary stress scenario	-	-	-	-	-	-	-	-	-	-	-	-	-
WesBank corporate and commercial	26	(9)	12	24	53	130	183	119	302	-	(36)	(13)	253
RMB corporate and investment banking	169	153	416	12	750	(186)	564	896	1 460	-	(93)	(5)	1 362
<b>Total corporate and commercial</b>	<b>308</b>	<b>268</b>	<b>462</b>	<b>(264)</b>	<b>774</b>	<b>47</b>	<b>821</b>	<b>2 427</b>	<b>3 248</b>	<b>-</b>	<b>(624)</b>	<b>(165)</b>	<b>2 459</b>
Broader Africa	89	(239)	6	40	(104)	89	(15)	883	868	-	(180)	(202)	486
Centre (including Group Treasury)*	75	(216)	(108)	2	(247)	(244)	(491)	61	(430)	-	3	(171)	(598)
UK operations*	(142)	(1 028)	(175)	(75)	(1 420)	735	(685)	978	293	-	(78)	(647)	(432)
<b>Total</b>	<b>503</b>	<b>(1 638)</b>	<b>598</b>	<b>(269)</b>	<b>(806)</b>	<b>3 899</b>	<b>3 093</b>	<b>14 356</b>	<b>17 449</b>	<b>861</b>	<b>(3 272)</b>	<b>(2 483)</b>	<b>12 555</b>
	2023												
Total retail secured	114	(98)	285	387	688	50	738	2 144	2 882	179	(455)	(438)	2 168
Total retail unsecured	278	(314)	341	(12)	293	384	677	7 349	8 026	496	(1 618)	(1 327)	5 577
Temporary stress scenario	(156)	-	(161)	-	(317)	-	(317)	-	(317)	-	-	-	(317)
<b>Total retail secured and unsecured</b>	<b>236</b>	<b>(412)</b>	<b>465</b>	<b>375</b>	<b>664</b>	<b>434</b>	<b>1 098</b>	<b>9 493</b>	<b>10 591</b>	<b>675</b>	<b>(2 073)</b>	<b>(1 765)</b>	<b>7 428</b>
Total FNB commercial	47	(145)	143	(21)	24	(313)	(289)	1 563	1 274	(5)	(464)	(190)	615
- FNB commercial	70	(145)	175	(21)	79	(313)	(234)	1 563	1 329	(5)	(464)	(190)	670
- Temporary stress scenario	(23)	-	(32)	-	(55)	-	(55)	-	(55)	-	-	-	(55)
WesBank corporate and commercial	48	(6)	(54)	(28)	(40)	(22)	(62)	178	116	-	(23)	(35)	58
RMB corporate and investment banking	405	(252)	(47)	(103)	3	(599)	(596)	1 105	509	-	(40)	(42)	427
<b>Total corporate and commercial</b>	<b>500</b>	<b>(403)</b>	<b>42</b>	<b>(152)</b>	<b>(13)</b>	<b>(934)</b>	<b>(947)</b>	<b>2 846</b>	<b>1 899</b>	<b>(5)</b>	<b>(527)</b>	<b>(267)</b>	<b>1 100</b>
Broader Africa	124	126	236	(304)	182	102	284	644	928	-	(201)	(232)	495
Centre (including Group Treasury)	83	(172)	-	1	(88)	19	(69)	69	-	-	-	-	-
UK operations	432	1 102	94	249	1 877	1 095	2 972	(804)	2 168	-	(49)	(193)	1 926
<b>Total</b>	<b>1 375</b>	<b>241</b>	<b>837</b>	<b>169</b>	<b>2 622</b>	<b>716</b>	<b>3 338</b>	<b>12 248</b>	<b>15 586</b>	<b>670</b>	<b>(2 850)</b>	<b>(2 457)</b>	<b>10 949</b>

\* The transfer of MotoNovo back book provisions as at 1 July 2023 has been excluded from the UK operations and Centre balance sheet movements, as it has a nil impact on current year ECL provisions raised at an overall group level.

\*\* Post write-off recoveries collected in the financial year consist of exposures written off over multiple previous reporting periods, including amounts written off under IAS 39. Under IAS 39, the group followed a conservative approach to writing off exposures and reflected high levels of post write-off recoveries. The absolute level of recoveries post the implementation of IFRS 9 (1 July 2018) continues to be impacted by amounts written off under the previous conservative write-off policy.

## Notes to the consolidated financial statements

### 13 Collateral, settlement balances and other assets

R million	2024	2023*
Items in transit	4 397	3 363
Interest and commission accrued	19	33
Prepayments	3 493	2 783
Properties in possession	55	72
Sundry debtors	1 645	1 423
Fair value hedge liability**	(2 998)	(10 007)
Dividends receivable	292	481
– Profit share receivable on insurance cells	231	393
– Other dividends receivable	61	88
Accounts receivable and other#	8 010	5 028
<b>Collateral and settlement balances</b>	<b>21 625</b>	<b>28 460</b>
– Variation margin – unsettled balances	454	827
– Variation margin	4 754	6 727
– Initial margin	16 417	20 906
<b>Total gross carrying amount of other assets</b>	<b>36 538</b>	<b>31 636</b>
– Financial	33 997	36 625
– Non-financial	2 541	(4 989)
– Loss allowance on other financial assets†	(486)	(448)
<b>Total collateral, settlement balances and other assets</b>	<b>36 052</b>	<b>31 188</b>

\* Restated. Refer to basis of preparation, critical accounting estimates, assumptions and impact due to changes in preparation and restatements, in addition to note 39 - Impact due to changes in presentation and restatements.

\*\* The balance reflected relates to the fair value of the interest rate risk component of the hedged items designated in the group's fair value macro hedge accounting relationship.

# In the prior year, the description for this line was accounts receivable. The description has been changed to accounts receivable and other in the current year.

† No further information is provided on the loss allowance on other assets, as the amounts are immaterial.

### 14 Non-current assets and disposal groups held for sale

R million	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents*	4	–
Investment securities*	692	–
Advances*	–	829
Impairment of advances	–	(36)
Collateral, settlement balances and other assets	180	–
Current tax assets	19	–
Property and equipment	115	–
Intangible assets	114	–
Investment in associates	147	566
Deferred income tax asset	227	–
<b>Total assets classified as a disposal group held for sale</b>	<b>1 498</b>	<b>1 359</b>
<b>LIABILITIES</b>		
Creditors, accruals and provisions	452	–
Current tax liability	12	–
Other liabilities*	63	–
Deferred tax liability	121	–
Employee benefit liabilities	50	–
Insurance contract liabilities	428	–
<b>Total liabilities classified as a disposal group held for sale</b>	<b>1 126</b>	<b>–</b>
<b>Net assets of disposal group held for sale</b>	<b>372</b>	<b>1 359</b>

\* Carrying amount approximates fair value.



## Notes to the consolidated financial statements

### 14 Non-current assets and disposal groups held for sale continued

#### 14.1 Investment in subsidiary held for sale

During the current year, the group approved the plan to dispose of a subsidiary within the WesBank segment and an international asset manager within the RMB segment. The carrying amount of the investment in subsidiaries is less than the fair value less cost to sell.

#### 14.2 Investment in associate held for sale

In the prior year, the group agreed to a share-buy-back initiated by the parent of one of its associates. The completion of the share-buy-back was finalised in October 2023.

#### 14.3 Advances

In the prior year, the group entered into an agreement to sell its working capital finance loan portfolio held in Aldermore. The sale was completed in July 2023 for a consideration equal to the carrying amount of the loan portfolio.

### 15 Insurance and reinsurance contract assets and liabilities

R million	Life	Non-life	Life reinsurance held	Non-life reinsurance held	Total
Notes	15.3	15.4	15.5	15.6	
<b>As at 30 June 2024</b>					
Insurance contract assets	760	–	–	–	760
Insurance contract liabilities	(686)	(282)	–	–	(968)
<b>Net insurance contract liabilities</b>	<b>74</b>	<b>(282)</b>	<b>–</b>	<b>–</b>	<b>(208)</b>
Reinsurance contract assets	–	–	484	25	509
Reinsurance contract liabilities	–	–	(29)	(19)	(48)
<b>Net reinsurance contract assets</b>	<b>–</b>	<b>–</b>	<b>455</b>	<b>6</b>	<b>461</b>
<b>As at 30 June 2023</b>					
Insurance contract assets	555	–	–	–	555
Insurance contract liabilities	(638)	(754)	–	–	(1 392)
<b>Net insurance contract liabilities</b>	<b>(83)</b>	<b>(754)</b>	<b>–</b>	<b>–</b>	<b>(837)</b>
Reinsurance contract assets	–	–	533	77	610
Reinsurance contract liabilities	–	–	(2)	(22)	(24)
<b>Net reinsurance contract assets</b>	<b>–</b>	<b>–</b>	<b>531</b>	<b>55</b>	<b>586</b>

#### 15.1 Expected timing of the release of the CSM for insurance contracts issued

R million	2024	2023
<b>Life insurance contracts issued</b>		
Within 1 year	(1 350)	(1 101)
Between 1 and 5 years	(2 340)	(2 016)
More than 5 years	(4 285)	(3 769)
<b>Total</b>	<b>(7 975)</b>	<b>(6 886)</b>
<b>Non-life insurance contracts issued</b>		
Within 1 year	–	(48)
Between 1 and 5 years	–	(71)
More than 5 years	–	–
<b>Total</b>	<b>–</b>	<b>(119)</b>
<b>Total CSM for insurance contracts issued</b>		
Within 1 year	(1 350)	(1 149)
Between 1 and 5 years	(2 340)	(2 087)
More than 5 years	(4 285)	(3 769)
<b>Total</b>	<b>(7 975)</b>	<b>(7 005)</b>

## Notes to the consolidated financial statements

### 15 Insurance and reinsurance contract assets and liabilities continued

#### 15.2 Expected timing of the release of the CSM for reinsurance contracts held

R million	2024	2023
<b>Life reinsurance</b>		
Within 1 year	23	8
Between 1 and 5 years	38	22
More than 5 years	59	48
<b>Total</b>	<b>120</b>	<b>78</b>
<b>Non-life reinsurance</b>		
Within 1 year	(34)	(16)
Between 1 and 5 years	-	(37)
More than 5 years	-	-
<b>Total</b>	<b>(34)</b>	<b>(53)</b>
<b>Total reinsurance contracts held</b>		
Within 1 year	(11)	(8)
Between 1 and 5 years	38	(15)
More than 5 years	59	48
<b>Total</b>	<b>86</b>	<b>25</b>

**Notes to the consolidated financial statements**

**15 Insurance and reinsurance contract assets and liabilities** continued

**15.3 Life – insurance contracts issued**

15.3.1 Life insurance contracts – reconciliation of the liability for remaining coverage and the liability for incurred claims

R million	2024						2023					
	LRC		LIC for contracts under PAA				LRC		LIC for contracts under PAA			
	Excluding loss component	Loss component	LIC for contracts under GMM	Present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	LIC for contracts under GMM	Present value of future cash flows	Risk adjustment	Total
<b>Net insurance contract liabilities as at 1 July</b>	<b>1 463</b>	<b>(585)</b>	<b>(768)</b>	<b>(191)</b>	<b>(2)</b>	<b>(83)</b>	1 570	(544)	(1 215)	(145)	(6)	(340)
- Insurance contract assets as at 1 July	1 295	(332)	(408)	-	-	555	670	(197)	(166)	-	-	307
- Insurance contract liabilities as at 1 July	168	(253)	(360)	(191)	(2)	(638)	900	(347)	(1 049)	(145)	(6)	(647)
<b>Insurance revenue</b>	<b>6 130</b>	-	-	-	-	<b>6 130</b>	5 265	-	-	-	-	5 265
<b>Insurance service expenses</b>	<b>(265)</b>	<b>96</b>	<b>(2 707)</b>	<b>(158)</b>	<b>(12)</b>	<b>(3 046)</b>	(267)	8	(2 168)	(121)	4	(2 544)
Incurred claims and other directly attributable expenses	-	166	(2 982)	(117)	(12)	(2 945)	-	191	(2 820)	(150)	-	(2 779)
Changes that relate to past service – changes in the FCF relating to the LIC	-	-	275	(41)	-	234	-	-	652	29	4	685
Losses on onerous contracts and reversals of those losses	-	(70)	-	-	-	(70)	-	(183)	-	-	-	(183)
Insurance acquisition cash flows amortisation	(265)	-	-	-	-	(265)	(267)	-	-	-	-	(267)
<b>Insurance service result</b>	<b>5 865</b>	<b>96</b>	<b>(2 707)</b>	<b>(158)</b>	<b>(12)</b>	<b>3 084</b>	4 998	8	(2 168)	(121)	4	2 721
Net finance expenses from insurance contracts issued	183	(63)	(22)	(11)	-	87	31	(49)	(9)	(3)	-	(30)
<b>Total amounts recognised in comprehensive income</b>	<b>6 048</b>	<b>33</b>	<b>(2 729)</b>	<b>(169)</b>	<b>(12)</b>	<b>3 171</b>	5 029	(41)	(2 177)	(124)	4	2 691
Transfer to working capital/other balance sheet accounts	-	-	660	32	-	692	-	-	645	35	-	680
<b>Cash flows</b>	<b>(5 857)</b>	-	<b>2 074</b>	<b>77</b>	-	<b>(3 706)</b>	(5 136)	-	1 980	43	-	(3 113)
Premiums received	(6 518)	-	-	-	-	(6 518)	(5 757)	-	-	-	-	(5 757)
Claims and other directly attributable expenses paid	-	-	2 074	77	-	2 151	-	-	1 980	43	-	2 023
Insurance acquisition cash flows	661	-	-	-	-	661	621	-	-	-	-	621
<b>Net insurance contract assets/(liabilities) as at 30 June</b>	<b>1 654</b>	<b>(553)</b>	<b>(762)</b>	<b>(251)</b>	<b>(14)</b>	<b>74</b>	1 463	(585)	(768)	(191)	(2)	(83)
- Insurance contract assets as at 30 June	1 437	(298)	(379)	-	-	760	1 295	(332)	(408)	-	-	555
- Insurance contract liabilities as at 30 June	217	(255)	(383)	(251)	(14)	(686)	168	(253)	(360)	(191)	(2)	(638)

## Notes to the consolidated financial statements

### 15 Insurance and reinsurance contract assets and liabilities continued

#### 15.3 Life – insurance contracts issued continued

##### 15.3.2 Life insurance contracts - Reconciliation of the measurement components of insurance contract balances measured under the GMM

R million	2024				2023			
	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
<b>Net insurance contract assets/ (liabilities) as at 1 July</b>	<b>7 882</b>	<b>(886)</b>	<b>(6 886)</b>	<b>110</b>	6 007	(827)	(5 370)	(190)
- Insurance contract assets as at 1 July	6 966	(751)	(5 660)	555	3 692	(473)	(2 913)	306
- Insurance contract liabilities as at 1 July	916	(135)	(1 226)	(445)	2 315	(354)	(2 457)	(496)
<b>Changes that relate to current service</b>	<b>373</b>	<b>348</b>	<b>2 162</b>	<b>2 883</b>	171	295	1 752	2 218
CSM recognised for the services provided	-	-	2 162	2 162	-	-	1 752	1 752
Change in the risk adjustment for the risk expired	-	348	-	348	-	295	-	295
Experience adjustments								
- Relating to premiums received in the period that relate to current service	236	-	-	236	204	-	-	204
- Relating to insurance acquisition cash flows incurred in the period	(31)	-	-	(31)	(48)	-	-	(48)
- Relating to insurance service expenses	168	-	-	168	15	-	-	15
<b>Changes that relate to future service</b>	<b>2 796</b>	<b>(403)</b>	<b>(2 464)</b>	<b>(71)</b>	2 836	(313)	(2 707)	(184)
Changes in estimates that adjust the CSM	813	(102)	(711)	-	1 254	(81)	(1 174)	(1)
Changes in estimates that result in onerous contract losses or reversal of losses	125	(11)	-	114	12	14	-	26
Contracts initially recognised in the period	1 858	(290)	(1 753)	(185)	1 570	(246)	(1 533)	(209)
<b>Changes that relate to past service</b>	<b>253</b>	<b>22</b>	<b>-</b>	<b>275</b>	625	27	-	652
Changes that relate to past service – changes in the FCF relating to the LIC	253	22	-	275	625	27	-	652
<b>Insurance service result</b>	<b>3 422</b>	<b>(33)</b>	<b>(302)</b>	<b>3 087</b>	3 632	9	(955)	2 686
Net finance expenses from insurance contracts issued	996	(110)	(788)	98	604	(69)	(561)	(26)
<b>Total amounts recognised in comprehensive income</b>	<b>4 418</b>	<b>(143)</b>	<b>(1 090)</b>	<b>3 185</b>	4 236	(60)	(1 516)	2 660
Transfer to working capital/other balance sheet accounts	660	-	-	660	645	-	-	645
<b>Cash flows</b>	<b>(3 615)</b>	<b>-</b>	<b>-</b>	<b>(3 615)</b>	(3 005)	-	-	(3 005)
Premiums received	(6 350)	-	-	(6 350)	(5 606)	-	-	(5 606)
Claims and other directly attributable expenses paid	2 074	-	-	2 074	1 980	-	-	1 980
Insurance acquisition cash flows	661	-	-	661	621	-	-	621
<b>Net insurance contract assets as at 30 June</b>	<b>9 345</b>	<b>(1 029)</b>	<b>(7 975)</b>	<b>341</b>	7 882	(886)	(6 886)	110
- Insurance contract assets as at 30 June	8 089	(870)	(6 457)	762	6 966	(751)	(5 660)	555
- Insurance contract liabilities as at 30 June	1 256	(159)	(1 518)	(421)	916	(135)	(1 226)	(445)

## Notes to the consolidated financial statements

### 15 Insurance and reinsurance contract assets and liabilities continued

#### 15.3 Life – insurance contracts issued continued

##### 15.3.3 Life insurance contracts – Impact of GMM contracts recognised during the period

R million	2024			2023		
	Non-onerous contracts	Onerous contracts	Total	Non-onerous contracts	Onerous contracts	Total
Estimates of the present value of future cash outflows	(2 057)	(846)	(2 903)	(1 954)	(892)	(2 846)
- Insurance acquisition cash flows	(373)	(249)	(622)	(353)	(220)	(573)
- Claims and other directly attributable expenses	(1 684)	(597)	(2 281)	(1 601)	(672)	(2 273)
Estimates of the present value of future cash inflows	4 065	696	4 761	3 704	712	4 416
Risk adjustment	(255)	(35)	(290)	(217)	(29)	(246)
CSM	(1 753)	–	(1 753)	(1 533)	–	(1 533)
<b>Increase in insurance contract liabilities from contracts recognised in the period</b>	<b>–</b>	<b>(185)</b>	<b>(185)</b>	<b>–</b>	<b>(209)</b>	<b>(209)</b>

##### 15.3.4 Life insurance contracts – Insurance revenue and CSM by transition method for contracts measured under GMM

R million	2024	2023
	<b>New contracts and contracts measured under the full retrospective approach at transition</b>	New contracts and contracts measured under the full retrospective approach at transition
Insurance revenue for the period	5 963	5 114
<b>CSM as at 1 July</b>	<b>(6 886)</b>	<b>(5 370)</b>
<b>Changes that relate to current service</b>	<b>2 163</b>	<b>1 752</b>
CSM recognised for the services provided	2 163	1 752
<b>Changes that relate to future service</b>	<b>(2 464)</b>	<b>(2 707)</b>
Changes in estimates that adjust the CSM	(711)	(1 174)
Contracts initially recognised in the period	(1 753)	(1 533)
Net finance expenses from insurance contracts issued	(788)	(561)
<b>CSM as at 30 June</b>	<b>(7 975)</b>	<b>(6 886)</b>

**Notes to the consolidated financial statements**

**15 Insurance and reinsurance contract assets and liabilities** continued

**15.4 Non-life – insurance contracts issued**

15.4.1 Non-life insurance contracts – reconciliation of the liability for remaining coverage and the liability for incurred claims

R million	2024						2023					
	LRC		LIC for contracts under PAA				LRC		LIC for contracts under PAA			
	Excluding loss component	Loss component	LIC for contracts under GMM	Present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	LIC for contracts under GMM	Present value of future cash flows	Risk adjustment	Total
<b>Net insurance contract liabilities as at 1 July</b>	<b>(433)</b>	<b>(11)</b>	<b>(19)</b>	<b>(265)</b>	<b>(26)</b>	<b>(754)</b>	(479)	(9)	(19)	(179)	(12)	(698)
- Insurance contract liabilities as at 1 July	(433)	(11)	(19)	(265)	(26)	(754)	(479)	(9)	(19)	(179)	(12)	(698)
<b>Insurance revenue</b>	<b>1 312</b>	–	–	–	–	<b>1 312</b>	1 101	–	–	–	–	1 101
<b>Insurance service expenses</b>	<b>(66)</b>	<b>10</b>	<b>(232)</b>	<b>(676)</b>	<b>6</b>	<b>(958)</b>	(68)	(2)	(213)	(626)	(13)	(922)
Incurred claims and other directly attributable expenses	–	–	(232)	(740)	(19)	(991)	–	–	(213)	(634)	(23)	(870)
Changes that relate to past service – changes in the FCF relating to the LIC	–	–	–	64	25	89	–	–	–	8	10	18
Losses on onerous contracts and reversals of those losses	–	10	–	–	–	10	–	(2)	–	–	–	(2)
Insurance acquisition cash flows amortisation	(66)	–	–	–	–	(66)	(68)	–	–	–	–	(68)
<b>Insurance service result</b>	<b>1 246</b>	<b>10</b>	<b>(232)</b>	<b>(676)</b>	<b>6</b>	<b>354</b>	1 033	(2)	(213)	(626)	(13)	179
Net finance expenses from insurance contracts issued	–	–	–	(12)	(1)	(13)	–	–	–	(10)	(1)	(11)
<b>Total amounts recognised in comprehensive income</b>	<b>1 246</b>	<b>10</b>	<b>(232)</b>	<b>(688)</b>	<b>5</b>	<b>341</b>	1 033	(2)	(213)	(636)	(14)	168
Transfer to working capital/other balance sheet accounts	–	–	14	123	–	137	–	–	–	117	–	117
<b>Cash flows</b>	<b>(1 274)</b>	–	<b>221</b>	<b>619</b>	–	<b>(434)</b>	(988)	–	213	432	–	(343)
Premiums received	(1 340)	–	–	–	–	(1 340)	(1 056)	–	–	–	–	(1 056)
Claims and other directly attributable expenses paid	–	–	221	619	–	840	–	–	213	432	–	645
Insurance acquisition cash flows	66	–	–	–	–	66	68	–	–	–	–	68
Transfer to/from non-current assets and disposal groups held for sale	412	–	16	–	–	428	–	–	–	–	–	–
<b>Net insurance contract liabilities as at 30 June</b>	<b>(49)</b>	<b>(1)</b>	–	<b>(211)</b>	<b>(21)</b>	<b>(282)</b>	(433)	(11)	(19)	(265)	(26)	(754)
- Insurance contract liabilities as at 30 June	(49)	(1)	–	(211)	(21)	(282)	(433)	(11)	(19)	(265)	(26)	(754)

## Notes to the consolidated financial statements

### 15 Insurance and reinsurance contract assets and liabilities continued

#### 15.4 Non-life – insurance contracts issued continued

##### 15.4.2 Non-life insurance contracts — reconciliation of the measurement components of insurance contract balances measured under the GMM

R million	2024				2023			
	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
<b>Net insurance contract liabilities as at 1 July</b>	<b>(295)</b>	<b>(12)</b>	<b>(119)</b>	<b>(426)</b>	(354)	(12)	(119)	(485)
- Insurance contract liabilities as at 1 July	(295)	(12)	(119)	(426)	(354)	(12)	(119)	(485)
<b>Changes that relate to current service</b>	-	-	<b>48</b>	<b>48</b>	-	-	118	118
CSM recognised for the services provided	-	-	48	48	-	-	118	118
<b>Changes that relate to future service</b>	<b>8</b>	-	-	<b>8</b>	118	-	(118)	-
Changes in estimates that adjust the CSM	-	-	-	-	118	-	(118)	-
Changes in estimates that result in onerous contract losses or reversal of losses	8	-	-	8	-	-	-	-
<b>Insurance service result</b>	<b>8</b>	-	<b>48</b>	<b>56</b>	118	-	-	118
<b>Total amounts recognised in comprehensive income</b>	<b>8</b>	-	<b>48</b>	<b>56</b>	118	-	-	118
Transfer to working capital/other balance sheet accounts	14	-	-	14	-	-	-	-
<b>Cash flows</b>	<b>(73)</b>	-	-	<b>(73)</b>	(59)	-	-	(59)
Premiums received	(360)	-	-	(360)	(340)	-	-	(340)
Claims and other directly attributable expenses paid	221	-	-	221	213	-	-	213
Insurance acquisition cash flows	66	-	-	66	68	-	-	68
Transfer to/from non-current assets and disposal groups held for sale	345	12	71	428	-	-	-	-
<b>Net insurance contract assets/ (liabilities) as at 30 June</b>	-	-	-	-	(295)	(12)	(119)	(426)
- Insurance contract liabilities as at 30 June	-	-	-	-	(295)	(12)	(119)	(426)

##### 15.4.3 Non-life insurance contracts – insurance revenue and CSM by transition method for contracts measured under the GMM

R million	2024		2023	
	Contracts measured under the modified retrospective approach at transition	Total	Contracts measured under the modified retrospective approach at transition	Total
Insurance revenue for the period	346	346	399	399
<b>CSM as at 1 July</b>	<b>(119)</b>	<b>(119)</b>	(119)	(119)
<b>Changes that relate to current service</b>	<b>48</b>	<b>48</b>	118	118
CSM recognised for the services provided	48	48	118	118
<b>Changes that relate to future service</b>	-	-	(118)	(118)
Changes in estimates that adjust the CSM	-	-	(118)	(118)
<b>Transfer to/from non-current assets and disposal groups held for sale</b>	<b>71</b>	<b>71</b>	-	-
<b>CSM as at 30 June</b>	-	-	(119)	(119)

**Notes to the consolidated financial statements**

**15 Insurance and reinsurance contract assets and liabilities** continued

15.5 Life reinsurance held

15.5.1 Life reinsurance contracts — reconciliation of the remaining coverage and the incurred claims components

R million	2024						2023					
	Remaining coverage		Incurred claims for contracts under PAA				Remaining coverage		Incurred claims for contracts under PAA			
	Excluding loss recovery component	Loss recovery component	Incurred claims for contracts under GMM	Present value of future cash flows	Risk adjustment	Total	Excluding loss recovery component	Loss recovery component	Incurred claims for contracts under GMM	Present value of future cash flows	Risk adjustment	Total
<b>Net reinsurance contract assets as at 1 July</b>	(179)	238	261	209	2	531	(227)	198	383	144	5	503
- Reinsurance contract assets as at 1 July	(177)	238	261	209	2	533	(227)	198	383	144	5	503
- Reinsurance contract liabilities as at 1 July	(2)	-	-	-	-	(2)	-	-	-	-	-	-
<b>Net income (expense) from reinsurance contracts held</b>	(473)	(62)	322	109	11	(93)	(462)	19	232	78	(3)	(136)
Reinsurance expenses	(473)	-	-	-	-	(473)	(462)	-	-	-	-	(462)
Incurred claims recovery and other directly attributable expenses	-	(47)	333	71	11	368	-	(58)	328	104	1	375
Changes that relate to past service – changes in the FCF relating to the incurred claims recovery	-	-	(11)	38	-	27	-	-	(96)	(26)	(4)	(126)
Income on initial recognition of onerous underlying contracts	-	49	-	-	-	49	-	58	-	-	-	58
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	(64)	-	-	-	(64)	-	19	-	-	-	19
<b>Insurance service result</b>	(473)	(62)	322	109	11	(93)	(462)	19	232	78	(3)	(136)
Net finance income from reinsurance contracts held	(15)	25	2	10	-	22	(12)	20	1	3	-	12
<b>Total amounts recognised in comprehensive income</b>	(488)	(37)	324	119	11	(71)	(474)	39	233	81	(3)	(124)
<b>Cash flows</b>	423	-	(352)	(76)	-	(5)	522	-	(354)	(16)	-	152
Premiums paid net of ceding commissions and other directly attributable expenses paid	423	-	-	-	-	423	522	-	-	-	-	522
Recoveries from reinsurance	-	-	(352)	(76)	-	(428)	-	-	(354)	(16)	-	(370)
<b>Net reinsurance contract assets as at 30 June</b>	(244)	201	233	252	13	455	(179)	238	261	209	2	531
- Reinsurance contract assets as at 30 June	(204)	201	225	249	13	484	(177)	238	261	209	2	533
- Reinsurance contract liabilities as at 30 June	(40)	-	8	3	-	(29)	(2)	-	-	-	-	(2)



## Notes to the consolidated financial statements

### 15 Insurance and reinsurance contract assets and liabilities continued

#### 15.5 Life reinsurance held continued

##### 15.5.2 Life reinsurance contracts – reconciliation of the measurement components of reinsurance contract balances measured under the GMM

R million	2024				2023			
	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
<b>Net reinsurance contract assets as at 1 July</b>	<b>227</b>	<b>45</b>	<b>78</b>	<b>350</b>	320	47	38	405
- Reinsurance contract assets as at 1 July	<b>229</b>	<b>45</b>	<b>78</b>	<b>352</b>	320	47	38	405
- Reinsurance contract liabilities as at 1 July	<b>(2)</b>	-	-	<b>(2)</b>	-	-	-	-
<b>Changes that relate to current service</b>	<b>(88)</b>	<b>(1)</b>	<b>34</b>	<b>(55)</b>	(38)	(8)	(34)	(80)
CSM recognised for the services received	-	-	<b>34</b>	<b>34</b>	-	-	(34)	(34)
Change in the risk adjustment for the risk expired	-	<b>(1)</b>	-	<b>(1)</b>	-	(8)	-	(8)
Experience adjustments								
- Relating to premiums paid in the period that relate to current service	<b>(63)</b>	-	-	<b>(63)</b>	11	-	-	11
- Relating to incurred claims and other directly attributable expenses recovery	<b>(25)</b>	-	-	<b>(25)</b>	(49)	-	-	(49)
<b>Changes that relate to future service</b>	<b>(36)</b>	<b>20</b>	<b>1</b>	<b>(15)</b>	(1)	5	72	76
Changes in estimates that adjust the CSM	<b>49</b>	<b>10</b>	<b>(59)</b>	-	13	(8)	(5)	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	<b>(64)</b>	-	-	<b>(64)</b>	19	-	-	19
Contracts initially recognised in the period	<b>(21)</b>	<b>10</b>	<b>11</b>	-	(33)	13	20	-
CSM adjustment for income on initial recognition of onerous underlying contracts	-	-	<b>49</b>	<b>49</b>	-	-	57	57
<b>Changes that relate to past service</b>	<b>(7)</b>	<b>(4)</b>	-	<b>(11)</b>	(93)	(3)	-	(96)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	<b>(7)</b>	<b>(4)</b>	-	<b>(11)</b>	(93)	(3)	-	(96)
<b>Insurance service result</b>	<b>(131)</b>	<b>15</b>	<b>35</b>	<b>(81)</b>	(132)	(6)	38	(100)
Net finance income from reinsurance contracts held	<b>(1)</b>	<b>7</b>	<b>7</b>	<b>13</b>	3	4	2	9
<b>Total amounts recognised in comprehensive income</b>	<b>(132)</b>	<b>22</b>	<b>42</b>	<b>(68)</b>	(129)	(2)	40	(91)
<b>Cash flows</b>	<b>(18)</b>	-	-	<b>(18)</b>	36	-	-	36
Premiums paid net of ceding commissions and other directly attributable expenses paid	<b>334</b>	-	-	<b>334</b>	390	-	-	390
Recoveries from reinsurance	<b>(352)</b>	-	-	<b>(352)</b>	(354)	-	-	(354)
<b>Net reinsurance contract assets as at 30 June</b>	<b>78</b>	<b>67</b>	<b>120</b>	<b>265</b>	227	45	78	350
- Reinsurance contract assets as at 30 June	<b>150</b>	<b>61</b>	<b>73</b>	<b>284</b>	229	45	78	352
- Reinsurance contract liabilities as at 30 June	<b>(72)</b>	<b>6</b>	<b>47</b>	<b>(19)</b>	(2)	-	-	(2)

## Notes to the consolidated financial statements

### 15 Insurance and reinsurance contract assets and liabilities continued

#### 15.5 Life reinsurance held continued

##### 15.5.3 Life reinsurance contracts – impact of GMM contracts recognised during the period

R million	2024			2023		
	Contracts originated not in a net gain	Contracts originated in a net gain	Total	Contracts originated not in a net gain	Contracts originated in a net gain	Total
Estimates of the present value of future cash outflows	(302)	–	(302)	(327)	–	(327)
Estimates of the present value of future cash inflows	282	–	282	294	–	294
Risk adjustment	10	–	10	13	–	13
CSM	10	–	10	20	–	20
<b>Increase in reinsurance contract assets from contracts recognised in the period</b>	–	–	–	–	–	–

##### 15.5.4 Life reinsurance contracts held – CSM by transition method for contracts measured under GMM

R million	2024	2023
	<b>New contracts and contracts measured under the full retrospective approach at transition</b>	New contracts and contracts measured under the full retrospective approach at transition
<b>CSM as at 1 July</b>	<b>78</b>	38
<b>Changes that relate to current service</b>	<b>34</b>	(34)
CSM recognised for the services received	34	(34)
<b>Changes that relate to future service</b>	<b>1</b>	72
Changes in estimates that adjust the CSM	(59)	(5)
Contracts initially recognised in the period	60	77
Net finance income from reinsurance contracts held	7	2
<b>CSM as at 30 June</b>	<b>120</b>	78

**Notes to the consolidated financial statements**

**15 Insurance and reinsurance contract assets and liabilities** continued

**15.6 Non-life – reinsurance contracts held**

15.6.1 Non-life reinsurance contracts – reconciliation of the remaining coverage and the incurred claims components

R million	2024						2023					
	Remaining coverage		Incurred claims for contracts under PAA				Remaining coverage		Incurred claims for contracts under PAA			
	Excluding loss recovery component	Loss recovery component	Incurred claims for contracts under GMM	Present value of future cash flows	Risk adjustment	Total	Excluding loss recovery component	Loss recovery component	Incurred claims for contracts under GMM	Present value of future cash flows	Risk adjustment	Total
<b>Net reinsurance contract assets/ (liabilities) as at 1 July</b>	(55)	2	27	72	9	55	–	1	28	16	1	46
- Reinsurance contract assets as at 1 July	(33)	2	27	72	9	77	–	1	28	16	1	46
- Reinsurance contract liabilities as at 1 July	(22)	–	–	–	–	(22)	–	–	–	–	–	–
<b>Net income (expense) from reinsurance contracts held</b>	(265)	(2)	151	57	(5)	(64)	(247)	1	113	112	8	(13)
Reinsurance expenses	(265)	–	–	–	–	(265)	(247)	–	–	–	–	(247)
Incurred claims recovery and other directly attributable expenses	–	–	164	93	4	261	–	–	119	102	9	230
Changes that relate to past service – changes in the FCF relating to the incurred claims recovery	–	–	(13)	(36)	(9)	(58)	–	–	(6)	10	(1)	3
Income on initial recognition of onerous underlying contracts	–	12	–	–	–	12	–	22	–	–	–	22
Reversals of a loss recovery component other than changes in the FCF of reinsurance contracts held	–	(11)	–	–	–	(11)	–	(21)	–	–	–	(21)
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	–	(3)	–	–	–	(3)	–	–	–	–	–	–
<b>Insurance service result</b>	(265)	(2)	151	57	(5)	(64)	(247)	1	113	112	8	(13)
Net finance income from reinsurance contracts held	(5)	–	1	2	–	(2)	(1)	–	1	1	–	1
<b>Total amounts recognised in comprehensive income</b>	(270)	(2)	152	59	(5)	(66)	(248)	1	114	113	8	(12)
<b>Cash flows</b>	232	–	(119)	(95)	–	18	192	–	(115)	(57)	–	20
Premiums paid net of ceding commissions and other directly attributable expenses paid	232	–	–	–	–	232	192	–	–	–	–	192
Recoveries from reinsurance	–	–	(119)	(95)	–	(214)	–	–	(115)	(57)	–	(172)
<b>Net reinsurance contract assets/ (liabilities) as at 30 June</b>	(93)	–	60	35	4	6	(55)	2	27	72	9	55
- Reinsurance contract assets as at 30 June	(15)	–	1	35	4	25	(33)	2	27	72	9	77
- Reinsurance contract liabilities as at 30 June	(78)	–	59	–	–	(19)	(22)	–	–	–	–	(22)

## Notes to the consolidated financial statements

### 15 Insurance and reinsurance contract assets and liabilities continued

#### 15.6 Non-life – reinsurance contracts held continued

##### 15.6.2 Non-life reinsurance contracts – reconciliation of the measurement components of reinsurance contract balances measured under the GMM

R million	2024				2023			
	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
<b>Net reinsurance contract (liabilities)/assets as at 1 July</b>	<b>24</b>	<b>26</b>	<b>(53)</b>	<b>(3)</b>	59	19	(49)	29
- Reinsurance contract assets as at 1 July	24	26	(53)	(3)	59	19	(49)	29
<b>Changes that relate to current service</b>	<b>(17)</b>	<b>(4)</b>	<b>26</b>	<b>5</b>	(12)	(5)	10	(7)
CSM recognised for the services received	-	-	26	26	-	-	10	10
Change in the risk adjustment for the risk expired	-	(4)	-	(4)	-	(5)	-	(5)
Experience adjustments								
- Relating to incurred claims and other directly attributable expenses recovery	(42)	-	-	(42)	12	-	-	12
- Relating to premiums paid in the period that relate to current service	25	-	-	25	(24)	-	-	(24)
<b>Changes that relate to future service</b>	<b>(3)</b>	<b>3</b>	<b>(2)</b>	<b>(2)</b>	1	11	(11)	1
Changes in estimates that adjust the CSM	(7)	1	6	-	2	12	(14)	-
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	(11)	(11)	-	(1)	(20)	(21)
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	(3)	-	-	(3)	-	-	-	-
Contracts initially recognised in the period	7	2	(9)	-	-	-	-	-
CSM adjustment for income on initial recognition of onerous underlying contracts	-	-	12	12	-	-	22	22
- Experience adjustments – arising from ceded premiums paid in the period that relate to future service	-	-	-	-	(1)	-	1	-
<b>Changes that relate to past service</b>	<b>(11)</b>	<b>(2)</b>	<b>-</b>	<b>(13)</b>	(6)	-	-	(6)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	(11)	(2)	-	(13)	(6)	-	-	(6)
<b>Insurance service result</b>	<b>(31)</b>	<b>(3)</b>	<b>24</b>	<b>(10)</b>	(17)	6	(1)	(12)
Net finance income from reinsurance contracts held	-	2	(5)	(3)	2	1	(3)	-
<b>Total amounts recognised in comprehensive income</b>	<b>(31)</b>	<b>(1)</b>	<b>19</b>	<b>(13)</b>	(15)	7	(4)	(12)
<b>Cash flows</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>	(20)	-	-	(20)
Premiums paid net of ceding commissions and other directly attributable expenses paid	121	-	-	121	95	-	-	95
Recoveries from reinsurance	(118)	-	-	(118)	(115)	-	-	(115)
<b>Net reinsurance contract liabilities as at 30 June</b>	<b>(3)</b>	<b>25</b>	<b>(34)</b>	<b>(12)</b>	24	26	(53)	(3)
- Reinsurance contract assets as at 30 June	8	2	(9)	1	24	26	(53)	(3)
- Reinsurance contract liabilities as at 30 June	(11)	23	(25)	(13)	-	-	-	-

## Notes to the consolidated financial statements

### 15 Insurance and reinsurance contract assets and liabilities continued

#### 15.6 Non-life – reinsurance contracts held continued

##### 15.6.3 Non-life reinsurance contracts – impact of GMM contracts recognised during the period

R million	2024			2023		
	Contracts originated not in a net gain	Contracts originated in a net gain	Total	Contracts originated not in a net gain	Contracts originated in a net gain	Total
Estimates of the present value of future cash outflows	–	(45)	(45)	–	–	–
Estimates of the present value of future cash inflows	–	52	52	–	–	–
Risk adjustment	–	2	2	–	–	–
CSM	–	(9)	(9)	–	–	–
<b>Increase in reinsurance contract assets from contracts recognised in the period</b>	–	–	–	–	–	–

##### 15.6.4 Non-life reinsurance contracts held – CSM by transition method for contracts measured under GMM

R million	2024	2023
	<b>New contracts and contracts measured under the full retrospective approach at transition</b>	New contracts and contracts measured under the full retrospective approach at transition
<b>CSM as at 1 July</b>	(53)	(49)
<b>Changes that relate to current service</b>	26	10
CSM recognised for the services received	26	10
<b>Changes that relate to future service</b>	(2)	(11)
Changes in estimates that adjust the CSM	6	(14)
Contracts initially recognised in the period	3	22
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	(11)	(20)
Experience adjustments – arising from ceded premiums paid in the period that relate to future service	–	1
Net finance income from reinsurance contracts held	(5)	(3)
<b>CSM as at 30 June</b>	<b>(34)</b>	<b>(53)</b>

### 16 Policyholder liabilities under investment contracts

R million	2024	2023
Opening balance	6 236	5 396
Premiums received	1 394	1 062
Fees deducted from account balances	(51)	(48)
Policyholder benefits on investment contracts	(515)	(855)
Fair value adjustments recognised in fair value gains or losses	605	681
<b>Closing balance</b>	<b>7 669</b>	<b>6 236</b>

## Notes to the consolidated financial statements

### 17 Investments in associates

R million	2024	2023
<b>Analysis of the carrying value of associates</b>		
Shares at cost less impairment	6 508	6 932
Share of post-acquisition reserves	3 824	3 468
<b>Total investments in associates</b>	<b>10 332</b>	<b>10 400</b>
<b>Movement in the carrying value of associates</b>		
Opening balance	10 400	8 178
Share of profit of associates after tax	1 466	332
– Income before tax for the year	1 977	1 318
– Net impairments of associates incurred	(114)	(611)
– Tax for the year	(397)	(375)
Net movement resulting from acquisitions, disposals and transfers	(312)	2 360
– Acquisition of associates	1 002	2 831
– Cash consideration	622	1 110
– Non-cash consideration	380	1 721
– Transfer to marketable advances	(1 314)	(1)
– Transfer to non-current assets and disposal groups held for sale	–	(470)
Movement in other reserves	14	(4)
Exchange rate differences	(1)	21
Dividends received for the year	(1 235)	(487)
<b>Closing balance</b>	<b>10 332</b>	<b>10 400</b>

During the current year R604 million (2023: R64 million) in losses were not recognised. The cumulative share of losses from associates not recognised is R1 206 million (2023: R478 million). During the current year, group transferred a portion of its interest in a fund that has been classified as an associate to marketable advances for R1.3 billion. No gain or loss was recognised on the transfer.

The group has no exposure to contingent liabilities as a result of its relationships with associates.

## Notes to the consolidated financial statements

### 17 Investments in associates continued

#### Financial information of significant associates

	Toyota Financial Services Proprietary Limited		Primedia Holdings Proprietary Limited		Volkswagen Financial Services SA Proprietary Limited	
<b>Nature of business</b>	Vehicle finance		Broadcasting		Vehicle finance	
<b>Place of business</b>	South Africa		South Africa		South Africa	
<b>% ownership</b>	33		22		49	
<b>% voting rights</b>	33		22		49	
R million	2024	2023	2024	2023	2024	2023
<b>Amounts recognised in profit or loss and other comprehensive income of the investee</b>						
Dividends received	56	139	–	–	175	–
Revenue	2 123	1 874	2 318	1 954	1 688	1 694
Profit or loss from continuing operations after tax	569	410	284	194	258	194
<b>Total comprehensive income</b>	<b>569</b>	<b>410</b>	<b>284</b>	<b>194</b>	<b>258</b>	<b>194</b>
<b>Amounts recognised on the statement of financial position of the investee</b>						
Total assets	52 054	46 086	4 750	4 563	39 257	36 221
– Current assets	13 980	13 672	784	676	20 874	18 129
– Non-current assets	38 074	32 414	3 966	3 887	18 383	18 092
Total liabilities	(47 109)	(41 313)	(2 947)	(2 931)	(36 273)	(33 495)
– Current liabilities	(14 153)	(13 756)	(886)	(726)	(22 103)	(14 361)
– Non-current liabilities	(32 956)	(27 557)	(2 061)	(2 205)	(14 170)	(19 134)
<b>Net asset value</b>	<b>4 945</b>	<b>4 773</b>	<b>1 803</b>	<b>1 632</b>	<b>2 984</b>	<b>2 726</b>
Group's share of net asset value	1 632	1 575	397	359	1 462	1 336
Other adjustments to net asset value	(34)	(142)	(252)	(259)	(110)	37
<b>Carrying value of investments</b>	<b>1 598</b>	<b>1 433</b>	<b>145</b>	<b>100</b>	<b>1 352</b>	<b>1 373</b>
<b>Acquisitions of associates</b>						
Total consideration transferred	–	–	–	–	–	–
– Discharged by cash	–	–	–	–	–	–

## Notes to the consolidated financial statements

### 17 Investments in associates continued

#### Financial information of individually immaterial associates

R million	RMB private equity associates		Other individually immaterial associates	
	2024	2023	2024	2023
Carrying amount	<b>5 124</b>	4 216	<b>2 113</b>	3 278
Group's share of profit or loss after tax from continuing operations	<b>1 024</b>	219	<b>23</b>	(107)
Group's share of other comprehensive loss	<b>13</b>	8	<b>-</b>	-
<b>Group's share of total comprehensive income/(loss)</b>	<b>1 037</b>	227	<b>23</b>	(107)
<b>Acquisitions of associates</b>				
Acquisition date	<b>Various</b>	Various	<b>Various</b>	Various
Interest acquired (%)	<b>Various</b>	Various	<b>Various</b>	Various
Total consideration transferred	<b>882</b>	960	<b>120</b>	1 871
- Discharged by cash	<b>502</b>	839	<b>120</b>	271
- Non-cash consideration and other purchases	<b>380</b>	121	<b>-</b>	1 600
<b>Disposal of associates</b>				
Disposal date	<b>Various</b>	Various	<b>Various</b>	Various
Interest disposed (%)	<b>Various</b>	Various	<b>Various</b>	Various
Total consideration received	<b>8</b>	38	<b>1 307</b>	-
- Discharged by cash	<b>7</b>	38	<b>15</b>	-
- Non-cash consideration and other purchases	<b>1</b>	-	<b>1 292</b>	-
Carrying value of the associate on disposal	<b>(7)</b>	(1)	<b>(1 307)</b>	-
<b>Gains on disposal of associates</b>	<b>1</b>	37	<b>-</b>	-

#### Significant acquisitions, disposal and impairment of associates 2024

##### Impairment of associates

The net impairment of R114 million (2023: R611 million) recognised is driven by impairments arising from two associates. Macro economic factors necessitated impairments to these investee companies. The carrying value of the investments are based on their fair value less cost to sell and was determined using an earnings multiple approach, with the key assumptions being the earnings multiples and sustainable earnings. The fair values less cost to sell is level 3 of the fair value hierarchy.

#### Significant acquisition, disposal and impairment of associates 2023

##### Impairment of associates

In the prior year, a private equity investee company implemented a debt-to-equity restructure. As a result, a portion of the investee's loan was converted to equity while the other was settled according to the contractual terms of the loan. A gain of R715 million was recognised in investment income relating to the portion of the loan that was converted to equity (refer note 2.4). The portion of the advance settled resulted in R105 million release in impairment on amortised cost advances, with the majority of the loan being written off of R716 million (refer to note 2.4). The impairment of the equity portion resulting from the restructure amounted to R650 million in joint ventures and R149 million in associates. The net earnings impact of this transaction is zero.

The remaining impairment recognised relates to the group's investment in private equity associates and other individually immaterial associates, evidencing continued weakening macro economic conditions in South Africa due to rising interest rates, elevated inflation, a weakening Rand and power shortages. The carrying value of these investments are based on their fair value less costs to sell and was determined using an earnings multiple approach with the key assumptions being the earnings multiples and sustainable earnings. The fair value less costs to sell is level 3 of the fair value hierarchy.

##### Reclassification of investment in associates to non-current assets held for sale

In the prior year, the group's investment in an associate was reclassified to non-current asset held for sale. This investment forms part of the FNB segment. Refer to note 14 for more detail.



## Notes to the consolidated financial statements

### 18 Investments in joint ventures

R million	2024	2023
<b>Analysis of carrying value of joint ventures</b>		
Shares at cost less impairment	535	454
Share of post-acquisition reserves	2 975	2 651
<b>Carrying value of investments in joint ventures</b>	<b>3 510</b>	<b>3 105</b>
<b>Movement in the carrying value of joint ventures</b>		
Opening balance	3 105	2 618
Share of profit of joint ventures after tax	960	155
– Income before tax for the year	1 093	905
– Net impairments of joint ventures incurred	(25)	(650)
– Tax for the year	(108)	(100)
Net movement resulting from acquisitions and disposals	101	639
– Acquisition of joint ventures	101	706
– Disposal of joint ventures	–	(67)
Movement in other reserves	2	1
Dividends received for the year	(658)	(308)
<b>Closing balance</b>	<b>3 510</b>	<b>3 105</b>

## Notes to the consolidated financial statements

### 18 Investments in joint ventures continued

#### Financial information of significant joint ventures

	<b>RMB Morgan Stanley</b>	
<b>Nature of business</b>	<b>Equity sales, trading and research South Africa</b>	
<b>Place of business</b>	<b>South Africa</b>	
<b>% ownership</b>	<b>50</b>	
<b>% voting rights</b>	<b>50</b>	
R million	<b>2024</b>	2023
<b>Amounts recognised in profit or loss and other comprehensive income of the investee</b>		
Dividends received	<b>80</b>	77
Revenue	<b>851</b>	995
Profit or loss from continuing operations after tax	<b>160</b>	303
<b>Total comprehensive income</b>	<b>160</b>	303
<b>Amounts recognised in the statement of financial position of the investee</b>		
Total assets	<b>27 585</b>	22 908
– Current assets	<b>27 003</b>	21 800
– Non-current assets	<b>582</b>	1 108
Total liabilities	<b>(26 041)</b>	(21 365)
– Current financial liabilities	<b>(22 719)</b>	(14 825)
– Current non-financial liabilities	<b>(2 731)</b>	(5 425)
– Non-current financial liabilities	<b>(540)</b>	(1 045)
– Non-current non-financial liabilities	<b>(51)</b>	(70)
<b>Net asset value</b>	<b>1 544</b>	1 543
Group's share of net asset value	<b>772</b>	772
Other adjustments to net asset value	<b>35</b>	31
<b>Carrying value of investment</b>	<b>807</b>	803
<b>Included in total assets, liabilities and comprehensive income</b>		
Cash and cash equivalents	<b>548</b>	(2 635)
Depreciation and amortisation	<b>(11)</b>	(13)
Interest income	<b>21</b>	46
Interest expense	<b>(304)</b>	(757)
Income tax	<b>(59)</b>	(64)

## Notes to the consolidated financial statements

### 18 Investments in joint ventures continued

#### Financial information of individually immaterial joint ventures

R million	RMB private equity joint ventures		Other	
	2024	2023	2024	2023
Carrying amount	2 350	2 032	353	270
Group's share of profit or loss after tax from continuing operations	842	(57)	34	67
Group's share of other comprehensive income	2	1	–	–
Group's share of total comprehensive (loss)/income	844	(56)	34	67
<b>Acquisition of joint ventures</b>				
Acquisition date	Various	Various	Various	Various
Interest acquired (%)	Various	Various	Various	Various
Total consideration transferred	6	671	95	35
– Discharged by cash	6	618	95	35
– Non-cash consideration	–	53	–	–
<b>Disposal of joint ventures</b>				
Disposal date	Various	Various	Various	Various
Interest disposed of (%)	Various	Various	Various	Various
Total consideration received	–	67	–	–
– Discharged by cash	–	67	–	–
Carrying value of the joint venture on disposal date	–	(67)	–	–
<b>Gain on disposal of joint ventures</b>	–	–	–	–

During the current year losses of R244 million (2023: R384 million) were not recognised as the balance of the investment in the joint venture was Rnil. The cumulative share of losses from joint ventures not recognised is R1 148 million (2023: R1 021 million).

Impairments recognised for other joint ventures of R25 million (2023: R671 million) relates mainly to an underlying investment holding in a listed share that devalued during the year. A net reversal of impairment in the prior year of R21 million was recognised.

The group has exposure to contingent liabilities of R150 million (2023: R150 million) as a result of its relationships with its joint ventures.

## Notes to the consolidated financial statements

### 19 Property and equipment

R million	Freehold property	Right of use property	Right of use equipment	Assets held under leasing agreements	Computer equipment	Other equipment	Total
<b>Net book value at 1 July 2022</b>	6 765	5 115	458	153	2 845	4 389	19 725
Cost	10 164	9 214	938	344	9 890	9 241	39 791
Accumulated depreciation	(3 399)	(4 099)	(480)	(191)	(7 045)	(4 852)	(20 066)
Movement for the year	29	580	(55)	(26)	632	270	1 430
Acquisitions*	440	1 610	155	18	1 835	1 774	5 832
Disposals	(75)	(29)	–	(5)	–	(374)	(483)
Acquisitions of subsidiaries	–	–	–	–	–	–	–
Exchange rate difference	(16)	205	4	(6)	12	10	209
Depreciation charge for the year	(320)	(1 189)	(192)	(37)	(1 215)	(1 092)	(4 045)
Impairments recognised	–	(17)	–	–	–	(48)	(65)
Early terminations/modification of leases	–	–	(22)	–	–	–	(22)
Impairments reversed	–	–	–	4	–	–	4
<b>Net book value at 30 June 2023</b>	<b>6 794</b>	<b>5 695</b>	<b>403</b>	<b>127</b>	<b>3 477</b>	<b>4 659</b>	<b>21 155</b>
Cost	10 421	10 324	871	319	8 414	9 014	39 363
Accumulated depreciation	(3 627)	(4 629)	(468)	(192)	(4 937)	(4 355)	(18 208)
Movement for the year	(27)	38	(20)	(22)	878	1 324	2 171
Acquisitions*	433	1 579	173	45	2 324	3 323	7 877
Disposals	(41)	(34)	–	(25)	(10)	(853)	(963)
Acquisitions of subsidiaries	–	–	–	–	3	–	3
Exchange rate difference	(27)	(93)	(1)	(5)	(43)	(34)	(203)
Depreciation charge for the year	(315)	(1 287)	(175)	(31)	(1 391)	(1 130)	(4 329)
Impairments recognised	(20)	–	–	(6)	(5)	(29)	(60)
Early terminations/modification of leases	–	(71)	(17)	–	–	–	(88)
Impairments reversed	–	2	–	–	–	47	49
Transfer to non-current asset and disposal groups held for sale	(57)	(58)	–	–	–	–	(115)
<b>Net book value at 30 June 2024</b>	<b>6 767</b>	<b>5 733</b>	<b>383</b>	<b>105</b>	<b>4 355</b>	<b>5 983</b>	<b>23 326</b>
Cost	10 672	10 597	744	290	9 184	10 114	41 601
Accumulated depreciation	(3 905)	(4 864)	(361)	(185)	(4 829)	(4 131)	(18 275)

\* Include capitalised improvements to property leases of R235 million (2023: R663 million).

## Notes to the consolidated financial statements

### 20 Intangible assets

R million	Goodwill	Broker relationship	Software and development costs	Trade-marks	Other	Total
<b>Net book value at 1 July 2022</b>	7 722	893	643	47	152	9 457
Cost	8 674	2 633	2 281	335	471	14 394
Accumulated amortisation and impairment	(952)	(1 740)	(1 638)	(288)	(319)	(4 937)
Movement for the year	924	(357)	275	(10)	(12)	820
Acquisitions and capitalisations	–	–	454	–	6	460
Exchange rate differences	1 266	120	–	–	(9)	1 377
Amortisation for the year	–	(477)	(179)	(10)	(9)	(675)
Impairments recognised	(342)	–	–	–	–	(342)
<b>Net book value at 30 June 2023</b>	<b>8 646</b>	<b>536</b>	<b>918</b>	<b>37</b>	<b>140</b>	<b>10 277</b>
Cost	9 861	3 161	2 502	343	481	16 348
Accumulated amortisation and impairment	(1 215)	(2 625)	(1 584)	(306)	(341)	(6 071)
Movement for the year	(465)	(536)	451	(10)	(16)	(576)
Acquisitions and capitalisations	–	–	704	–	–	704
Transfer to non-current asset and disposal groups held for sale	(92)	–	(22)	–	–	(114)
Exchange rate differences	(312)	(9)	(9)	–	(6)	(336)
Amortisation for the year	–	(527)	(222)	(10)	(10)	(769)
Impairments recognised	(61)	–	–	–	–	(61)
<b>Net book value at 30 June 2024</b>	<b>8 181</b>	<b>–</b>	<b>1 369</b>	<b>27</b>	<b>124</b>	<b>9 701</b>
Cost	9 113	3 034	2 973	340	460	15 920
Accumulated amortisation and impairment	(932)	(3 034)	(1 604)	(313)	(336)	(6 219)

In the current year, goodwill and software and development costs of R91 million and R24 million respectively have been transferred to non-current assets held for sale. Refer to note 14.1 for more information.

### 21 Investment properties

R million	Notes	2024	2023
Opening balance		353	698
Fair value remeasurements	2.4	28	(25)
Additions		323	–
Acquisition/(disposal) of subsidiaries		–	(320)
<b>Closing balance</b>		<b>704</b>	<b>353</b>

The following amounts have been disclosed in profit or loss with respect to investment property:

R million	2024	2023
Rental income from investment property	115	88
Direct operating expenses on investment property that generated rental income	74	43

In the current and prior year the group has no contractual obligations to purchase, construct or develop investment property, nor were there material costs incurred for repairs, maintenance and enhancements of investment property.

External valuations are performed every two years, with the last external valuation conducted in 2023. A desktop valuation is undertaken in the years where an external valuation is not performed, so as to ensure significant changes in fair value of investment properties are reported.

Refer to note 35 for the significant inputs used to determine the fair value of investment properties.

## Notes to the consolidated financial statements

### 22 Employee liabilities and related costs

R million	Notes	2024	2023
Liability for short-term employee benefits		9 541	9 353
Share-based payment liability (detailed in note 33)		5 540	6 321
Defined benefit post-employment liability	22.1	1 420	1 335
Other long-term employee benefit liability		71	65
Defined contribution post-employment liability	22.2	-	-
<b>Total employee liabilities</b>		<b>16 572</b>	<b>17 074</b>
Defined benefit post-employment asset	22.1	(7)	(25)
<b>Net amount due to employees</b>		<b>16 565</b>	<b>17 049</b>

#### 22.1 Defined benefit post-employment liability

The group has financial liabilities in respect of two defined benefit arrangements in South Africa – a plan that provides defined post-employment medical benefits to retired employees, and a defined benefit pension plan. In terms of these plans, the group is liable to the employees for specific payments from retirement and for any deficit in the provision of these benefits from the plan assets. The liabilities and assets of these plans are reflected as an asset or liability on the statement of financial position.

NATURE OF BENEFITS	
Pension	Medical
<p>The pension plan (FirstRand Retirement Fund) provides retired employees with a pension benefit after service.</p> <p>A separate account (the fund) has been established. The account holds assets that are used solely to pay pension benefits. For current pensioners the fund pays a pension to the members and a dependants' pension to the spouse and eligible children on death of the pensioner.</p> <p>There is also a small number of active members whose benefit entitlement will be determined on a defined benefit basis as prescribed by the rules of the fund.</p> <p>For this small number of defined benefit contributing members in the pension plan (12 members), the group is liable for any deficit in the value of accrued benefits exceeding the assets in the fund earmarked for these liabilities.</p> <p>The liability of the plan in respect of defined contribution members is equal to the member's fund credit, which is determined as the accumulation of the member's contributions (net of deduction for fund expenses and cost of death benefits) as well as any amounts transferred into the fund by the member, increased with the net investment returns earned (positive or negative) on the member's assets. The fund provides a pension that can be purchased with the member's fund credit (equal to member contributions at retirement should the member so choose).</p>	<p>The medical plan scheme provides retired employees with medical benefits.</p> <p>The employer's post-employment healthcare liability consists of a commitment to pay a portion of the members' post-employment medical plan scheme contributions. This liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member. Members employed on or after 1 December 1998 do not qualify for a post-employment medical subsidy.</p>

**Notes to the consolidated financial statements**

**22 Employee liabilities and related costs** continued

**22.1 Defined benefit post-employment liability** continued

NATURE OF BENEFITS	
Pension	Medical
<p>In terms of the existing pensioners in the pension plan, the trustees are responsible for setting the pension increase policy and for granting pension increases subject to the ring-fenced pensioner assets of the fund supporting such increases.</p> <p>Should the pension account in the fund be in deficit to the extent that current pensions in payment cannot be maintained, the group is liable to maintain the nominal value of pensions in payment.</p> <p>The fund also provides death, retrenchment and withdrawal benefits.</p>	

GOVERNANCE	
Pension	Medical
<p>The pension plan is regulated by the Financial Sector Conduct Authority in South Africa.</p> <p>Responsibility for governance of the plans, including investment decisions, lies with the board of trustees. Contribution categories available to members are jointly determined by the group and board of trustees. The board of trustees must be composed of representatives of the group and plan participants in accordance with the plans' regulations. The board consists of four representatives of the group and four representatives of the plan participants in accordance with the plans' regulations. The trustees serve on the board for four years and may be re-elected a number of times. An external auditor performs an audit of the fund on an annual basis and such annual financial statements are submitted to the Registrar of Pension Funds (i.e. to the Financial Sector Conduct Authority). A full actuarial valuation of the pension fund is submitted to the Financial Sector Conduct Authority every three years. The 30 June 2023 valuation is the last valuation that has been submitted to the Financial Sector Conduct Authority. Annual interim actuarial valuations are performed for the trustees and for IAS 19 purposes. At the last valuation date the fund was financially sound.</p>	<p>The medical plan is regulated by the registrar of the Council for Medical Schemes in South Africa.</p> <p>Governance of the post-employment medical aid subsidy policy lies with the group. The group has established a committee that meets regularly to discuss and review the management of the medical plan scheme and the subsidy. This committee is managed and governed by the FirstRand group financial resource management executive committee and the FirstRand group ALCCO.</p> <p>The committee also considers administration and data management issues and analyses demographic and economic risks inherent in the subsidy policy.</p>

## Notes to the consolidated financial statements

### 22 Employee liabilities and related costs continued

#### 22.1 Defined benefit post-employment liability continued

##### ASSET-LIABILITY MATCHING STRATEGIES

The group ensures that the investment positions are managed within an asset and liability matching (ALM) framework that has been developed to achieve long-term investment returns that are in line with the obligations under the schemes. Within this framework, the group's ALM objective is to match assets to the pension obligations by investing in long-term fixed-interest securities with maturities that match the benefit payments as they fall due. The group actively monitors how the duration and expected yield of the investments match the expected cash outflows arising from the pension obligations. Investments are well diversified so that the failure of any single investment would not have a material impact on the overall level of assets.

The trustees of the fund have adopted an investment strategy in respect of the pensioner liabilities that largely follows an 80% exposure in fixed-interest instruments to immunise against interest rate and inflation risk, and 20% exposure to local and foreign growth assets. An overlay comprising 20% exposure of high-quality corporate credit fixed-income instruments is funded through a repo transaction of a portion of the South African government-issued inflation-linked bonds to improve the probability of achieving the performance objective.

The fixed-interest instruments consist mainly of long-dated South African government-issued inflation-linked bonds, while the growth assets are allocated to selected local and foreign asset managers. The trustees receive monthly reports on the funding level of the pensioner liabilities and an in-depth attribution analysis in respect of changes in the pensioner funding level.

The trustees of the fund aim to apportion an appropriate level of balanced portfolio, conservative portfolio, and inflation-linked and money market assets to match the maturing defined benefit active member liabilities. It should be noted that this is an approximate matching strategy, as elements such as salary inflation and decrement rates cannot be matched. This is, however, an insignificant liability compared to the total liability of the pension fund.

##### RISK ASSOCIATED WITH THE PLANS

Through its defined benefit pension plans and post-employment medical plans, the group is exposed to a number of risks, the most significant of which are detailed below.

**Asset volatility** – Assets are held in order to provide a return to back the plans' obligations, therefore any volatility in the value of these assets relative to the value of the liabilities would create a mismatch profit or deficit.

**Inflation risk** – The plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. Consumer price inflation and healthcare cost inflation form part of the financial assumptions used in the valuation.

**Life expectancy** – The plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

**Demographic movements** – The plans' liabilities are determined based on a number of best estimate assumptions based on the demographic movements of participants, including withdrawal and early retirement rates. This is especially relevant to the post-employment medical aid subsidy liabilities. Should fewer eligible employees withdraw and/or should more eligible employees retire earlier than assumed, the post-employment healthcare liabilities could be understated.



## Notes to the consolidated financial statements

### 22 Employee liabilities and related costs continued

#### 22.1 Defined benefit post-employment liability continued

Details of the gross defined benefit plan assets and fund liability and net fund asset/liability are shown below.

R million	Notes	2024			2023*		
		Pension	Medical**	Total	Pension	Medical**	Total
<b>Post-employment benefit fund liability</b>							
Present value of funded obligation		7 522	3 234	10 756	7 784	3 135	10 919
Fair value of plan assets		(8 555)	(1 823)	(10 378)	(8 474)	(1 818)	(10 292)
– Listed equity instruments		(2 243)	–	(2 243)	(2 036)	–	(2 036)
– Cash and cash equivalents		(216)	–	(216)	(247)	–	(247)
– Debt instruments		(2 318)	–	(2 318)	(2 410)	–	(2 410)
– Derivatives		(20)	–	(20)	(13)	–	(13)
– Qualifying insurance policy		–	(1 823)	(1 823)	–	(1 818)	(1 818)
– Other		(3 758)	–	(3 758)	(3 768)	–	(3 768)
<b>Total employee (asset)/liability*</b>		<b>(1 033)</b>	<b>1 411</b>	<b>378</b>	(690)	1 317	627
Limitation imposed by IAS 19 asset ceiling		1 035	–	1 035	683	–	683
Other		–	–	–	–	–	–
<b>Total net post-employment liabilities/ (asset)</b>		<b>2</b>	<b>1 411</b>	<b>1 413</b>	(7)	1 317	1 310
<b>Total amount recognised on the income statement (included in staff costs)</b>							
	3	(77)	180	103	(33)	170	137
<b>Movement in post-employment benefit fund liability*</b>							
Present value at the beginning of the year		7 784	3 135	10 919	8 453	3 159	11 612
Exchange differences		(3)	–	(3)	38	–	38
Current service cost		11	30	41	4	32	36
Interest expense		892	365	1 257	858	369	1 227
Remeasurements: recognised in OCI		(189)	(71)	(260)	(857)	(190)	(1 047)
– Actuarial gains from changes in demographic		(5)	–	(5)	–	–	–
– Actuarial (losses)/gains from financial assumptions		(261)	(33)	(294)	(818)	(116)	(934)
– Other remeasurements		77	(38)	39	(39)	(74)	(113)
Benefits paid		(973)	(225)	(1 198)	(712)	(235)	(947)
Employer contribution		–	–	–	–	–	–
Employee contribution		–	–	–	–	–	–
<b>Closing balance</b>		<b>7 522</b>	<b>3 234</b>	<b>10 756</b>	7 784	3 135	10 919

\* In the prior year, the present value of funded obligation movement reconciliation was not disclosed. The note has been updated and comparatives provided as required by IAS 19.

\*\* The medical plan asset is an insurance policy with a limit of indemnity. The insurance policy is backed by assets held through an insurance cell captive. The excess assets of the cell captive belong to a subsidiary of the group and are recognised in accounts receivable. The group's liability is therefore sufficiently funded.

## Notes to the consolidated financial statements

### 22 Employee liabilities and related costs continued

#### 22.1 Defined benefit post-employment liability continued

R million	2024			2023		
	Pension	Medical*	Total	Pension	Medical*	Total
<b>Movement in the fair value of plan assets:</b>						
Opening balance	8 474	1 818	10 292	8 816	1 915	10 731
Interest income	980	215	1 195	895	231	1 126
Remeasurements: recognised in OCI	61	(25)	36	(571)	(117)	(688)
Exchange differences	(8)	–	(8)	44	–	44
Employer contributions	14	37	51	1	21	22
Employee contributions	7	–	7	1	–	1
Benefits paid and settlements	(973)	(222)	(1 195)	(712)	(232)	(944)
<b>Closing balance</b>	<b>8 555</b>	<b>1 823</b>	<b>10 378</b>	8 474	1 818	10 292
<b>Reconciliation of limitation imposed by IAS 19 asset ceiling</b>						
Opening balance	683	–	683	344	–	344
Interest income	85	–	85	37	–	37
Change in the asset ceiling, excluding amounts included in interest	267	–	267	302	–	302
<b>Closing balance</b>	<b>1 035</b>	<b>–</b>	<b>1 035</b>	683	–	683
<b>Actual return on plan assets</b>	<b>12 %</b>			12 %		
<b>Included in plan assets were the following:</b>						
FirstRand Limited ordinary shares with a fair value of	34	–	34	31	–	31
<b>Total</b>	<b>34</b>	<b>–</b>	<b>34</b>	31	–	31

\* The medical plan asset is an insurance policy with a limit of indemnity. The insurance policy is backed by assets held through an insurance cell captive. The excess assets of the cell captive belong to a fellow subsidiary of the group and are recognised as an account receivable. FirstRand group's liability is therefore sufficiently funded.

#### Net defined benefit fund asset/liability reconciliation

The table below provides the reconciliation of the net opening balance to the net closing balance for the post-employment benefit fund liability, taking into consideration the effect of the plan asset ceiling.

R'million	2024			2023		
	Pension	Medical	Total	Pension	Medical	Total
<b>Movement in post-employment benefit fund liability</b>						
Present value at the beginning of the year	(7)	1 317	1 310	(19)	1 244	1 225
Exchange differences	5	–	5	(6)	–	(6)
Current service cost	11	30	41	4	32	36
Net interest	(88)	150	62	(37)	138	101
Remeasurements: recognised in OCI	102	(46)	56	53	(73)	(20)
– Actuarial losses from changes in demographic	(5)	–	(5)	–	–	–
– Actuarial losses from financial assumptions	(261)	(33)	(294)	(818)	(116)	(934)
– Other remeasurements	368	(13)	355	871	43	914
Benefits paid	–	(3)	(3)	–	(3)	(3)
Employer contribution	(14)	(37)	(51)	(1)	(21)	(22)
Employee contribution	(7)	–	(7)	(1)	–	(1)
<b>Closing balance</b>	<b>2</b>	<b>1 411</b>	<b>1 413</b>	(7)	1 317	1 310

## Notes to the consolidated financial statements

### 22 Employee liabilities and related costs continued

#### 22.1 Defined benefit post-employment liability continued

Each sensitivity analysis is based on changing one assumption while keeping all other remaining assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity analysis has been calculated in terms of the projected unit credit method and illustrates how the value of the liability would change in response to certain changes in actuarial assumptions.

%	2024		2023	
	Pension	Medical	Pension	Medical
<b>The principal actuarial assumptions used for accounting purposes were:</b>				
Expected rates of salary increases %	8.4	—	8.7	—
Discount rate %	12.5	11.8	12.4	12.1
Long-term increase in health costs %	—	9.1	—	8.7
<b>The effects of a 1% movement in the assumed health cost rate (medical) and the expected rates of salary (pension) were:</b>				
<b>Increase of 1%</b>				
Effect on the defined benefit obligation (R million)	2.2	335.3	2.6	325.4
Effect on the aggregate of the current service cost and interest cost (R million)	0.4	44.5	0.5	44.3
<b>Decrease of 1%</b>				
Effect on the defined benefit obligation (R million)	(2.1)	(287.5)	(2.5)	(279.0)
Effect on the aggregate of the current service cost and interest cost (R million)	(0.5)	(38.0)	(0.6)	(37.8)
<b>The effects of a change in the average life expectancy of a pensioner retiring at age 65:</b>				
<b>Increase in life expectancy by 1 year</b>				
Effect on the defined benefit obligation (R million)	226.7	99.9	237.5	96.9
Effect on the aggregate of the current service cost and interest cost (R million)	45.8	12.5	49.1	12.4
<b>Decrease in life expectancy by 1 year</b>				
Effect on the defined benefit obligation (R million)	(226.0)	(99.8)	(236.5)	(96.8)
Effect on the aggregate of the current service cost and interest cost (R million)	(45.8)	(12.5)	(49.0)	(12.4)
<b>Estimated contributions expected to be paid to the plan in the next annual period (R million)</b>	2	—	2	—
<b>Net increase in rate used to value pensions, allowing for pension increases (%)</b>	5.3	3.2	4.9	3.1
<b>The weighted average duration of the defined benefit obligation (years)</b>	8.0	10.5	8.2	10.6

The expected maturity analysis of undiscounted pension and post-employment medical benefits is given below.

R million	Between			Total
	Within 1 year	1 and 5 years	More than 5 years	
Pension benefits	843	3 434	46 422	50 699
Post-employment medical benefits	229	1 096	20 462	21 787
<b>Total as at 30 June 2024</b>	<b>1 072</b>	<b>4 530</b>	<b>66 884</b>	<b>72 486</b>
Pension benefits	828	3 468	52 972	57 268
Post-employment medical benefits	217	1 050	22 696	23 963
<b>Total as at 30 June 2023</b>	<b>1 045</b>	<b>4 518</b>	<b>75 668</b>	<b>81 231</b>

The interest income is determined using a discount rate with reference to high-quality government bonds.

## Notes to the consolidated financial statements

### 22 Employee liabilities and related costs continued

#### 22.1 Defined benefit post-employment liability continued

##### Mortality rates

The normal retirement age for active members of the pension fund and post-employment medical benefit scheme is between 60 and 65.

The mortality rate table used for active members and pensioners of the pension fund and post-employment medical benefits is PA (90)-2. It refers to standard actuarial mortality tables for current and prospective pensioners on a defined benefit plan where the possibility of passing away after early or normal retirement is expressed at each age for each gender. The two-year age rating allows for the longer than average life expectancy of the retirees compared to general annuitant mortality. In addition, allowance is made for future expected improvements in annuitant mortality based on the income level of the annuitant (on average 0.50% p.a.).

The mortality rate table used for the active members of the post-employment medical plan fund is SA 85-90. It refers to standard actuarial mortality tables for active members on a defined benefit plan where the possibility of passing away before normal retirement is expressed at each age for each gender.

The average life expectancy in years of an employee retiring at age 65 on the reporting date for pension and medical is 17 for males and 21 for females. The average life expectancy of an employee retiring at age 65 in 20 years after the reporting date for pension and medical is 18 for males and 22 for females.

	2024	2023
<b>Pension</b>		
<b>The number of employees covered by the scheme</b>		
Active members	2 448	2 495
Pensioners	5 073	5 212
Deferred plan participants	252	255
<b>Total employees</b>	<b>7 773</b>	<b>7 962</b>
<b>Defined benefit obligation amounts due to</b>		
Benefits vested at the end of the reporting period (R million)	7 522	7 784
Conditional benefits (R million)	175	257
Amounts attributable to future salary increases (R million)	50	64
Other benefits (R million)	7 297	7 462
<b>Medical</b>		
<b>The number of employees covered by the scheme</b>		
Active members	2 090	2 318
Pensioners	5 019	5 130
<b>Total employees</b>	<b>7 109</b>	<b>7 448</b>
<b>Defined benefit obligation amounts due to</b>		
Benefits vested at the end of the reporting period (R million)	2 373	2 274
Benefits accrued but not vested at the end of the reporting period (R million)	862	861
Conditional benefits (R million)	897	891
Other benefits (R million)	2 338	2 244

#### 22.2 Defined contribution post-employment liability

R million	2024	2023
<b>Post-employment defined contribution plan</b>		
Present value of obligation	36 639	33 270
Present value of assets	(36 639)	(33 270)
<b>Net defined contribution liability</b>	<b>-</b>	<b>-</b>

The defined contribution scheme allows active members to purchase a pension on retirement. The purchase price for the pension is determined based on the purchasing member's demographic details, the pension structure and economic assumptions at time of purchase. Should a member elect to purchase a pension, the group becomes exposed to longevity and other actuarial risks. However, because of the way that the purchase is priced, the employer is not exposed to any asset return risk prior to the election of this option. On the date of the purchase the defined benefit liability and the plan assets will increase with the purchase amount and thereafter the accounting treatment applicable to defined benefit plans will be applied to the purchased pension. It should be noted that the purchase price for a new retiree would be slightly larger than the liability determined on the accounting valuation, as the purchase price allows for a more conservative mortality assumption based on the solvency reserves of the fund.

## Notes to the consolidated financial statements

### 23 Deferred income tax

R million	2024	2023
<b>Deferred income tax asset</b>		
Opening balance	8 693	8 052
Acquisitions of subsidiaries	(3)	(9)
Exchange rate difference including the effect of hyperinflation	(63)	27
Release to profit or loss	966	220
Deferred income tax on amounts charged directly to other comprehensive income	(797)	394
Transfer to non-current assets and disposal group held for sale	(225)	–
Other	(9)	9
<b>Total deferred income tax asset</b>	<b>8 562</b>	<b>8 693</b>
<b>Deferred income tax liability</b>		
Opening balance	(1 033)	(997)
Disposals of subsidiaries	–	44
Exchange rate difference including the effect of hyperinflation	5	(26)
Release to profit or loss	93	(36)
Deferred income tax on amounts charged directly to other comprehensive income	(42)	(2)
Transfer to non-current assets and disposal group held for sale	118	–
Other	16	(16)
<b>Total deferred income tax liability</b>	<b>(843)</b>	<b>(1 033)</b>
<b>Net deferred income tax asset</b>	<b>7 719</b>	<b>7 660</b>

R million	As at 30 June		Recognised on income statement	
	2024	2023	2024	2023
<b>Deferred income tax asset</b>				
Tax losses	28	33	42	9
Provision for loan impairment	4 511	4 255	272	43
Provision for post-employment benefits	374	350	15	29
Other provisions	1 959	1 329	700	(138)
Cash flow hedges	327	1 193	–	–
Financial instruments	65	33	33	17
Instalment credit assets	(172)	(200)	28	(15)
Accruals	110	89	21	29
Debt instruments designated at FVOCI	(35)	(124)	–	–
Capital gains tax	411	365	45	35
Equity instruments designated at FVOCI	98	97	–	–
Foreign currency translation reserve	–	–	29	(107)
Financial liabilities classified at FVTPL	14	13	1	13
Share-based payments	1 296	1 471	(175)	568
Deferred revenue and deferred expenses	(476)	(276)	(70)	(123)
Intangible assets	50	61	(11)	(47)
Other	2	4	36	(93)
<b>Total deferred income tax asset</b>	<b>8 562</b>	<b>8 693</b>	<b>966</b>	<b>220</b>
<b>Deferred income tax liability</b>				
Provision for loan impairment	138	147	(14)	(22)
Provision for post-employment benefits	10	11	(1)	1
Other provisions	(60)	(73)	14	3
Financial instruments	(5)	–	(4)	(54)
Instalment credit assets	(101)	(75)	(26)	2
Accruals	(288)	(281)	(7)	(143)
Available-for-sale securities	(11)	(2)	–	–
Capital gains tax	1	2	(2)	61
Equity instruments designated at FVOCI	5	5	–	–
Intangible assets	(36)	(146)	107	91
Other*	(496)	(621)	26	25
<b>Total deferred income tax liability</b>	<b>(843)</b>	<b>(1 033)</b>	<b>93</b>	<b>(36)</b>

\* Other relates mainly to prepayments and fixed assets.

Dividends declared by South African entities are subject to shareholders' withholding tax. The group would therefore incur no additional tax if the total reserves of R187 576 million (2023: R173 384 million) were declared as dividends. The group has not recognised a deferred tax asset amounting to R247 million (2023: R367 million) relating to tax losses because there was insufficient taxable income. None of these losses have an expiry date.

## Notes to the consolidated financial statements

### 23 Deferred income tax continued

South Africa's Minister of Finance indicated in the 2024 Budget Review on 21 February 2024 that South Africa will be implementing the Organisation for Economic Co-Operation and Development's (OECD's) Pillar Two Model Rules with effect from years of assessment commencing on or after 1 January 2024. The group is within the scope of the Pillar Two global minimum tax rules. Therefore a minimum effective corporate tax rate of 15% will be required to be applied in each jurisdiction that the group operates in. Assuming the legislation becomes effective as the Draft Global Minimum Tax Bill proposes, the Pillar Two rules will apply to FirstRand's 2025 financial year. Based on a preliminary assessment of the current draft legislation, the Pillar Two rules are estimated to increase the effective tax rate in Mauritius to 15% from 1 July 2024. The amendments had no current tax impact for the group for the current financial year and the group has applied the mandatory deferred tax exemption in IAS 12. Within the United Kingdom, the Pillar Two rules are effective for accounting periods beginning on or after 31 December 2023, thus applying to group's UK entities from their 2025 financial year. The new rules will not result in an increase in the effective tax rate within the UK as the rate already exceeds 15%.

The group will continue to monitor the position across all jurisdictions it operates in as new legislation and guidance is issued.

### 24 Short trading positions

R million	2024	2023
Government and government-guaranteed stock	9 819	12 480
Other dated securities	46	230
Undated securities	408	43
<b>Total short trading positions</b>	<b>10 273</b>	<b>12 753</b>

### 25 Creditors, accruals and provisions

R million	2024	2023
Accounts payable	28 987	32 264
Accrued expenses	4 014	4 180
Audit fees accrued	376	384
Customer loyalty programme liability*	2 039	2 060
Contract liabilities* <sup>**</sup>	399	647
Payments received in advance <sup>**</sup>	277	362
Fair value hedge interest asset <sup>#</sup>	151	(504)
Provisions (including litigations and claims) <sup>†</sup>	5 340	3 022
Withholding tax for employees	864	848
<b>Total creditors, accruals and provisions</b>	<b>42 447</b>	<b>43 263</b>

\* These balances meet the definition of contract liabilities measured and recognised in terms of IFRS 15. Contract liabilities relates to service fees that are earned on value-added products provided to customers and the revenue is recognised over the contract period. The customer loyalty programme liability relates to eBucks, and is determined based on the value of unredeemed eBucks in issue that have not been converted to cash or redeemed by the customer. The timing of the customer's use of these eBucks as reward credits redeemable against future purchases with the group or a loyalty programme strategic partner is purely at the customer's discretion.

\*\* In the prior year, deferred revenue R608 million and contract liabilities R100 million were disclosed separately. The balances have been aggregated in the current period to reflect the nature of the balance. An amount of R346 million was reclassified from payments received in advance to contract liabilities.

# The balance reflected relates to the fair value of the interest rate risk component of the hedged items designated in macro hedge accounting relationships in Aldermore.

† On 11 January 2024, the Financial Conduct Authority (FCA), announced a review of historic motor finance commission arrangements and sales by the mainstream lenders in the UK motor finance market. The FCA currently expects to report on next steps on this matter during May 2025. The group welcomes the regulator's decision to undertake this review but continues to believe that its own practices were compliant with the laws and regulations in place at the time. In April 2024 the FCA formally communicated its expectation that the firms which fall within the remit of the process must, at all times, maintain adequate financial resources that consider their own specific circumstances. The FCA further indicated that their process may result in establishing an industry-wide redress scheme and therefore the group has raised a provision of £127.4 million (R3.0 billion). The provision is based on probability-weighted scenarios constructed from the group's own data analysis, assumptions and emerging estimates and includes probable legal, operational and redress costs (using a range of judgemental assumptions for commissions, interest rates, redress approaches and uphold rates). The amount covers origination up to January 2021. From January 2021 the practice of discretionary commission arrangements ceased. It should also be noted that not all agreements, written during the period under review by the regulator, included a discretionary commission arrangement.

Given the extended timeline of the FCA's review process, and ongoing legal cases proceeding through the courts, significant uncertainty remains regarding any potential industry-wide customer remediation outcome. IFRS Accounting Standards require that the group disclose the fact that this uncertainty could result in a higher or lower eventual financial impact. The group however believes that the current provision is appropriate based on the information available at the time of reporting.

## Notes to the consolidated financial statements

### 25 Creditors, accruals and provisions continued

#### Reconciliation of contract liabilities

R million	2024	2023*
Opening balance	2 707	2 528
Increases due to cash received and other increases in contract liabilities	2 773	3 071
Transfer to non-current assets and disposal group held for sale	(166)	–
Revenue recognised that was included in the contract liability balance at the beginning of the period	(2 876)	(2 892)
<b>Closing balance</b>	<b>2 438</b>	<b>2 707</b>

\* In the prior year, the balance excluded contract liabilities of R346 million which was included in payments received in advance. The amounts have been restated. Refer to note 39 - Impact due to changes in presentation and restatements.

#### Reconciliation of provision

R million	2024	2023
Opening balance	3 022	2 481
Transfer to non-current assets and disposal groups held for sale	(69)	–
Exchange rate differences	(126)	260
Charge to profit or loss	3 792	439
– Additional provisions created	3 916	1 038
– Unused provisions reversed	(124)	(599)
Utilised	(1 279)	(158)
<b>Closing balance</b>	<b>5 340</b>	<b>3 022</b>

### 26 Deposits

R million	2024	2023
<b>Category analysis</b>		
Deposits from customers	1 724 773	1 620 458
– Current accounts	401 012	395 075
– Call deposits	483 271	440 392
– Savings accounts	56 130	44 448
– Fixed and notice deposits	720 727	662 525
– Other deposits from customers	63 633	78 018
<b>Debt securities</b>	<b>196 823</b>	<b>209 379</b>
– Negotiable certificates of deposit	69 118	74 522
– Fixed-rate and floating-rate notes	125 172	132 940
– Exchange-traded notes	2 533	1 917
<b>Asset-backed securities</b>	<b>24 666</b>	<b>34 454</b>
– Securitisation issuances	19 835	30 696
– Non-recourse deposits	4 831	3 758
<b>Other</b>	<b>56 889</b>	<b>58 812</b>
– Repurchase agreements	20 529	19 759
– Securities lending	1 658	4 331
– Cash collateral and credit-linked notes	33 174	32 645
– SARB funding facility	1 528	2 077
<b>Total deposits</b>	<b>2 003 151</b>	<b>1 923 103</b>

## Notes to the consolidated financial statements

### 27 Other liabilities

R million	2024	2023
Lease liabilities	3 062	3 026
Funding liabilities	2 744	4 007
– Preference shares	1 286	935
– Other*	1 458	3 072
<b>Total other liabilities</b>	<b>5 806</b>	<b>7 033</b>

\* Other includes commercial paper issued to the Central Bank of Nigeria and funding received for FNB Ghana of R263 million (2023: R1.3 billion) and R906 million (2023: R1.26 billion) respectively.

#### 27.1 Other liabilities reconciliation

R million	2024			2023		
	Funding liabilities	Lease	Total	Funding liabilities	Lease	Total
Opening balance	4 007	3 026	7 033	5 414	2 834	8 248
<b>Cash flow movements</b>	<b>(701)</b>	<b>(1 246)</b>	<b>(1 947)</b>	<b>(1 219)</b>	<b>(1 148)</b>	<b>(2 367)</b>
– Proceeds from the issue of other liabilities	1 026	–	1 026	4 614	–	4 614
– Redemption of other liabilities	(1 612)	–	(1 612)	(5 114)	–	(5 114)
– Principal payments towards lease liabilities	–	(1 071)	(1 071)	–	(1 012)	(1 012)
– Interest paid	(115)	(175)	(290)	(719)	(136)	(855)
<b>Non-cash flow movements</b>	<b>(562)</b>	<b>1 282</b>	<b>720</b>	<b>(188)</b>	<b>1 340</b>	<b>1 152</b>
– Fair value movement	(5)	69	64	21	1	22
– Transfers to non-current asset and disposal group held for sale	–	(72)	(72)	–	(3)	(3)
– Foreign exchange	(856)	(60)	(916)	(836)	173	(663)
– New leases recognised during the year	–	1 273	1 273	–	1 136	1 136
– Early termination/modification of lease	–	(117)	(117)	–	(113)	(113)
– Interest accrued	299	189	488	627	146	773
<b>Total other liabilities</b>	<b>2 744</b>	<b>3 062</b>	<b>5 806</b>	<b>4 007</b>	<b>3 026</b>	<b>7 033</b>

The group's significant leases relate to property rentals of office premises and the various branch network channels represented by full-service and mini branches, agencies, ATM lobbies and Smartboxes. The rentals have fixed monthly payments. Escalation clauses are based on market-related rates and vary between 5% and 12%.

The leases are usually for a period of one to five years. The leases are non-cancellable and some of the leases have an option to renew for a further leasing period at the end of the original lease term.

Restrictions are more of an exception than the norm and usually relate to the restricted use of the asset for the business purposes specified in the lease contract.

For details on the contractual maturity of lease liabilities, refer to Note 38.2.1 – Liquidity risk.



## Notes to the consolidated financial statements

### 28 Tier 2 liabilities

R million	Call dates*	Maturity dates	Interest rate	2024	2023
<b>Fixed-rate bonds</b>				<b>1 518</b>	1 521
– ZAR denominated	19 April 2026 to 3 June 2026	19 April 2031 to 3 June 2031	8.155% – 10.19%	<b>1 430</b>	1 430
– Other currencies	15 December 2026	15 December 2031	7.2%	<b>88</b>	91
<b>Floating-rate bonds</b>				<b>15 750</b>	15 348
– ZAR denominated	19 April 2026 to 11 March 2030	19 April 2031 to 11 March 2035	3-month JIBAR 186 bps – 234 bps	<b>15 328</b>	14 907
– Other currencies	2 December 2024 to 15 December 2026	2 December 2029 to 15 December 2031	461 bps – 511 bps above relevant reference rate**	<b>422</b>	441
<b>Total Tier 2 liabilities</b>				<b>17 268</b>	16 869

\* Redemption subject to regulatory approval.

\*\* Monetary policy rate.

#### 28.1 Tier 2 liabilities reconciliation

R million	2024	2023*
Opening balance	<b>16 869</b>	20 937
<b>Cash flow movements</b>		
– Proceeds from the issue of Tier 2 liabilities*	<b>1 548</b>	7 986
– Capital repaid on Tier 2 liabilities*	<b>(1 910)</b>	(13 079)
– Interest paid on Tier 2 liabilities	<b>(1 008)</b>	(1 558)
<b>Non-cash flow movements</b>		
– Foreign exchange	<b>(20)</b>	815
– Fair value hedging adjustment	<b>–</b>	146
– Interest accrued	<b>1 789</b>	1 622
<b>Total Tier 2 liabilities</b>	<b>17 268</b>	16 869

\* Proceeds from the issue of Tier 2 liabilities and capital repaid on Tier 2 liabilities reflected in the cash flows from financing activities in the statement of cash flows have been restated by R2 500 million to correctly reflect the actual cash flows at 30 June 2023. The net cash flow inflow from financing activities (R8 490million) remains unchanged.

### 29 Share capital, share premium and other reserves

#### 29.1 Share capital and share premium

Authorised shares

	2024	2023
Ordinary shares	<b>6 001 688 450</b>	6 001 688 450

Issued shares

	2024			2023		
	Number of shares	Ordinary share capital R million	Share premium R million	Number of shares	Ordinary share capital R million	Share premium R million
Opening balance	<b>5 609 488 001</b>	<b>56</b>	<b>7 860</b>	5 609 488 001	56	7 905
Shares issued	–	–	–	–	–	–
<b>Total issued ordinary share capital and share premium</b>	<b>5 609 488 001</b>	<b>56</b>	<b>7 860</b>	5 609 488 001	56	7 905
Treasury shares	<b>(5 764 883)</b>	–	<b>(220)</b>	(2 900 304)	–	(45)
<b>Total issued share capital attributable to equityholders of the group</b>	<b>5 603 723 118</b>	<b>56</b>	<b>7 640</b>	5 606 587 697	56	7 860

The unissued ordinary shares are under the control of the directors until the next annual general meeting.

The shareholding of subsidiaries in FirstRand Limited was 0.1% (2023: 0.05%) of total issued ordinary shares and these shares have been treated as treasury shares.

## Notes to the consolidated financial statements

### 29 Share capital, share premium and other reserves continued

#### 29.2 Other reserves

Other reserves are made up of the following:

R million	2024	2023
Regulatory reserves raised by African subsidiaries*	1 275	1 205
General risk reserve raised by African subsidiaries	66	60
Insurance contingency reserve	189	189
FVOCI reserve – debt instruments	85	329
FVOCI reserve – equity instruments	(337)	(334)
Other attributable reserves of associates and joint ventures	115	101
Reserves arising on acquisition of subsidiaries	(140)	(140)
Insurance and reinsurance finance reserve	189	66
Other reserves	316	233
<b>Total</b>	<b>1 758</b>	<b>1 709</b>

\* The balance consists of reserves as required by law in certain jurisdictions where the group operates, namely Eswatini, Mozambique and Nigeria..

### 30 Other equity instruments and reserves

#### Authorised preference shares

	2024	2023
A preference shares – unlisted variable rate cumulative convertible redeemable*	198 311 550	198 311 550
B preference shares – listed variable rate non-cumulative non-redeemable*	100 000 000	100 000 000
C preference shares – unlisted variable rate convertible non-cumulative redeemable*	100 000 000	100 000 000
D preference shares – unlisted variable rate cumulative redeemable*	100 000 000	100 000 000

\* No preference shares are in issue.

#### Additional Tier 1 capital and other reserves

R million	Rate	2024	2023
FRB24	3-month JIBAR plus 445 basis points	–	2 265
FRB25	3-month JIBAR plus 440 basis points	3 461	3 461
FRB28	3-month JIBAR plus 440 basis points	1 400	1 400
FRB34	3-month JIBAR plus 340 basis points	2 804	2 804
FRB37	3-month JIBAR plus 310 basis points	1 387	–
FRB38	3-month JIBAR plus 296 basis points	2 039	–
FRB39	3-month JIBAR plus 290 basis points	1 574	–
FRB41	3-month JIBAR plus 290 basis points	2 090	–
<b>Total additional Tier 1 capital</b>		<b>14 755</b>	<b>9 930</b>
Empowerment Fund reserve*		2 916	2 916
<b>Total other equity instruments and reserves</b>		<b>17 671</b>	<b>12 846</b>

\* The Empowerment Fund reserve includes the impacts of consolidating the fully vested empowerment vehicles. Refer to note 36 for more information.

FRB's AT1 capital instruments are perpetual and pay non-cumulative, discretionary coupons on a quarterly basis. The terms and conditions provide for an issuer call option after at least five years, and at every coupon payment date that follows. In addition, at the discretion of the Prudential Authority (PA), FRB may write off the notes, in whole or in part, with no obligation to pay compensation to the noteholders upon the earlier of:

- the PA giving notice that a write-off is required without which the bank will become non-viable; or
- a decision being made to inject public sector capital, or equivalent support, without which the bank will become non-viable.

The AT1 instruments have been classified as equity, as the terms and conditions do not contain a contractual obligation to pay cash to the noteholders.

The total coupon paid during the financial year was R1 518 million (2023: R957 million). Current tax of R410 million (2023: R258 million) was recognised in the income statement.

## Notes to the consolidated financial statements

### 31 Subsidiaries and non-controlling interests

The group has a portfolio of integrated financial services businesses comprising 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.

The group's operations are conducted through its six significant wholly owned subsidiaries:

Subsidiary	Operation
FirstRand Bank Limited	SA banking activities and foreign branches in London and Guernsey
FirstRand EMA Holdings Proprietary Limited	Broader Africa subsidiaries
FirstRand International Limited (Guernsey)	UK banking and hard currency platform
FirstRand Insurance Holdings Proprietary Limited	Insurance
FirstRand Investment Management Holdings Limited	Investment management
FirstRand Investment Holdings Proprietary Limited	Other activities

There are no significant restrictions on the ability to transfer cash or other assets to or from entities within the group.

#### Impact of hyperinflation

The Ghanaian economy was assessed to be hyperinflationary for the current reporting period, and hyperinflation accounting was applied for the year ended 30 June 2024. Accordingly, the results, cash flows and financial position of the group's subsidiary, First National Bank Ghana Ltd have been expressed in terms of the measuring unit current at the reporting date.

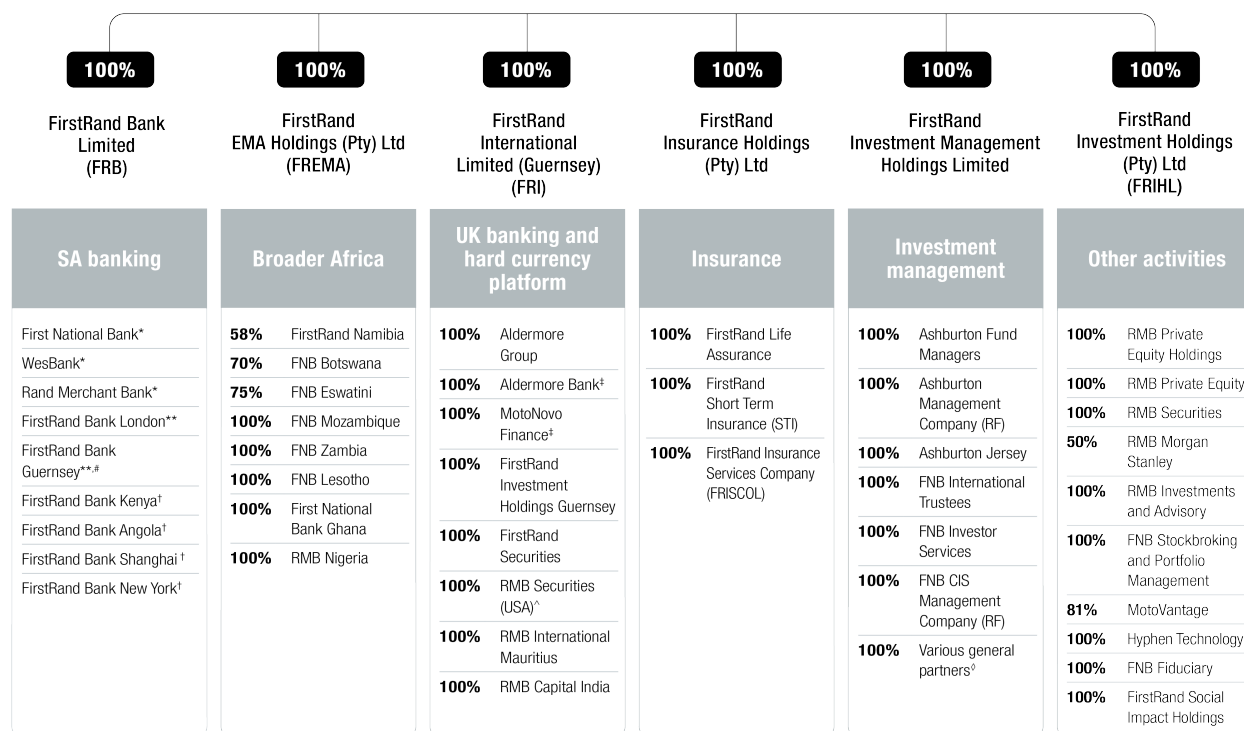
The hyperinflation impact reduced the group's profit after tax by R61 million. The consumer price indices (which represent the general price indices), as published by the Ghana Statistical Services, were used in adjusting the historic cost local currency results and financial positions of the subsidiary. The CPI for June 2024 was 224%. As at 30 June 2024, the cumulative three-year inflation rate was 125%.

## Notes to the consolidated financial statements



# FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)



\* Division

\*\* Branch

# Trading as FNB Channel Islands.

† Representative office

DirectAxis is a business unit of FirstRand Bank Limited.

‡ Wholly owned subsidiary of Aldermore Group.

⁴ Wholly owned subsidiary of FirstRand Securities.

⁵ Ashburton Investments has a number of general partners for fund seeding purposes. All of these entities fall under FirstRand Investment Management Holdings Limited.

### Notes:

Structure shows effective consolidated shareholding.

FNB Eswatini's shares were listed on the Eswatini Stock Exchange on 5 December 2023, with FREMA disposing of 20% of its shareholding in this process. The listing provides FNB Eswatini with a meaningful local shareholding component and contributes to the development and expansion of the local capital markets. A further 4.99% of shares was transferred into an employee share ownership trust (these shares will be considered treasury shares from a group reporting perspective). FREMA's effective shareholding in FNB Eswatini is now 75.01%.

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, WesBank, RMB or the Centre). The group's securitisations and other special purpose vehicles (SPVs) are in FRB, FRI and FRIHL.

## Notes to the consolidated financial statements

### 31 Subsidiaries and non-controlling interests

#### 31.1 Acquisitions of subsidiaries

##### 31.1.1 Transactions that do not result in a change of control in subsidiaries

R million	Other insignificant acquisitions	
	2024	2023
Carrying amount of non-controlling interest acquired	–	67
Consideration paid to non-controlling interest acquired	–	(65)
– Discharged by cash consideration	–	(170)
– Non-cash consideration	–	105
<b>Gain recognised directly in equity</b>	<b>–</b>	<b>2</b>

In the prior year, the group increased its shareholding in various subsidiaries of RMB Private Equity Holdings (Pty) Ltd and RMB Private Equity (Pty) Ltd by purchasing the interest previously held by selected non-controlling interests. The gain on the transaction was recognised directly in equity as it was a transaction between the owners of the entities in their capacity as owners.

#### 31.2 Disposals of subsidiaries

##### 31.2.1 Disposals of interest in subsidiaries with loss of control

R million	Other insignificant disposals	
	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	1	–
Collateral settlement balances and other assets	8	337
<b>Total assets disposed of</b>	<b>9</b>	<b>337</b>
<b>LIABILITIES</b>		
Creditors and accruals	2	11
Other liabilities	1	309
<b>Total liabilities disposed of</b>	<b>3</b>	<b>320</b>
<b>Net asset value as at date of disposal</b>	<b>6</b>	<b>17</b>
<b>Total gain on disposal is calculated as follows:</b>		
<b>Total consideration</b>	<b>(3)</b>	<b>(42)</b>
Total cash consideration received	(3)	(42)
Non-cash consideration	–	–
Add: non-controlling share of net asset value at disposal date	–	–
Less: group's portion of the net asset value on disposal	–	–
<b>Loss/(gain) on disposal of controlling interest in a subsidiaries</b>	<b>3</b>	<b>(25)</b>
<b>Cash flow information</b>		
Discharged by cash consideration	4	42
Less: cash and cash equivalents disposed of in the subsidiary	(1)	–
<b>Net cash inflow on disposal of subsidiaries</b>	<b>3</b>	<b>42</b>

##### Disposals in 2024

The group, through its subsidiary FREMA disposed of two subsidiaries and realised a net loss of R3 million.

##### Disposals in 2023

The group, through its subsidiary RMB Investments and Advisory (RMBIA) (Pty) Ltd, disposed of a private equity subsidiary and realised a profit of R25 million.

## Notes to the consolidated financial statements

### 31 Subsidiaries and non-controlling interests continued

#### 31.2.2 Disposals that do not result in a change of control

R million	Other insignificant disposals	
	2024	2023
Carrying amount of non-controlling interest acquired	(257)	–
Consideration received from non-controlling interests	394	–
– Discharged by cash consideration	394	–
– Non-cash consideration	–	–
<b>Gain recognised directly in equity</b>	<b>137</b>	<b>–</b>

In the current year, First National Bank Eswatini commenced trading on the Eswatini Stock Exchange (ESE), the listing required the group to dispose 20% of its shareholding to the local investors. The disposal resulted in the introduction of minority interests and a gain on the disposal was recognised directly in equity as it was a transaction between equity participants.

#### 31.3 Non-controlling interests

The only subsidiaries that give rise to a significant non-controlling interest are FirstRand Namibia Limited and First National Bank of Botswana Holdings Limited.

The group holds 100% of the shares in First National Bank of Botswana Holdings Limited. The non-controlling interests recognised by the group result from First National Bank Holdings Botswana Limited's shareholding in First National Bank Botswana Limited. The non-controlling interests own 30.5% of First National Bank of Botswana Limited.

In addition to the above, the group owns less than 100% of the issued share capital of a number of private equity subsidiaries and other investments in the RMB Investments and Advisory (RMBIA) Proprietary Limited subconsolidation. The non-controlling interests recognised by the group result from RMBIA's shareholding in these subsidiaries. There is no individually significant non-controlling interest.

	FirstRand Namibia Limited		First National Bank of Botswana Limited	
	Namibia		Botswana	
<b>Country of incorporation</b>				
<b>% ownership held by non-controlling interests</b>	41.0		30.5	
<b>% voting rights by non-controlling interests</b>	41.0		30.5	
R million	2024	2023	2024	2023
<b>Balances included in the consolidated statement of financial position</b>				
Total assets	60 803	58 326	49 267	41 998
Balances with central banks	560	537	827	719
Total liabilities	54 563	52 342	43 566	36 718
<b>Balances included in the consolidated statement of comprehensive income</b>				
Interest and similar income	6 048	4 961	3 297	2 648
Non-interest revenue	2 526	2 278	2 238	2 067
Profit before tax	2 419	2 262	2 489	1 952
Total comprehensive income	1 703	1 567	1 630	1 732
<b>Amounts attributable to non-controlling interests</b>				
Dividends paid to non-controlling interests	600	780	378	290
Profit attributable to non-controlling interests	709	649	573	454
Accumulated balance of non-controlling interests	2 530	2 421	1 687	1 557

## Notes to the consolidated financial statements

### 31 Subsidiaries and non-controlling interests continued

#### 31.4 Consolidated structured entities

The group holds certain interests in consolidated structured entities to ring-fence certain risks and/or achieve specific objectives. Structured entities are entities that have been designed so that voting roles are not the predominant factor in deciding who controls the entity.

The group has identified the following consolidated structured entities:

- FirstRand Empowerment Foundation
- Social investing foundations and trusts
- Securitisations
- Structured investment vehicles

Name of entity	Country of incorporation	Nature of business
FirstRand Empowerment Foundation	South Africa	Promote the educational and professional development of historically disadvantaged South Africans.
Social Investing Trusts	South Africa	Provides funding for community upliftment and to assist black employees of the companies in the group with the educational, health care and other needs the employees and the members of their immediate families.
Structured Investment Vehicles	South Africa	Originate or acquire advances and issue notes that are referenced to these loans to investors.
Securitisations	South Africa or United Kingdom	Refer to note 11.3.

The group did not incur any losses related to the group's interests in consolidated structured entities in the current financial period (2023: Rnil).

## Notes to the consolidated financial statements

### 31 Subsidiaries and non-controlling interests continued

#### 31.5 Unconsolidated structured entities

The level of risk that the group is exposed to is determined by the nature and purpose of it holding an interest in the entity. The group does not consolidate these structured entities as either it does not have the power to control the investment decisions or it is not exposed to significant variable returns of these structured entities.

##### Structured investment vehicles

The group provides financing to a number of structured entities, established and managed by clients, in the form of investing in debt instruments of the structured entity, subscription for cumulative redeemable preference shares and advancement of credit loan facilities. The group's involvement is predominantly to provide financing and the group's rights under its involvement is limited to typical lender protection rights. The financing and the group's investment in the preference shares or notes issued by the entities are considered to be made at market related terms. As such the relationship between the group and the structured entities is considered to be a typical customer supplier relationship. The group does not have the ability to direct the relevant business activities in these entities and therefore in the absence of control, the entities are not consolidated.

The group earns interest income on the loans advanced to the customer, notes and preference shares issued by the structured entities.

An entity was established for the purpose of creating high-quality liquid assets (HQLA) that can be pledged as collateral under the South African Reserve Bank's (SARB's) committed liquidity facility if required. The entity is merely a mechanism to facilitate the transaction and as there was no drawdown on the facility in the current or prior year, the entity has no economic substance. The group has not provided any additional financial or other support to this entity in the current or prior year. The group does not have the intention to provide additional support in the foreseeable future and, as such, is not exposed to any additional risks from the relationship with this entity.

##### Investment in funds and asset management

The group acts as fund manager to a number of investments funds. The group's interest is generally restricted to fund services and asset management fees, which are based on assets under management. The group may hold direct interests in a number of the funds, however, the magnitude of such interest varies with sufficient regularity. Whether the group consolidates any of these funds through its direct interest depends on the purpose and magnitude of the interest held therein, as well as on the group's ability to direct the relevant activities of the fund, either directly or indirectly. The group earns management fee income from its involvement in the funds, as well as unrealised gains and losses as a result of revaluations of the units held directly in the funds. Refer to note 32 for information on the assets under management.

The following table reflects the carrying amount of the group's recorded interest in and maximum exposure to risk due to these exposures arising from unconsolidated structured entities and asset management activities.

	2024			2023		
	Structured investment vehicles	Investment in funds	Total	Structured investment vehicles	Investment in funds	Total
Advances	87	150	237	428	60	488
Total Assets	87	150	237	428	60	488
Total Liabilities	—	—	—	—	—	—
Off-balance sheet exposures	—	—	—	—	—	—
Maximum exposure to loss*	498	150	648	460	60	520

\* The group's maximum exposures to losses from its interests in unconsolidated structured entities is limited to the group's interests in these entities.

The group did not incur losses related to the group's interests in unconsolidated structured entities in the current financial reporting period (2023: Rnil). The group did not provide any financial support during the current financial reporting period to unconsolidated structured entities.



## Notes to the consolidated financial statements

### 32 Assets under management

The following table sets out the market value of assets for which the group earns fees as part of providing investment management services but does not recognise on its statement of financial position.

R million	2024	2023
<b>Assets under management</b>	<b>225 048</b>	212 491
– Traditional products	<b>220 300</b>	185 299
– Alternative products	<b>4 748</b>	27 192

Traditional products comprise collective investment schemes, exchange-traded funds and discretionary mandates. Alternative products managed by the group include credit funds, private equity funds, structured products and other unregulated funds and mandates.

### 33 Remuneration schemes

R million	Notes	2024	2023
<b>The charge to profit or loss for share-based payments is as follows:</b>			
Conditional and deferred incentive plan		<b>2 963</b>	2 428
<b>Amount included in profit or loss</b>	3	<b>2 963</b>	2 428

The purpose of these schemes is to appropriately attract, incentivise and retain managers and employees within the group.

Description of the scheme and vesting conditions:

CONDITIONAL AND DEFERRED INCENTIVE PLANS (AWARDS)		
IFRS 2 treatment	Cash settled*	Equity settled**
<b>Description</b>	The award is a notional share award based on the FirstRand share price.	The award is a notional share based on the FirstRand share price, which must be settled in FirstRand shares.
<b>Vesting conditions</b>	<p><b>Deferred bonus awards</b> Short-term incentives over a specified threshold are converted to notional share awards and vests after 24 months to ensure these payments are share price linked. These awards are subject to employment conditions, personal and business unit performance requirements and have been included in the share awards outstanding tables below.</p> <p><b>Deferred incentive and conditional incentive awards</b> These awards vest up to three years after the initial award.</p> <p>The deferred incentive plan (DIP) awards are subject to employment conditions and personal performance requirements. The conditional incentive plan (CIP) awards are subject to employment conditions and vesting conditions relating to group performance.</p> <p>CIP vesting conditions are subject to specified financial performance targets set annually by the group's remuneration committee. These corporate performance targets (CPTs) are set out below.</p>	
<b>Valuation methodology</b>	The awards are valued using the Black Scholes option pricing model. The awards are cash settled and are repriced at each reporting date.	The awards are valued using the Black Scholes option pricing model. The awards are equity settled and measured using the price at grant date.
VALUATION ASSUMPTIONS		
<b>Dividend data</b>	Management's estimates of future discrete dividends.	
<b>Market related</b>	Interest rate is the risk-free rate of return as recorded on the last day of the financial year, on a funding curve of a term equal to the remaining expected life of the plan.	
<b>Employee related</b>	The weighted average forfeiture rate used is based on historical forfeiture data observed over all schemes.	

\* The UK conditional award for UK-based employees (including Aldermore) differs from the rest of the group. The scheme is based on an initial sterling amount which varies in response to the FirstRand share price. The scheme has a liability of R281 million (2023: R280 million).

\*\* The equity-settled scheme is immaterial, with an SBP reserve of R25 million (2023: R12 million), which all relates to Aldermore staff.

## Notes to the consolidated financial statements

### 33 Remuneration schemes continued

#### Corporate performance targets

The FirstRand remuneration committee sets the CPTs for each award based on expected macroeconomic conditions, group earnings and returns forecasts over the performance period. These criteria vary from year to year, depending on the expectations for each of the aforementioned variables. For vesting to occur, the criteria must be met or exceeded. If the performance conditions are not met, the award fails. The awards have a graded vesting structure. The level of vesting is correlated to the earnings growth achieved relative to macroeconomic variables or set normalised EPS growth targets and minimum return on equity (ROE) requirements. The vesting outcome is based on the delivery of the performance conditions and this level is finally determined and calculated by the group remuneration committee. The remuneration committee is permitted to adjust the final outcome of the graded vesting level downwards for predetermined issues. In terms of the scheme rules, participants are not entitled to dividends on their conditional share awards during the vesting period. For the 2020 awards, 50% of the awards granted to non-senior employees are subject only to continued employment for the award to vest, with the remaining 50% subject to performance conditions. From 2021, awards with only time-based vesting conditions were introduced as a short-term incentive category for staff not eligible for the CIP. These are referred to as the DIP. The criteria for the expired and currently open schemes are set out below.

#### Expired schemes

**2020 (Awards vested at vesting date in September 2023)** – The awards for all top and certain senior management have performance conditions applied to 100% of the award. For all other participants, 50% of the award seeks to drive retention and will vest in three years without performance conditions, provided the participant remains in employment of the group. The remaining 50% of the award is subject to corporate performance conditions. For the awards subject to corporate performance conditions, graded vesting applies. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a maximum target with linear grading correlated to normalised EPS growth between targets. If the minimum conditions are met, vesting will commence at 70% and if these are not met, the award will lapse. The remuneration committee (Remco) has the right to adjust the vesting level downward by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- issues that materially damaged the group’s businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to it by the risk, capital management and compliance committee (RCCC); and
- concerns regarding adherence to the liquidity and capital management strategies in place.

The performance conditions for the 2020 award include prudential targets relating to liquidity and capital ratios, a normalised EPS growth target and an ROE target. The table below further stipulates the performance conditions to be fulfilled by the company and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. To achieve minimum vesting of 70%, the group must exceed the liquidity and capital targets set by the board and measured at 31 March 2023. If the conditions set for 70% vesting are not met, the award lapses and none of the other conditions described below are assessed. For any vesting above 70%, both the ROE and normalised earnings growth targets below must be met.

Vesting level*	Performance conditions	
	Minimum ROE requirement at 30 June 2023**	Normalised earnings per share growth requirement (3-year CAGR)
70.1% to 99.9%	For grading above 95%, ROE must be more than cost of equity as at issue date of award, i.e. net income after capital charge (NIACC) positive	Grading based on minimum CAGR of 4.3% up to <13.4%
100%	ROE must be more than cost of equity as at issue date of award, i.e. NIACC positive	Minimum CAGR of 13.4% up to <17.5% (100% vesting only for all growth outcomes in the range above)
100.1% to 119.9%	ROE of at least 18%	Minimum CAGR of 17.5% up to <22%
120%	ROE of at least 20%	Minimum CAGR of 22%
120.1% to 150% (maximum vesting of 150%)	ROE of at least 22%	Minimum CAGR above 22% and up to 28.2% to calculate linear grading up to 150% vesting

\* Linear grading between these vesting levels based on the growth achieved.

\*\* In the event that the ROE target is not met for the higher vesting level, the vesting outcome will be constrained to the outcome relative to the ROE target even if the earnings growth outcome could result in higher vesting outcomes.

## Notes to the consolidated financial statements

### 33 Remuneration schemes continued

During the year, it was determined by Remco that the group delivered the performance conditions with vesting to the extent of 120%. The group delivered three-year compound normalised earnings growth of 28.5% and the ROE at 30 June 2023 of 21.2%. Earnings growth delivered was at the 150% vesting level, however, the ROE outcome of 21.2% constrained the vesting outcome to 120%. The liquidity and capital targets set by the board for 31 March 2023 were met. Remco concluded that no downward adjustment of the vesting outcome was necessary.

During September 2023, the third tranche of the group's Covid-19 instrument vested. This award was introduced as a one-off Covid-19 instrument in 2020 for employees considered critical to the ongoing sustainability of the business following multiple years of vestings impacted by Covid-19. The settlement of the award was extended over three years to enhance retention. The third and final tranche vested during September 2023 with clawback until September 2024 if the employee leaves the group within the 12 months of the payment of this tranche.

#### Currently open

**2021 (Vesting date in September 2024)** – From 2021, all CIP awards have performance conditions applied to 100% of the award. The group implemented a DIP without corporate performance conditions for certain employees and no longer issues CIP awards with only employment as a condition for vesting. Graded vesting applies to all CIP awards. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a maximum (super stretch) target with linear grading correlated to normalised earnings per share growth between targets.

Remco has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- issues that materially damaged the group's businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to it by the RCCC;
- concerns regarding adherence to the liquidity and capital management strategies in place; and
- lack of compliance with the group's climate roadmap over the three-year period.

The table below stipulates the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

	Performance conditions		
	Vesting level should both conditions be met*	ROE target - minimum ROE requirement at 30 June 2024**	Normalised earnings per share growth requirement (3-year CAGR)
<b>Threshold (minimum vesting, below which the award lapses)</b>	50%	≥17%	FirstRand Limited must achieve growth in normalised earnings per share relative to the South African CPI plus real GDP growth <sup>#</sup> on a cumulative basis over the three-year performance period from the base year end, being 30 June 2021, as set out for each vesting level indicated below:
<b>On-target performance</b>	100%	≥18%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 3%
<b>Stretch<sup>†</sup></b>	120%	≥20%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 5%
<b>Super stretch<sup>†</sup></b>	150%	≥20%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 8%

\* Linear grading between these vesting levels based on the growth achieved. The lower of the vesting outcome based on the ROE or the vesting outcome based on earnings growth will apply.

\*\* The ROE is measured at 30 June 2024. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS Accounting Standards changes or changes in volatile reserves.

<sup>#</sup> In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

<sup>†</sup> For vesting at 120% or above, ROE of ≥20% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 8% over the three-year period.

## Notes to the consolidated financial statements

### 33 Remuneration schemes continued

Currently open continued

**2022 (Vesting date in September 2025)** – All CIP awards are subject to performance conditions. For all the awards graded vesting applies. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a super stretch target with linear grading correlated to normalised earnings per share growth between targets.

Remco has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- issues that materially damaged the group’s businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to it by the RCCC;
- concerns regarding adherence to the liquidity and capital management strategies in place; and
- lack of compliance with the group’s climate roadmap over the three-year period.

The table below stipulates the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

		Performance conditions (both conditions must be met)	
	Vesting level*	Minimum ROE requirement**	Normalised earnings per share growth requirement (3-year CAGR)#
			FirstRand Limited must achieve growth in normalised earnings per share relative to the South African CPI plus real GDP growth on a cumulative basis over the three-year performance period from the base year end, being 30 June 2022, as set out for each vesting level indicated below:
<b>Threshold (minimum vesting, below which the award lapses)</b>	50%	≥19%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 1.5%
<b>On-target performance</b>	100%	≥20.5%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 2.5%
<b>Stretch†</b>	120%	≥22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 5%
<b>Super stretch†</b>	150%	≥22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 9%

\* Linear grading between these vesting levels based on the earnings growth achieved. The lower of the vesting outcome based on the ROE or the vesting outcome based on earnings growth will apply.

\*\* The ROE is measured as the average over the three-year performance period. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS Accounting Standards changes or volatile reserves.

# In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

† For vesting at 120% or above, ROE of ≥22% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 9% over the three-year period.

## Notes to the consolidated financial statements

### 33 Remuneration schemes continued

#### Currently open continued

**2023 (Vesting date in September 2026)** - All CIP awards are subject to performance conditions. For all the awards graded vesting applies. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a super stretch target with linear grading correlated to normalised earnings per share growth between targets.

Remco has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- issues that materially damaged the group's businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to it by the RCCC;
- concerns regarding adherence to the liquidity and capital management strategies in place; and
- lack of compliance with the group's climate roadmap over the three-year period.

The table below stipulates the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

	Vesting level*	Performance conditions (both conditions must be met)	
		Minimum ROE requirement**	Normalised earnings per share growth requirement (3-year CAGR)#
			FirstRand Limited must achieve growth in normalised earnings per share relative to the South African CPI plus real GDP growth on a cumulative basis over the three-year performance period from the base year end, being 30 June 2023, as set out for each vesting level indicated below:
<b>Threshold (minimum vesting, below which the award lapses)</b>	50%	≥20%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI
<b>On-target performance</b>	100%	≥21%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 4%
<b>Stretch†</b>	120%	≥22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 6.5%
<b>Super stretch†</b>	150%	≥22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 10.5%

\* Linear grading between these vesting levels based on the earnings growth achieved. The lower of the vesting outcome based on the ROE or the vesting outcome based on earnings growth will apply.

\*\* The ROE is measured as the average over the three-year performance period. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS Accounting Standards changes or volatile reserves.

# In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

† For vesting at 120% or above, ROE of ≥22% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 10.5% over the three-year period.

## Notes to the consolidated financial statements

### 33 Remuneration schemes continued

The significant weighted average assumptions used to estimate the fair value of the conditional share awards granted are detailed below.

	Conditional and deferred incentive plans (FirstRand shares)	
	2024	2023
Award life (years)	1 – 3	1 – 4
Risk-free rate (%)	8.43 – 8.83	8.58 – 9.45

Share awards outstanding	Conditional and deferred incentive plans (FirstRand shares)	
	2024	2023
Number of awards in force at the beginning of the year (millions)	147.0	122.1
Number of awards granted during the year (millions)	48.7	49.1
Number of awards exercised/released during the year (millions)	(66.9)	(16.6)
– Market value range at date of exercise/release (cents)*	6 089 – 7 381	6 017 – 6 726
– Weighted average (cents)	6 533	6 209
Number of awards forfeited during the year (millions)	(11.7)	(7.6)
Number of awards in force at the end of the year (millions)	117.1	147.0

Awards outstanding**	Conditional and deferred incentive plan (FirstRand shares)*			
	2024		2023	
	Weighted average remaining life (years)	Outstanding awards (millions)	Weighted average remaining life (years)	Outstanding awards (millions)
Vesting during 2023	–	0.1	0.3	66.5
Vesting during 2024	0.3	40.4	1.4	43.4
Vesting during 2025	1.4	39.7	2.4	37.0
Vesting during 2026	2.3	36.8		
Total conditional awards		117.1	–	147.0
Number of participants		5 319		5 563

\* Market values indicated above include those instances where a probability of vesting is applied to accelerated share award vesting prices due to a no-fault termination, as per the rules of the scheme.

\*\* Years referenced in the rows related to calendar years and not financial years.

## Notes to the consolidated financial statements

### 34 Contingencies and commitments

R million	2024	2023
Committed capital expenditure*	4 892	5 164
Legal proceedings**	168	220
<b>Total contingencies and commitments</b>	<b>5 060</b>	<b>5 384</b>

The note has been updated to reflect only committed capital expenditure and legal proceedings as commitments and contingencies. In the prior year, this note included commitments relating to guarantees, letters of credit and irrevocable commitments. These financial commitments are reflected in Note 38.1 Credit risk and Note 38.2 Liquidity risk.

\* 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.

#### 34.1 Future minimum lease payments receivable under operating leases where the bank is the lessor

The group owns various assets that are leased to third parties under non-cancellable operating leases as part of the group's revenue-generating operations.

The minimum future lease payments under non-cancellable operating leases on assets where the group is the lessor are detailed below.

R million	2024			
	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Property	93	251	102	446
Motor vehicles	1 361	2 207	304	3 873
<b>Total operating lease commitments</b>	<b>1 454</b>	<b>2 458</b>	<b>406</b>	<b>4 319</b>
	2023			
Property	77	270	136	483
Motor vehicles	1 151	1 927	230	3 308
<b>Total operating lease commitments</b>	<b>1 228</b>	<b>2 197</b>	<b>366</b>	<b>3 791</b>

## Notes to the consolidated financial statements

### 35 Fair value measurements

#### 35.1 Valuation methodology

The group has established control frameworks and processes at an operating business level to independently validate its valuation techniques and inputs used to determine its fair value measurements. At an operating business level, valuation specialists are responsible for the selection and implementation of the valuation techniques used to determine fair value measurements, as well as any changes required. Valuation committees comprising representatives from key management have been established within each operating business and at an overall group level. They are responsible for overseeing the valuation control process and considering the appropriateness of the valuation techniques applied in fair value measurement. The valuation models and methodologies are subject to independent review and approval at an operating business level by the required valuation specialists, valuation committees and relevant risk committees annually, or more frequently if considered appropriate.

#### 35.2 Fair value hierarchy and measurements

Measurement of assets and liabilities at level 2 and level 3

The table below sets out the valuation techniques applied by the group for recurring fair value measurements of assets and liabilities categorised as level 2 and level 3.

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs – level 2	Unobservable inputs – level 3
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>				
<b>Forward rate agreements, forwards and swaps</b>	Discounted cash flow	Future cash flows are projected using a related forecasting curve or referencing a traded future contract price and then discounted using a market-related discounting curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates, future contract prices, credit and currency basis curves and spot prices	Unobservable market interest rates, credit and currency basis curves
<b>Options and equity derivatives</b>	Option pricing and industry standard models	The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and by applying extrapolation techniques to match the appropriate risk profile.	Strike price of the option, market-related discount rate, spot or forward rate, the volatility of the underlying, dividends and listed share prices	Volatilities, dividends and unlisted share prices
<b>ADVANCES TO CUSTOMERS</b>				
<b>Advances under repurchase agreements and other advances</b>	Discounted cash flow	Future cash flows are discounted using market-related interest rates adjusted for credit inputs over the contractual period. For advances under repurchase agreements, credit inputs are an insignificant input as the advance is fully collateralised. For some advances under repurchase agreements, the amount repayable is referenced to a listed price of an underlying.  In the case where the fair value of the credit is not significant year-on-year but may become significant in future, and where the South African counterparties do not have actively traded or observable credit spreads, the group classifies other loans and advances to customers as level 3 in the fair value hierarchy.	Market interest rates, credit inputs and listed prices of an underlying	Credit inputs and market risk correlation factors
<b>Corporate and investment banking book</b>	Discounted cash flow	Future cash flows are discounted using market-related interest rates, adjusted for credit inputs. Credit risk is not observable and could have a significant impact on the fair value measurement of these advances. Where credit risk has a significant impact on the fair value measurement, these advances are classified as level 3 in the fair value hierarchy.	Market interest rates	Credit inputs



## Notes to the consolidated financial statements

### 35 Fair value measurements continued

#### 35.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2 and level 3 continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs – level 2	Unobservable inputs – level 3
<b>INVESTMENT SECURITIES</b>				
<b>Equities listed in an inactive market</b>	Discounted cash flow	For listed equities, the listed price is used where the market is active (i.e. level 1). However, if the market is not active and the listed price is not representative of fair value, a valuation technique is used to determine the fair value. The valuation technique will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. Future cash flows are discounted using a market-related interest rate.	Market interest rates	Price earnings (P/E) ratios
<b>Unlisted equities</b>	P/E model and discounted cash flow	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings, depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount rate for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place.	Market transactions and market interest rates	Growth rates and P/E ratios
<b>Unlisted bonds, bonds listed in an inactive market or negotiable certificates of deposit (NCD)</b>	Discounted cash flow	Future cash flows are discounted using a market-related interest rate adjusted for credit inputs over the contractual period. Where the valuation technique incorporates observable inputs for credit risk or the credit risk is an insignificant input, level 2 of the fair value hierarchy is deemed appropriate. Where the valuation technique incorporates significant inputs for credit risk, level 3 of the fair value hierarchy is deemed appropriate.	Market interest rates, credit inputs and market quotes for NCD instruments	Credit inputs
<b>Treasury bills and other government and government-guaranteed stock</b>	Exchange prices. Exchange yields converted into a price using specific debt market bond pricing models. Discounted cash flow.	Instrument fair values are determined by either marking to exchange traded prices, converting exchange yields into prices by applying the specific debt market trading models, for example JSE/Bond Exchange of South Africa (BESA) or by discounting the cash flows off an appropriate curve.	Market quotes for money market and fixed-income instruments. Market interest rates	N/A
<b>Non-recourse investments</b>	Discounted cash flow	Future cash flows are discounted using a discount rate which is determined as a base rate plus a margin. The base rate is determined by legal agreements as either a bond or swap curve. The margin approximates the level of risk attached to the cash flows. When there is a change in the base rate of the market, the valuation is adjusted accordingly. The valuation model is calibrated to reflect transaction price at initial recognition.	Market interest rates	N/A

## Notes to the consolidated financial statements

### 35 Fair value measurements continued

#### 35.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2 and level 3 continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs – level 2	Unobservable inputs – level 3
<b>INVESTMENT SECURITIES continued</b>				
<b>Investments in funds and unit trusts</b>	Third-party valuations	<p>For certain investments in funds (such as hedge funds) or unit trusts, where an internal valuation technique is not applied, the group places reliance on valuations from third parties, such as broker quotes or valuations from asset managers. Where considered necessary, the group applies minority and marketability or liquidity discount adjustments to these third-party valuations. Third-party valuations are reviewed by the relevant operating business's investment committee on a regular basis.</p> <p>Where these underlying investments are listed, third-party valuations can be corroborated with reference to listed share prices and other market data and are thus classified as level 2 of the fair value hierarchy.</p>	Equity listed prices	Third-party valuations used, minority and marketability adjustments
<b>INVESTMENT PROPERTIES</b>				
<b>Investment properties</b>	Discounted cash flow	<p>The fair value of investment properties is determined by obtaining a valuation from an independent professional valuer not related to the group. This fair value is based on a discounted cash flow model which is the sum of the present values of a stream of cash flows into the future, with an appropriate exit or terminal value. Considerations related to above-market and below-market rentals, fluctuating expenses and general property risk are factored into the model. Variables are obtained through surveys and comparable recent market transactions not publicly quoted. Professional valuations are performed every two years and are reviewed internally by management. The fair value was based on unobservable income capitalisation rate inputs.</p>	N/A	Expected rentals, capitalisation and exit/terminal rates

## Notes to the consolidated financial statements

### 35 Fair value measurements continued

#### 35.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2 and level 3 continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs – level 2	Unobservable inputs – level 3
<b>DEPOSITS</b>				
<b>Call and non-term deposits</b>	Discounted cash flow or the undiscounted amount is used	Cash flows are discounted with the interest rates derived from the appropriate curve to arrive at the present value.  Where the deposit has a demand feature, the undiscounted amount of the deposit is the fair value due to the short-term nature of the instruments. The fair value is not less than the amount payable on demand, i.e. the undiscounted amount of the deposit.	Market interest rates	N/A
<b>Non-recourse deposits and other liabilities</b>	Discounted cash flow	Future cash flows are discounted using market-related interest rates. Fair value incorporates interest rate risk with no valuation adjustment for own credit risk. Valuation adjustments are affected by changes in the applicable credit ratings of the assets.  Where the value of a liability is linked to the performance of an underlying and the underlying is observable, these liabilities are classified as level 2.	Market interest rates or performance of underlying	Performance of underlying contracts
<b>Deposits referencing credit-linked instruments and other deposits</b>	Discounted cash flow	The related forecasting curve is adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates	Credit inputs, market risk and correlation factors
<b>POLICYHOLDER LIABILITIES UNDER INVESTMENT CONTRACTS</b>				
<b>Unit-linked contracts or contracts without fixed benefits</b>	Adjusted value of underlying assets	The underlying assets related to the contracts are recognised by the group. The investment contracts require the group to use these assets to settle the liabilities. The fair value of investment contract liabilities, therefore, is determined with reference to the fair value of the underlying assets. The fair value is determined using the current unit price of the underlying unitised assets linked to the liability and multiplied by the number of units attributed to the policyholders at reporting date. The fair value of the liability is never less than the amount payable on surrender, discounted for the required notice period where applicable.	Spot price of underlying	N/A
<b>Contracts with fixed and guaranteed terms</b>	Discounted cash flow	The liability fair value is the present value of future payments, adjusted using appropriate market-related yield curves to maturity.	Market interest rates	N/A
<b>OTHER</b>				
<b>Financial assets and liabilities not measured at fair value but for which fair value is disclosed</b>	Discounted cash flow	Future cash flows are discounted using market-related interest rates and curves adjusted for credit inputs.	Market interest rates	Credit inputs

## Notes to the consolidated financial statements

### 35 Fair value measurements continued

#### 35.2.1 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.

R million	2024				2023			Total fair value
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	
<b>Assets</b>								
<b>Recurring fair value measurements</b>								
Derivative financial instruments	18	54 637	629	55 284	291	84 713	952	85 956
Advances	–	58 672	54 672	113 344	–	63 199	66 726	129 925
Investment securities*	156 249	26 383	4 494	187 126	143 781	40 841	4 624	189 246
Non-recourse investments	1 281	3 550	–	4 831	888	2 870	–	3 758
Commodities	15 109	–	–	15 109	17 252	–	–	17 252
Investment properties	–	–	704	704	–	–	353	353
<b>Non-recurring fair value measurements</b>								
Disposal groups held for sale – financial assets	–	14	35	49	–	–	–	–
<b>Total fair value assets</b>	<b>172 657</b>	<b>143 256</b>	<b>60 534</b>	<b>376 447</b>	<b>162 212</b>	<b>191 623</b>	<b>72 655</b>	<b>426 490</b>
<b>Liabilities</b>								
<b>Recurring fair value measurements</b>								
Short trading positions	9 443	830	–	10 273	12 273	480	–	12 753
Derivative financial instruments	6	42 786	1 853	44 645	149	67 728	2 477	70 354
Deposits	1 546	49 007	10 601	61 154	1 324	47 656	6 840	55 820
Non-recourse deposits	–	4 831	–	4 831	–	3 758	–	3 758
Other liabilities	–	49	–	49	–	78	6	84
Policyholder liabilities under investment contracts	–	7 669	–	7 669	–	6 236	–	6 236
<b>Non-recurring fair value measurements</b>								
Disposal groups held for sale – financial liabilities	–	–	–	–	–	–	–	–
<b>Total fair value liabilities</b>	<b>10 995</b>	<b>105 172</b>	<b>12 454</b>	<b>128 621</b>	<b>13 746</b>	<b>125 936</b>	<b>9 323</b>	<b>149 005</b>

\* In the prior year, listed bonds and treasury bills of R21 749 million were incorrectly classified as level 2. The comparatives have been restated to reflect these securities as level 1.

## Notes to the consolidated financial statements

### 35 Fair value measurements continued

#### 35.3 Additional disclosures for level 3 financial instruments

##### 35.3.1 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.

R million	2024			2023		
	Transfers in	Transfers out	Reasons for significant transfers in	Transfers in	Transfers out	Reasons for significant transfers in
<b>Level 1</b>	<b>316</b>	<b>(606)</b>	The inputs used to determine the fair value of certain investments securities have become observable during the current year as a result of increased liquidity in the market. This resulted in transfers from level 3 to level 1.	–	(679)	—
<b>Level 2</b>	<b>492</b>	–	The inputs used to determine the fair value of certain structured deposits have become observable during the current year, resulting in the transfer from level 3 to level 2.	507	(22)	Increased liquidity for derivative financial instruments (options) 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.
<b>Level 3</b>	<b>606</b>	<b>(808)</b>	The inputs used to determine the fair value of certain investment securities have become unobservable due to the market being illiquid. This resulted in transfers from level 1 to level 3.	701	(507)	Investment securities whose fair value had been observable in a traded market no longer met the criteria for level 1 as the market has become illiquid and the fair value was determined using significant unobservable inputs.
<b>Total transfers</b>	<b>1 414</b>	<b>(1 414)</b>		1 208	(1 208)	

## Notes to the consolidated financial statements

### 35 Fair value measurements continued

#### 35.3 Additional disclosures for level 3 financial instruments continued

##### 35.3.2 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	Short-term trading positions	Derivative financial liabilities	Other liabilities	Deposits
<b>Balance as at 30 June 2022</b>	646	47 299	3 040	698	9	2 207	3	5 621
Gains or losses recognised in profit or loss	1 030	6 145	401	(25)	–	1 553	5	897
Losses recognised in other comprehensive income	–	–	38	–	–	–	–	–
Purchases, sales, issue and settlements	(334)	12 137	373	–	(9)	(1 166)	–	312
Acquisitions/disposals of subsidiaries	–	–	15	(320)	–	–	(2)	–
Net transfer to level 3	(390)	–	701	–	–	(117)	–	–
Exchange rate differences	–	1 145	56	–	–	–	–	10
<b>Balance as at 30 June 2023</b>	<b>952</b>	<b>66 726</b>	<b>4 624</b>	<b>353</b>	<b>–</b>	<b>2 477</b>	<b>6</b>	<b>6 840</b>
Gains or losses recognised in profit or loss	<b>483</b>	<b>5 457</b>	<b>947</b>	<b>22</b>	<b>–</b>	<b>787</b>	<b>–</b>	<b>902</b>
Gains recognised in other comprehensive income	–	–	(5)	–	–	–	–	–
Purchases, sales, issue and settlements	(806)	(17 222)	(1 335)	5	–	(1 410)	(6)	3 350
Acquisitions/disposals of subsidiaries	–	5	(5)	324	–	–	–	–
Net transfer (to)/from level 3	–	–	290	–	–	(1)	–	(490)
Exchange rate differences	–	(294)	(22)	–	–	–	–	(1)
<b>Balance as at 30 June 2024</b>	<b>629</b>	<b>54 672</b>	<b>4 494</b>	<b>704</b>	<b>–</b>	<b>1 853</b>	<b>–</b>	<b>10 601</b>

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.

## Notes to the consolidated financial statements

### 35 Fair value measurements continued

#### 35.3 Additional disclosures for level 3 financial instruments continued

##### 35.3.3 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.

R million	2024		2023	
	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
<b>Assets</b>				
Derivative financial instruments	483	—	640	—
Advances*	4 773	—	5 509	—
Investment securities	657	—	419	8
Investment properties	22	—	(25)	—
<b>Total</b>	<b>5 935</b>	<b>—</b>	<b>6 543</b>	<b>8</b>
<b>Liabilities</b>				
Derivative financial instruments	(786)	—	(1 448)	—
Deposits	(1 137)	—	(1 053)	—
<b>Total</b>	<b>(1 923)</b>	<b>—</b>	<b>(2 501)</b>	<b>—</b>

\* 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.

##### 35.3.4 Effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives

The table below illustrates the sensitivity of the significant inputs when changed to reasonably possible alternative inputs.

Asset/liability	Unobservable input to which reasonably possible changes are applied	Reasonably possible changes applied														
<b>Derivative financial instruments</b>	Volatilities, yields, interest rates, credit spreads	A 10% relative stress (i.e. $(1 \pm 10\%)$ * base input) of the following base inputs														
		<table border="1"> <thead> <tr> <th>Exposure</th> <th>Unobservable Input</th> </tr> </thead> <tbody> <tr> <td>Options</td> <td>Volatility</td> </tr> <tr> <td>Nominal Bonds</td> <td>Yield</td> </tr> <tr> <td>Inflation Bonds</td> <td>Real Yield</td> </tr> <tr> <td>Currency basis</td> <td>Rate Curve</td> </tr> <tr> <td>Credit</td> <td>Credit spreads</td> </tr> <tr> <td>Interest rates</td> <td>Rate Curve</td> </tr> </tbody> </table>	Exposure	Unobservable Input	Options	Volatility	Nominal Bonds	Yield	Inflation Bonds	Real Yield	Currency basis	Rate Curve	Credit	Credit spreads	Interest rates	Rate Curve
		Exposure	Unobservable Input													
		Options	Volatility													
		Nominal Bonds	Yield													
		Inflation Bonds	Real Yield													
		Currency basis	Rate Curve													
Credit	Credit spreads															
Interest rates	Rate Curve															
<b>Advances</b>	Credit migration matrix	The PD adjusted either upwards or downwards in relation to the base case.														
<b>Investment securities</b>	Credit, growth rates or P/E ratios of unlisted investments	Increased and decreased by between 7% and 10%, depending on the nature of the instrument.														
<b>Investment properties</b>	Escalation rates applied to rentals and discount rates	Expected rentals are adjusted for comparable rentals. A range of capitalisation rates was used to assess reasonability of the rate(s) used.														
<b>Deposits</b>	Credit inputs, correlation and devaluation parameters	The sensitivity to credit risk has been assessed in the same way as for advances, using the credit migration matrix, with the deposit representing the cash collateral component thereof.														

## Notes to the consolidated financial statements

### 35 Fair value measurements continued

#### 35.3 Additional disclosures for level 3 financial instruments continued

##### 35.3.4 Effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives continued

R million	2024			2023		
	Reasonably possible alternative fair value			Reasonably possible alternative fair value		
	Fair value	Using more positive assumptions	Using more negative assumptions	Fair value	Using more positive assumptions	Using more negative assumptions
<b>Assets</b>						
Derivative financial instruments	629	676	579	952	1 029	875
Advances	54 672	54 857	54 445	66 726	66 847	66 614
Investment securities	4 494	4 796	4 287	4 624	4 831	4 433
Investment properties	704	775	639	353	389	323
<b>Total financial assets measured at fair value in level 3</b>	<b>60 499</b>	<b>61 104</b>	<b>59 950</b>	<b>72 655</b>	<b>73 096</b>	<b>72 245</b>
<b>Liabilities</b>						
Derivative financial instruments	1 853	1 800	1 905	2 477	2 394	2 542
Deposits	10 601	10 205	10 734	6 840	6 686	6 995
Other liabilities	–	–	–	6	5	7
<b>Total financial liabilities measured at fair value in level 3</b>	<b>12 454</b>	<b>12 005</b>	<b>12 639</b>	<b>9 323</b>	<b>9 085</b>	<b>9 544</b>

#### 35.4 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.

R million	2024				
	Carrying value	Total fair value	Level 1	Level 2	Level 3
<b>Assets</b>					
Advances	1 498 197	1 501 967	–	175 544	1 326 423
Investment securities	241 559	237 400	146 202	83 046	8 152
<b>Total financial assets at amortised cost</b>	<b>1 739 756</b>	<b>1 739 367</b>	<b>146 202</b>	<b>258 590</b>	<b>1 334 575</b>
<b>Liabilities</b>					
Deposits	1 937 166	1 939 957	1 647	1 500 933	437 376
Other liabilities	2 695	2 706	–	1 010	1 697
Tier 2 liabilities	17 268	17 379	–	17 379	–
<b>Total financial liabilities at amortised cost</b>	<b>1 957 129</b>	<b>1 960 042</b>	<b>1 647</b>	<b>1 519 322</b>	<b>439 073</b>
			2023		
<b>Assets</b>					
Advances	1 409 450	1 410 802	–	148 220	1 262 582
Investment securities	226 136	219 592	133 289	74 409	11 894
<b>Total financial assets at amortised cost</b>	<b>1 635 586</b>	<b>1 630 394</b>	<b>133 289</b>	<b>222 629</b>	<b>1 274 476</b>
<b>Liabilities</b>					
Deposits	1 863 525	1 861 259	2 292	1 433 571	425 396
Other liabilities*	3 923	3 923	–	1 383	2 539
Tier 2 liabilities	16 869	16 953	–	16 953	–
<b>Total financial liabilities at amortised cost</b>	<b>1 884 317</b>	<b>1 882 135</b>	<b>2 292</b>	<b>1 451 907</b>	<b>427 935</b>

\* In the prior year, other funding liabilities of R1.3 billion was classified as level 1, the comparative has been restated to correctly reflect the liability as level 3.



## Notes to the consolidated financial statements

### 35 Fair value measurements continued

#### 35.5 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	2024	2023
Opening balance	211	343
Day 1 profits or losses not initially recognised on financial instruments in the current year	308	237
Amount recognised in profit or loss as a result of changes which would be observable by market participants	(332)	(369)
<b>Closing balance</b>	<b>187</b>	<b>211</b>

#### 35.6 Financial instruments designated at fair value through profit or loss

##### FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Different methods are used to determine the current period and cumulative changes in fair value attributable to credit risk due to the differing inherent credit risk of these instruments. These are the methods used.

<b>Financial assets</b>	<p><b>Advances</b> The change in credit risk is the difference between the fair value of advances, based on the original credit spreads (as determined using the group's credit spread pricing matrix), and the fair value of advances based on the most recent credit inputs where there has been a change in the credit risk of the counterparty. The group uses its own annual credit review process to determine if there has been a change in the credit rating or PD of the counterparty.</p> <p><b>Investment securities</b> The change in fair value due to credit risk for investments designated at FVTPL is calculated by stripping out the movements that result from a change in market factors that give rise to market risk. The change in fair value due to credit risk is then calculated as the balancing figure, after deducting the movement due to market risk from the total movement in fair value.</p>
<b>Financial liabilities</b>	Determined with reference to changes in the mark-to-market yields of own issued bonds. The change in fair value of financial liabilities due to changes in credit risk is immaterial.

##### 35.6.1 Financial assets designated at fair value through profit or loss

The group has designated certain financial assets at FVTPL that would otherwise have been measured at amortised cost or FVOCI. The table below contains details on the change in credit risk attributable to these financial assets. Losses are indicated in brackets.

R million	2024			
	Change in fair value due to credit risk			
	Fair value	Mitigated credit risk	Current period	Cumulative
Advances	16 221	857	129	45
Investment securities	9 586	–	–	–
<b>Total</b>	<b>25 807</b>	<b>857</b>	<b>129</b>	<b>45</b>
	2023			
Advances	13 457	772	(79)	273
Investment securities	9 415	–	–	–
<b>Total</b>	<b>22 872</b>	<b>772</b>	<b>(79)</b>	<b>273</b>

Losses are included in brackets

## Notes to the consolidated financial statements

### 35 Fair value measurements continued

#### 35.6 Financial instruments designated at fair value through profit or loss continued

##### 35.6.2 Financial liabilities designated at fair value through profit or loss

R million	2024		2023	
	Fair value	Contractually payable at maturity	Fair value	Contractually payable at maturity
Deposits	5 393	4 808	6 808	6 123
Non-recourse deposits	4 831	3 080	3 758	2 426
Other liabilities	49	49	84	84
Policyholder liabilities under investment contracts	7 669	7 669	6 236	6 236
<b>Total</b>	<b>17 942</b>	<b>15 606</b>	<b>16 886</b>	<b>14 869</b>

#### 35.7 Total fair value income included in profit or loss for the year

R million	2024	2023
Total fair value income for the year has been disclosed as:		
Fair value gains and losses included in non-interest revenue*	8 824	8 552
Fair value of credit of advances included in impairment of advances	(45)	202

\* Refer to note 2.3.

### 36 Segment information

#### 36.1 Reportable segments

SEGMENT REPORTING		
<b>Group's chief operating decision maker</b>	Chief executive officer (CEO)	
<b>Identification and measurement of operating segments</b>	<p>Aligned to internal reporting provided to the CEO and reflects the risks and rewards related to the segments' specific products and services offered in their specific markets.</p> <p>Operating segments of which total revenue, absolute profit or loss for the period or total assets that constitute 10% or more of all the segments' revenue, profit or loss or total assets are reported separately.</p>	
<b>Major customers</b>	The FirstRand group has no major customer as defined (i.e. revenue from the customer exceeds 10% of total revenue) and is therefore not reliant on revenue from one or more major customers.	
REPORTABLE SEGMENTS		
RETAIL AND COMMERCIAL		
	Products and services	Footprint
<b>FNB</b>	FNB represents the group's activities in the retail and commercial segments in South Africa and broader Africa. FNB offers a diverse set of financial products and services to market segments including retail (personal and private), SMEs, business, agriculture, medium corporate, and public sector entities. FNB's products cover the entire spectrum of financial services – transactional, lending, insurance, investment management and savings. Products include mortgage loans and commercial property finance; credit and debit cards (card issuing); personal loans (including loans offered by DirectAxis); debtor and leveraged finance; securities-based lending; foreign exchange; funeral, credit life, life and short-term insurance policies; and savings and investment products. Services include transactional and deposit taking, card-acquiring, credit facilities, insurance, trust and fiduciary services, rewards programme (eBucks), FNB Connect (a mobile virtual network operator), merchant services (card acquiring) and cash management solutions, amongst others.	<p>FNB operates in South Africa, Namibia, Botswana, Lesotho, Eswatini, Zambia, Mozambique and Ghana.</p> <p>FNB's distribution channels include the branch network and other physical representation points, ATMs, call centres, an app, cellphone banking (USSD) and online banking</p>

## Notes to the consolidated financial statements

### 36 Segment information continued

#### 36.1 Reportable segments continued

REPORTABLE SEGMENTS		
	Products and services	Footprint
<b>WesBank</b>	<p>WesBank represents the group's asset-based finance activities and in the retail, commercial and corporate segments in South Africa. It is a leading provider of vehicle finance and fleet management in the country.</p> <p>MotoVantage provides value-added products and services (VAPS) related to vehicle ownership. These include maintenance and service plans, warranties, and credit life and shortfall cover.</p>	WesBank operates in South Africa.
CORPORATE AND INSTITUTIONAL		
<b>RMB</b>	<p>RMB represents the group's activities in the corporate and institutional segments in South Africa and on the broader African continent. In addition it has niche offerings in the UK and India, and a broker-dealer business and representative office in the USA. RMB offers corporate finance, leveraged finance, resource sector solutions, infrastructure sector solutions, real estate finance, debt capital markets, debt trade solutions, sponsor services, corporate broking, loan syndications, coverage, advisory, corporate transactional banking and principal investments. From a markets perspective it offers market making, financial risk management and investment across interest rate, currency, commodity, equity and credit asset classes as well as execution, asset financing, custody and clearing services.</p> <p>The results of Ashburton Investments, the group's asset management business, are also reported as part of RMB.</p>	RMB operates in South Africa, Namibia, Botswana, Eswatini, Lesotho, Mozambique, Zambia, Ghana and Nigeria, and manages FirstRand Bank's representative offices in Kenya, Angola, Shanghai and New York. RMB has niche offerings in the UK (London branch) and India. It has established a broker-dealer business in the USA.
ALDERMORE		
<b>Aldermore</b>	<p>The UK operations include Aldermore Bank and MotoNovo (front book). As the MotoNovo back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023. The portfolio consists of specialist lending for property finance (individuals and landlords), structured and specialist finance for SMEs, motor finance (provided by MotoNovo), and retail and business savings products. The UK operations are funded mainly by retail deposits from UK savers. With no branch network, Aldermore serves customers and intermediary partners online and telephonically, with motor finance offered through a network of dealerships across the UK.</p>	Aldermore and MotoNovo operate in the UK.
CENTRE (INCLUDING GROUP TREASURY)		
<b>Centre (including Group Treasury)</b>	<p>The Centre represents group-wide functions, including Group Treasury, Group Finance, Group Tax, Enterprise Risk Management (ERM), Group Compliance and Group Internal Audit.</p> <p>The reportable segment includes all management accounting and consolidated entries and the total operational performance of MotoNovo's back book (i.e. business written prior to the integration with Aldermore).</p>	

## Notes to the consolidated financial statements

### 36 Segment information continued

#### 36.2 Description of normalised adjustments

NORMALISED ADJUSTMENTS	
	<p>The group presents normalised earnings which take into account non-operational and accounting anomalies. Normalised earnings are the measurement basis used by the CODM to manage the group.</p> <p>Normalised earnings adjustments include reallocation entries where amounts are moved between income statement lines and lines of the statement of financial position, without having an impact on the IFRS profit or loss for the year or total assets and total liabilities reported in terms of IFRS Accounting Standards. Other normalised adjustments have an impact on the profit or loss reported for the period.</p>
<b>Consolidated private equity subsidiaries</b>	<p>In accordance with IFRS Accounting Standards, 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.</p>
<b>FirstRand shares held for client trading activities</b>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Where the client trading position is itself an equity instrument, neither gains nor losses on client trading positions, or FirstRand shares held to hedge these, are reflected in profit or loss or in the statement of financial position.</p>
<b>Margin-related items included in fair value income</b>	<p>In terms of IFRS Accounting Standards, the group is either required to or has elected to measure certain financial assets and liabilities at FVTPL. In terms of the group's IFRS Accounting Standards 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.</p> <p>The amount reclassified from NIR to NII includes the following items:</p> <ul style="list-style-type: none"> <li>• the margin on the component of the wholesale advances book in RMB that is measured at FVTPL;</li> <li>• fair value gains on derivatives that are used as interest rate hedges but which do not qualify for hedge accounting; and</li> <li>• currency translations and associated costs inherent to the US dollar funding and liquidity pool.</li> </ul>

## Notes to the consolidated financial statements

### 36 Segment information continued

#### 36.2 Description of normalised adjustments continued

NORMALISED ADJUSTMENTS	
<b>IAS 19 remeasurement of plan assets</b>	<p>Interest income is recognised on the plan assets and set off against staff costs in the income statement. All other remeasurements of plan assets are recognised in OCI. 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 OCI. 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 OCI. Economically, the value of the plan asset has simply reduced with claims paid. Normalised results are adjusted to reflect this by increasing staff costs to the value of the interest on the plan assets and increasing OCI.</p>
<b>Realisations on the sale of private equity subsidiaries</b>	<p>In terms of <i>Circular 01/2023 Headline Earnings</i>, 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. This 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.</p>
<b>Cash-settled share-based payments and the economic hedge</b>	<p>The group entered into 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 schemes.</p> <p>The expense resulting from these share 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 SBP expense.</p> <p>When calculating normalised results, the group defers a portion of the recognition of the fair value gain or loss on the hedging instrument for the specific reporting period to the period in which the SBP expense will manifest in the group's results. This reflects the economic substance of the hedge and associated SBP expense for the group for the share schemes that are not hedge accounted.</p> <p>In addition, the portion of the SBP 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 SBP expense included in operating expenses that remains is equal to the grant date fair value of the awards given.</p>
<b>IFRS 10 Consolidation of fully vested empowerment vehicles</b>	<p>When assessing if a structured entity is controlled by another entity, it must consider whether the sponsoring entity was instrumental in the design and purpose of the mandate and operational parameters of the entity being evaluated, and whether benefits are obtained. Where both these requirements are met, the sponsoring entity is deemed to have control over the entity.</p> <p>FirstRand's BEE transaction is fully vested and distributed to the broad-based black economic empowerment beneficiaries, which include the empowerment trusts. Although the trustees are empowered and responsible for making investment decisions and disbursements to beneficiaries, as FirstRand was instrumental in the initial design and obtains non-financial benefits, namely BEE ownership points, the group is deemed to have control and therefore consolidates the empowerment trusts.</p> <p>For the purpose of calculating normalised results the consolidation of the trusts is reversed as the assets, liabilities and returns within the trusts are not for the benefit of FirstRand shareholders, either on distribution or dissolution of the trusts.</p>
<b>Headline earnings adjustments</b>	<p>All adjustments that are required by <i>Circular 01/2023 Headline Earnings</i> in calculating headline earnings are included in normalised earnings on a line-by-line basis based on the nature of the adjustment.</p> <p>The description and amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit.</p>

**Notes to the consolidated financial statements**

**36 Segment information** continued

36.2 Description of normalised adjustments continued

R million	2024									
	Retail and commercial FNB			Corporate and institutional			Centre (including Group Treasury)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
	FNB SA	FNB Broader Africa	WesBank	Retail and commercial	RMB	Aldermore				
<b>Net interest income before impairment of advances</b>	41 191	5 832	5 869	52 892	12 269	14 232	6 712	86 105	(2 651)	83 454
Impairment charge	(9 686)	(462)	(2 051)	(12 199)	(1 386)	432	598	(12 555)	–	(12 555)
<b>Net interest income after impairment of advances</b>	31 505	5 370	3 818	40 693	10 883	14 664	7 310	73 550	(2 651)	70 899
Non-interest revenue	33 135	5 411	3 661	42 207	15 229	(264)	(4 299)	52 873	3 209	56 082
<b>Net income from operations</b>	64 640	10 781	7 479	82 900	26 112	14 400	3 011	126 423	558	126 981
Operating expenses	(35 762)	(7 057)	(5 223)	(48 042)	(14 506)	(8 231)	(3 626)	(74 405)	(326)	(74 731)
Share of profit of associates and joint ventures after tax	39	–	527	566	2 356	–	(500)	2 422	4	2 426
<b>Income before tax</b>	28 917	3 724	2 783	35 424	13 962	6 169	(1 115)	54 440	236	54 676
Indirect tax	(826)	(234)	(40)	(1 100)	(285)	(207)	(63)	(1 655)	–	(1 655)
<b>Profit for the year before tax</b>	28 091	3 490	2 743	34 324	13 677	5 962	(1 178)	52 785	236	53 021
Income tax expense	(7 640)	(1 072)	(746)	(9 458)	(3 671)	(1 588)	2 907	(11 810)	(31)	(11 841)
<b>Profit for the year</b>	20 451	2 418	1 997	24 866	10 006	4 374	1 729	40 975	205	41 180
<b>The income statement includes</b>										
Staff expenditure	(23 804)	(3 864)	(1 887)	(29 555)	(7 672)	(4 319)	(2 754)	(44 300)	(268)	(44 568)
Depreciation	(2 584)	(422)	(815)	(3 821)	(183)	(263)	(57)	(4 324)	–	(4 324)
Amortisation	(41)	(9)	(18)	(68)	(49)	–	(642)	(759)	–	(759)
Net impairment charges (non-financial asset)	(118)	1	(3)	(120)	(6)	–	(19)	(145)	(71)	(216)
<b>Non-interest revenue includes the following external revenue from contracts with customers*</b>										
Banking fees and commissions	30 551	5 380	640	36 571	5 936	148	(48)	42 607	–	42 607
Other non-banking fees and commissions	937	115	6	1 058	68	46	47	1 219	–	1 219
Insurance income (excluding risk-related income)	694	233	376	1 303	–	(9)	6	1 300	–	1 300
Management, trust and fiduciary fees	1 289	34	575	1 898	728	–	23	2 649	–	2 649
Other non-interest revenue from customers	2 216	3	1 216	3 435	374	21	(82)	3 748	(35)	3 713
<b>The statement of financial position includes</b>										
Investments in associated companies	520	–	2 956	3 476	5 666	–	1 190	10 332	–	10 332
Investments in joint ventures	–	–	4	4	3 471	–	(17)	3 458	52	3 510
Total assets	519 625	65 973	174 791	760 389	726 475	472 299	407 652	2 366 815	2 524	2 369 339
Total liabilities**	489 166	62 374	172 072	723 612	709 546	431 728	286 649	2 151 535	–	2 151 535

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

\* The vast majority of external revenue from contracts with customers was recognised at a point in time.

\*\* Total liabilities are net of interdivisional balances.

**Notes to the consolidated financial statements**

**36 Segment information** continued

36.2

Description of normalised adjustments continued

R million	2023									
	Retail and commercial			Corporate and institutional			Centre (including Group Treasury)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
	FNB	FNB		Retail and commercial	RMB	Aldermore				
FNB SA	Broader Africa	WesBank								
<b>Net interest income before impairment of advances</b>	39 093	5 139	5 098	49 330	11 315	13 236	4 734	78 615	(2 179)	76 436
Impairment charge	(6 373)	(371)	(1 728)	(8 472)	(551)	(2 415)	489	(10 949)	–	(10 949)
<b>Net interest income after impairment of advances</b>	32 720	4 768	3 370	40 858	10 764	10 821	5 223	67 666	(2 179)	65 487
Non-interest revenue	31 810	4 917	3 504	40 231	14 700	1 357	(4 388)	51 900	1 944	53 844
<b>Net income from operations</b>	64 530	9 685	6 874	81 089	25 464	12 178	835	119 566	(235)	119 331
Operating expenses*	(35 672)	(6 578)	(4 710)	(46 960)	(13 176)	(7 032)	(152)	(67 320)	(109)	(67 429)
Share of profit of associates and joint ventures after tax	85	–	327	412	520	11	(450)	493	(6)	487
<b>Income before tax</b>	28 943	3 107	2 491	34 541	12 808	5 157	233	52 739	(350)	52 389
Indirect tax	(717)	(205)	(53)	(975)	(226)	(383)	44	(1 540)	–	(1 540)
<b>Profit for the year before tax</b>	28 226	2 902	2 438	33 566	12 582	4 774	277	51 199	(350)	50 849
Income tax expense	(7 620)	(1 003)	(576)	(9 199)	(3 261)	(1 101)	1 392	(12 169)	(3)	(12 172)
<b>Profit for the year</b>	20 606	1 899	1 862	24 367	9 321	3 673	1 669	39 030	(353)	38 677
<b>The income statement includes</b>										
Staff expenditure	(23 241)	(3 528)	(2 145)	(28 914)	(7 221)	(3 562)	(2 551)	(42 248)	274	(41 974)
Depreciation	(2 425)	(405)	(817)	(3 647)	(172)	(202)	(20)	(4 041)	–	(4 041)
Amortisation	(41)	(20)	(20)	(81)	(81)	(4)	(491)	(657)	–	(657)
Net impairment charges	(174)	(4)	10	(168)	(8)	–	215	39	(403)	(364)
<b>Non-interest revenue includes the following external revenue from contracts with customers**</b>										
Banking fees and commissions	29 135	4 888	737	34 760	4 983	211	(37)	39 917	–	39 917
Other non-banking fees and commissions	773	113	10	896	61	51	56	1 064	–	1 064
Insurance income (excluding risk-related income)	812	139	395	1 346	–	3	–	1 349	–	1 349
Management, trust and fiduciary fees	1 290	33	537	1 860	701	–	(2)	2 559	–	2 559
Other non-interest revenue from customers <sup>#</sup>	2 214	36	1 259	3 509	221	53	(460)	3 323	(36)	3 287
<b>The statement of financial position includes</b>										
Investments in associated companies	481	–	2 810	3 291	4 626	–	2 483	10 400	–	10 400
Investments in joint ventures	–	–	6	6	3 067	–	(16)	3 057	48	3 105
Total assets	485 606	62 058	163 851	711 515	720 698	477 424	385 637	2 295 274	2 765	2 298 039
<sup>†</sup> Total liabilities <sup>†</sup>	458 500	58 142	161 018	677 660	706 772	440 574	274 599	2 099 605	–	2 099 605

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

\* The Centre cost allocation model was refined during the current year. The comparatives have been restated due to re-allocation of costs between certain segments.

\*\* The vast majority of external revenue from contracts with customers was recognised at a point in time.

<sup>#</sup> Restated due to the change in presentation of other non-interest revenue. Refer to note 2.5.

<sup>†</sup> Total liabilities are net of interdivisional balances.

## Notes to the consolidated financial statements

### 36 Segment information continued Geographical segments

R million	2024				
	South Africa	Broader Africa	United Kingdom	Other	Total
Net interest income after impairment	45 618	8 957	15 687	637	70 899
Non-interest revenue	49 627	8 314	554	13	58 508
– Non-interest revenue from contracts with customers**	41 913	6 607	903	52	49 475
– Other non-interest revenue	5 287	1 707	(349)	(39)	6 606
– Share of profits of associates and joint ventures after tax	2 427	–	–	–	2 427
Non-current assets*	36 253	2 876	8 441	3	47 573
	2023				
Net interest income after impairment	45 426	8 081	11 482	498	65 487
Non-interest revenue	45 189	7 299	1 803	40	54 331
– Non-interest revenue from contracts with customers**	39 686	6 136	576	58	46 456
– Other non-interest revenue	5 026	1 163	1 216	(17)	7 388
– Share of profits of associates and joint ventures after tax	477	–	11	(1)	487
Non-current assets*	33 258	2 757	9 272	3	45 290

\* Excludes financial instruments, other assets, deferred income tax assets, current tax assets, post-employment benefit assets and rights arising under insurance contracts.

\*\* Includes other non-interest related expenses which mostly relate to South Africa.



## Notes to the consolidated financial statements

### 37 Related parties

#### 37.1 Balances with related parties

R million	2024	2023
<b>Advances</b>		
Associates	25 176	20 053
Joint ventures	5 645	7 657
Key management personnel	41	9
<b>Other assets</b>		
Associates	914	786
Joint ventures	9 855	8 596
<b>Derivative assets</b>		
Joint ventures	–	3
<b>Investment securities</b>		
Associates	492	397
<b>Deposits</b>		
Associates	1 683	1 086
Joint ventures	12 616	5 451
Key management personnel	87	92
<b>Accounts payable</b>		
Associates	7	6
<b>Derivative liabilities</b>		
Joint ventures	4 152	118
<b>Commitments</b>		
Associates	401	186
Joint ventures	5 886	5 182

Refer to the remuneration disclosures on page B175 for details of the compensation payable to KMP.

Transactions with related parties occur in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those for comparable transactions with other external parties. These transactions do not involve more than the normal risk of collectability or present other unfavourable features.

The amounts advanced to KMP consist of mortgages, instalment finance agreements, credit cards and other loans. The amounts deposited by KMP are held in cheque and current accounts, savings accounts and other term accounts. Market-related rates and terms and conditions apply to transactions with related parties, including KMP.

Included in advances to associates is supplier development financing to the Vumela Enterprise Development Fund for R841 million (2023: R753 million). The fund focuses on the provision of growth finance to early stage SMEs.

## Notes to the consolidated financial statements

### 37 Related parties continued

#### 37.2 Transactions with related parties appear below

R million	2024	2023
<b>Interest received</b>		
Associates	1 408	965
Joint ventures	1 156	1 390
Key management personnel	7	2
<b>Interest paid</b>		
Associates	(97)	(74)
Joint ventures	(345)	(112)
Key management personnel	(11)	(7)
<b>Non-interest revenue</b>		
Associates	2 983	936
Joint ventures	1 543	1 187
Key management personnel	–	1
<b>Operating expenses</b>		
Associates	(964)	(851)
<b>Dividends received</b>		
Associates	862	239
Joint ventures	1 117	3 100
<b>Salaries and other employee benefits</b>		
Key management personnel	317	278
– Salaries and other short-term benefits	207	170
– Share-based payments	110	108

Deferred compensation of R57 million (2023: R51 million) is due to KMP and settlement value is linked to the FirstRand shares. A list of the board of directors of the group is available in the *Corporate governance* section of this report.

During the financial year, no contracts were entered into in which directors or officers of the group had an interest and which significantly affected the business of the group.

The directors had no interest in any third party or company responsible for managing any of the business activities of the group.

#### 37.3 Post-retirement benefit fund

Details of transactions between the group and the group's post-employment benefit plan are listed below.

R million	2024	2023
Dividend income	21	26
Deposits held with the group	702	737
Interest income	53	46

Refer to note 22 for details of the closing balance of the group's post-employment benefit plan.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks

#### Risk governance in the group

FirstRand believes that effective risk, performance and financial resource management is key to its success and underpins the delivery of sustainable returns to shareholders. These disciplines are, therefore, deeply embedded in the group’s operational, tactical and strategic decision-making.

Effective risk management is supported by effective governance structures, robust policy frameworks and a risk-focused culture. Strong governance structures and policy frameworks foster the embedding of risk considerations in business processes and ensure that consistent standards exist across the group. In line with the group’s corporate governance framework, the board retains ultimate responsibility for providing strategic direction, approving risk appetite and ensuring that risks are adequately identified, measured, monitored, managed and reported on.

The group’s risk management framework describes the group’s risk governance structures and approach to risk management. Effective risk management requires three lines of control or safeguards that should consistently be applied at various levels throughout the organisation.

The primary board committee overseeing risk matters across the group is the FirstRand RCCC. It has delegated responsibility for a number of specialist risk types to various subcommittees. Additional risk, audit and compliance committees exist in the operating businesses, segments and subsidiaries, whose governance structures align closely with that of the group.

A detailed overview of the group’s risk governance process is provided in the group’s unaudited Pillar 3 disclosure on the FirstRand website at [www.firstrand.co.za/investors/basel-pillar-3-disclosure](http://www.firstrand.co.za/investors/basel-pillar-3-disclosure).

#### Overview of financial and insurance risks

The financial instruments recognised on the group’s statement of financial position expose the group to various financial risks.

The information presented in this note represents the information required by IFRS 7 and sets out the group’s exposure to these financial and insurance risks. This section also contains details on the group’s capital management process.

OVERVIEW OF FINANCIAL AND INSURANCE RISKS		
Credit risk	The risk of loss due to the non-performance of a counterparty in respect of any financial or other obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads. Credit risk also includes credit default, pre-settlement, country, concentration and securitisation risk.	
	<p>Credit risk arises primarily from the following instruments:</p> <ul style="list-style-type: none"> <li>• advances;</li> <li>• certain investment securities; and</li> <li>• off-balance sheet exposures.</li> </ul> <p>Other sources of credit risk are:</p> <ul style="list-style-type: none"> <li>• reinsurance assets;</li> <li>• cash and cash equivalents;</li> <li>• accounts receivable included in Collateral, settlement balances and other assets; and</li> <li>• derivative balances.</li> </ul>	<p>The following information is presented for these assets:</p> <ul style="list-style-type: none"> <li>• credit assets and concentration risk (38.1.1);</li> <li>• information about the quality of credit assets (38.1.2 and 38.1.3); and</li> <li>• credit risk mitigation techniques and collateral held (38.1.4).</li> </ul>
Liquidity risk	The risk that the group will not be able to effectively meet current and future cash flow and collateral requirements without negatively affecting the normal course of business, financial position or reputation.	
	All assets and liabilities with differing maturity profiles expose the group to liquidity risk.	<p>The following information is presented for these assets and liabilities:</p> <ul style="list-style-type: none"> <li>• undiscounted cash flow analysis of financial liabilities (38.2.1);</li> <li>• discounted cash flow analysis of total assets and liabilities (38.2.2);</li> <li>• collateral pledged (38.2.3) and</li> <li>• concentration analysis of deposits (38.2.4).</li> </ul>

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### Overview of financial and insurance risks continued

OVERVIEW OF FINANCIAL AND INSURANCE RISKS		
Market risk	<p>The group distinguishes between traded market risk and non-traded market risk. For non-traded market risk the group distinguishes between interest rate risk in the banking book and structural foreign exchange risk.</p> <p>Traded market risk is the risk of adverse revaluation of any financial instrument as a consequence of changes in the market prices or rates.</p>	
	<p><b>Traded market risk (38.3.1)</b> emanates mainly from the provision of hedging solutions for clients, market-making activities and term-lending products, and is taken and managed by RMB.</p>	<p>10-day 99% Value-at-Risk (VaR) analysis has been presented for traded market risk.</p>
	<p><b>Interest rate risk in the banking book (38.4.1)</b> is the sensitivity of a bank's financial position and earnings to unexpected, adverse movements in interest rates. It originates from the differing repricing characteristics of balance sheet positions/instruments, yield curve risk, basis risk and client optionality embedded in banking book products.</p>	<p>The following information is presented for interest rate risk in the banking book:</p> <ul style="list-style-type: none"> <li>projected NII sensitivity to interest rate movements; and</li> <li>banking book NAV sensitivity to interest rate movements as a percentage of total group capital.</li> </ul>
	<p><b>Structural foreign exchange risk (38.4.2)</b> is the risk of an adverse impact on the group's financial position and earnings or other key ratios as a result of movements in foreign exchange rates impacting balance sheet exposures. It arises from balances denominated in foreign currencies and group entities with functional currencies other than the South African rand.</p>	<p>Information on the group's net structural foreign exposures and sensitivity of these exposures are presented.</p>
Equity investment risk	<p>The risk of an adverse change in the fair value of an investment in a company, fund or listed, unlisted or bespoke financial instruments.</p>	
	<p>Equity investment risk (38.5) arises primarily from equity exposures from private equity and corporate and investment banking activities in RMB, and strategic investments held by WesBank, FNB, Aldermore and the Centre. Ashburton Investments also contributes to equity investment risk through the short-term seeding of new traditional and alternative funds, both locally and offshore, which exposes the group until these investments are taken up by external parties. Long-term seeding is also provided where there is alignment with strategy and the business case meets the internal return hurdle requirements. Any equity investments in any types of funds held in the bank's banking book, including money market funds, are treated as part of equity investment risk.</p>	<p>The following information is presented for equity investments:</p> <ul style="list-style-type: none"> <li>investment risk exposure, risk-weighted assets (RWA) and sensitivity analysis of investment risk; and</li> <li>estimated sensitivity of remaining investment balances.</li> </ul>
Insurance risk	<p>Insurance risk arises from the inherent uncertainties of liabilities payable under an insurance contract. These uncertainties can result in the occurrence, amount or timing of the liabilities differing from expectations. Insurance risk can arise throughout the product cycle and is related to product design, pricing, underwriting or claims management.</p>	
	<p>The insurance risk arises from the group's long-term insurance operations, underwritten through its subsidiary FirstRand Life Assurance Limited (FirstRand Life), and short-term insurance operations, underwritten through its subsidiary FirstRand Short Term Insurance (FirstRand STI).</p>	
Tax risk	<p>The risk of financial loss due to the final determination of the tax treatment of a transaction by revenue authorities being different from the implemented tax consequences of such a transaction, combined with the imposition of penalties, sanction or reputational damage due to:</p> <ul style="list-style-type: none"> <li>non-compliance with the various revenue acts; and/or</li> <li>the inefficient use of available mechanisms to benefit from tax dispensations.</li> </ul>	
	<p>Any event, action or inaction in the strategy, operations, financial reporting or compliance that either adversely affects the entity's tax or business position, or results in unanticipated penalties, assessments, additional taxes, harm to reputation, lost opportunities or financial statement exposure is regarded as tax risk.</p>	
Capital management	<p>The overall capital management objective is to maintain sound capital ratios and a strong credit rating to ensure confidence in the group's solvency and quality of capital during calm and turbulent periods in the economy and financial markets. The group, therefore, maintains capitalisation ratios aligned with its risk appetite and appropriate for safeguarding operations and stakeholder interests. The key focus areas and considerations of capital management are to ensure an optimal level and mix of capital, effective allocation of resources including capital and risk capacity, and a dividend strategy to provide shareholders with an appropriate, sustainable payout over the long term.</p>	

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.1 Credit risk

Credit risk is a loss due to the non-performance of a counterparty in respect of any financial or other obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads. Credit risk considerations extend to pre-settlement, country, industry, concentration, securitisation and climate (physical and transitional) risks.

The objective of credit risk management is to optimise the group's measure of economic profit, i.e., NIACC, within acceptable levels of earnings volatility by maintaining credit risk exposures and credit performance within acceptable parameters.

##### Assessment and management

Credit risk is managed through the implementation of comprehensive policies, processes and controls. This ensures consistent high-quality execution across the credit value chain, including credit risk appetite, underwriting, risk-based pricing, portfolio monitoring and reporting, impairing for expected credit losses (ECL), capital assessment, stress testing, collections and recoveries.

Credit risk management across the group is split into three distinct portfolios, which are aligned to customer profiles. These portfolios are retail, commercial and corporate.

The assessment of credit risk across the group relies on internally developed quantitative models for addressing regulatory and business needs. These models are used for the internal assessment of the three primary credit risk components:

- PD;
- EAD; and
- LGD.

Management of the credit portfolio is reliant on these three credit risk measures. PD, EAD and LGD are inputs into the portfolio and group-level credit risk assessment where the measures are combined with estimates of correlations between individual counterparties, industries and portfolios to reflect diversification benefits across the portfolio.

The group employs a granular, 100-point master rating scale, which has been mapped to the continuum of default probabilities, as illustrated in the following table. FirstRand rating 1 is the lowest PD and FirstRand rating 100 the highest in the FirstRand rating scale. These mappings are reviewed and updated on a regular basis. External ratings have also been mapped to the master rating scale for reporting purposes.

##### Mapping of FirstRand grades to rating agency scales

FirstRand rating	Midpoint PD	International scale mapping (based on S&P)*
1 – 14	0.06 %	AAA, AA+, AA, AA-, A+, A, A-
15 – 25	0.29 %	BBB+, BBB(upper), BBB, BBB-(upper), BBB-, BB+(upper)
26 – 32	0.77 %	BB+, BB(upper), BB, BB-(upper)
33 – 39	1.44 %	BB-, B+(upper)
40 – 53	2.52 %	B+
54 – 83	6.18 %	B(upper), B, B-(upper)
84 – 90	13.68 %	B-
91 – 99	59.11 %	CCC+, CCC
100	100 %	D (defaulted)

\* Indicative mapping to the international rating scales of S&P Global Ratings. The group currently only uses mapping to S&P rating scales.

#### 38.1.1 Credit assets and concentration risk

The assets and off-balance sheet amounts included in the table below expose the group to credit risk. For all on-balance sheet exposures, the gross amount disclosed represents the maximum exposure to credit risk, before taking collateral and other credit enhancements into account. Off-balance sheet exposures disclosed includes loan commitments as defined in the group's accounting policy.

Revocable loan commitments which the group can cancel at any time amounted to R106 983 million (2023: R98 586 million).

Credit concentration risk is the risk of loss to the group arising from an excessive concentration of exposure to a single counterparty, industry, market, product, financial instrument or type of security, country or region, maturity or climate risk (physical and transitional risks). This concentration typically exists when several counterparties are engaged in similar activities and have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Concentration risk is managed based on the nature of the credit concentration within each portfolio.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.1 Credit risk continued

##### 38.1.1 Credit assets and concentration risk continued

#### Geographic concentration of significant credit asset exposure

The following table provides a breakdown of credit exposure across geographical areas.

R million	2024						2023					
	South Africa	Broader Africa	United Kingdom	Other Europe	Asia, Americas and Australasia	Total	South Africa	Broader Africa	United Kingdom	Other Europe	Asia, Americas and Australasia	Total
<b>On-balance sheet exposures</b>												
Cash and short-term funds*	57 393	10 599	59 328	7 558	12 920	147 798	51 233	11 420	55 969	5 808	12 147	136 577
Total advances	1 102 898	144 569	384 368	17 696	16 175	1 665 706	1 015 147	135 615	394 661	19 841	25 183	1 590 447
Stage 3 advances**	49 869	5 206	12 713	30	22	67 840	41 454	5 713	10 149	10	106	57 432
Derivatives	23 422	1 565	21 259	8 914	124	55 284	35 932	5 231	33 650	10 885	258	85 956
Debt investment securities*#	284 803	39 869	30 324	14 472	41 644	411 112	275 553	38 589	26 463	16 694	43 102	400 401
Collateral, settlement balances and other financial assets*	22 079	3 942	5 346	1 472	1 158	33 997	18 928	1 250	9 938	5 975	534	36 625
Insurance contract assets*	760	–	–	–	–	760	555	–	–	–	–	555
Reinsurance contract assets*	499	10	–	–	–	509	585	25	–	–	–	610
<b>Off-balance sheet exposures</b>												
Guarantees, acceptances and letters of credit	41 917	9 399	34 763	2 682	3 068	91 829	35 819	8 154	24 293	3 401	6 335	78 002
Loan commitments	159 966	9 823	16 558	8 886	3 122	198 355	153 948	13 407	13 466	7 328	4 877	193 026

\* Restated. Refer to note 39 – Impact due to changes in presentation and restatements on page B208.

\*\* Include purchased or originated credit impaired advances.

# Exclude non-recourse investments.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.1 Credit risk continued

##### 38.1.1 Credit assets and concentration risk continued

###### Breakdown of advances per class

R million	2024	2023
<b>Retail secured</b>	<b>385 407</b>	368 414
– Residential mortgages	272 363	259 635
– WesBank VAF*	113 044	108 779
<b>Retail unsecured**</b>	<b>101 974</b>	94 627
– FNB card	41 374	37 149
– Personal loans	53 286	50 072
– Retail other	7 314	7 406
<b>Corporate and commercial</b>	<b>697 855</b>	636 668
– FNB commercial	129 844	116 448
– WesBank corporate and commercial	60 218	54 212
– RMB corporate and investment banking	507 793	466 008
<b>Broader Africa</b>	<b>80 762</b>	77 059
<b>Centre (including Group Treasury)</b>	<b>39 910</b>	40 937
<b>UK operations</b>	<b>359 798</b>	372 742
– Retail	274 339	286 908
– Commercial	85 459	85 834
<b>Gross advances</b>	<b>1 665 706</b>	1 590 447

\* Includes public sector.

\*\* Includes acceptances.





**Notes to the consolidated financial statements**

**38 Financial and insurance risks** continued

38.1 Credit risk continued

38.1.2 Quality of credit assets continued

30 June 2024

R million	Retail secured		Retail unsecured			Corporate and commercial				Centre (including Group Treasury)	UK operations		Total
	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	FNB commercial	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa		Retail	Commercial	
<b>Total on-balance sheet</b>	272 363	113 044	41 374	53 286	7 314	129 844	60 218	507 793	80 762	39 910	274 339	85 459	1 665 706
<b>FirstRand rating 1-25 on-balance sheet</b>	104 305	-	462	208	303	-	10 157	151 405	2 882	6 920	90 979	11 014	378 635
- Stage 1	104 109	-	462	50	303	-	10 147	151 405	2 871	6 920	90 975	10 853	378 095
- Stage 2	196	-	-	158	-	-	10	-	11	-	4	161	540
- Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>FirstRand rating 26-90 on-balance sheet</b>	140 586	102 504	34 045	36 270	5 452	122 616	48 432	349 627	69 959	32 345	166 568	69 212	1 177 616
- Stage 1	127 518	93 129	32 209	33 955	5 319	116 095	44 906	325 289	65 986	32 345	161 370	61 869	1 099 990
- Stage 2	13 068	9 375	1 836	2 315	124	6 466	3 526	23 711	3 970	-	5 198	7 343	76 932
- Stage 3	-	-	-	-	9	55	-	627	3	-	-	-	694
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>FirstRand rating 91-100 on-balance sheet</b>	27 472	10 540	6 867	16 808	1 559	7 228	1 629	6 761	7 921	645	16 792	5 233	109 455
- Stage 1	264	147	440	1 340	93	115	215	-	889	-	873	540	4 916
- Stage 2	8 985	3 177	1 194	6 460	460	2 435	305	2 734	3 090	12	5 721	2 820	37 393
- Stage 3	18 223	7 216	5 233	9 008	1 006	4 678	1 109	3 187	3 942	633	10 198	1 873	66 306
- Purchased or originated credit impaired	-	-	-	-	-	-	-	840	-	-	-	-	840
<b>Total off-balance sheet</b>	46 988	-	-	-	412	14 031	2 766	166 957	12 266	35 747	8 642	2 375	290 184
<b>FirstRand rating 1-25 off-balance sheet</b>	43 794	-	-	-	66	-	2 766	75 451	3 572	-	-	-	125 649
- Stage 1	43 788	-	-	-	66	-	2 766	75 451	3 572	-	-	-	125 643
- Stage 2	6	-	-	-	-	-	-	-	-	-	-	-	6
- Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>FirstRand rating 26-90 off-balance sheet</b>	3 169	-	-	-	343	13 919	-	90 086	8 294	35 747	8 642	2 375	162 575
- Stage 1	3 121	-	-	-	343	13 694	-	88 625	7 662	35 747	8 642	2 375	160 209
- Stage 2	48	-	-	-	-	224	-	1 461	632	-	-	-	2 365
- Stage 3	-	-	-	-	-	1	-	-	-	-	-	-	1
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>FirstRand rating 91-100 off-balance sheet</b>	25	-	-	-	3	112	-	1 420	400	-	-	-	1 960
- Stage 1	2	-	-	-	3	7	-	609	360	-	-	-	981
- Stage 2	9	-	-	-	-	51	-	729	18	-	-	-	807
- Stage 3	14	-	-	-	-	54	-	82	22	-	-	-	172
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total exposure</b>	319 351	113 044	41 374	53 286	7 726	143 875	62 984	674 750	93 028	75 657	282 981	87 834	1 955 890
- Stage 1	278 802	93 276	33 111	35 345	6 127	129 911	58 034	641 379	81 340	75 012	261 860	75 637	1 769 834
- Stage 2	22 312	12 552	3 030	8 933	584	9 176	3 841	28 635	7 721	12	10 923	10 324	118 043
- Stage 3	18 237	7 216	5 233	9 008	1 015	4 788	1 109	3 896	3 967	633	10 198	1 873	67 173
- Purchased or originated credit impaired	-	-	-	-	-	-	-	840	-	-	-	-	840

**Notes to the consolidated financial statements**

**38 Financial and insurance risks** continued

**38.1 Credit risk** continued

38.1.2 Quality of credit assets continued

30 June 2023

R million	Retail secured		Retail unsecured			Corporate and commercial				UK operations		Total	
	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	FNB commercial	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail		Commercial
<b>Total on-balance sheet</b>	259 635	108 779	37 149	50 072	7 406	116 448	54 212	466 008	77 059	40 937	286 908	85 834	1 590 447
<b>FirstRand rating 1-25 on-balance sheet</b>	103 785	-	546	397	1 291	267	9 568	157 951	2 383	5 023	56 711	4 066	341 988
- Stage 1	103 693	-	542	320	1 285	267	9 568	157 951	2 262	5 023	56 689	3 977	341 577
- Stage 2	92	-	4	77	-	-	-	-	119	-	22	89	403
- Stage 3	-	-	-	-	6	-	-	-	2	-	-	-	8
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>FirstRand rating 26-90 on-balance sheet</b>	132 655	99 430	31 605	34 566	4 612	108 483	43 021	300 840	67 478	35 914	209 932	76 748	1 145 284
- Stage 1	119 109	90 176	29 350	32 990	4 466	102 643	39 865	278 486	62 833	35 871	201 755	72 600	1 070 144
- Stage 2	13 546	9 254	2 255	1 576	146	5 785	3 156	21 738	4 615	43	8 177	4 148	74 439
- Stage 3	-	-	-	-	-	55	-	616	30	-	-	-	701
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>FirstRand rating 91-100 on-balance sheet</b>	23 195	9 349	4 998	15 109	1 503	7 698	1 623	7 217	7 198	-	20 265	5 020	103 175
- Stage 1	294	134	181	1 714	92	110	249	93	1 073	-	1 484	1 203	6 627
- Stage 2	8 828	3 046	760	5 848	493	2 870	308	2 604	2 612	-	10 057	2 399	39 825
- Stage 3	14 073	6 169	4 057	7 547	918	4 718	1 066	3 738	3 513	-	8 724	1 418	55 941
- Purchased or originated credit impaired	-	-	-	-	-	-	-	782	-	-	-	-	782
<b>Total off-balance sheet</b>	49 166	-	-	-	589	24 051	3 657	146 875	12 134	25 085	2 218	7 252	271 027
<b>FirstRand rating 1-25 off-balance sheet</b>	45 021	-	-	-	134	-	3 657	72 350	1 986	-	-	-	123 148
- Stage 1	45 015	-	-	-	134	-	3 657	72 350	1 986	-	-	-	123 142
- Stage 2	6	-	-	-	-	-	-	-	-	-	-	-	6
- Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>FirstRand rating 26-90 off-balance sheet</b>	4 118	-	-	-	289	23 891	-	73 246	9 170	25 085	2 218	7 252	145 269
- Stage 1	4 053	-	-	-	289	23 694	-	71 917	8 916	25 085	2 218	7 252	143 424
- Stage 2	65	-	-	-	-	197	-	1 285	254	-	-	-	1 801
- Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-	-	44	-	-	-	-	44
<b>FirstRand rating 91-100 off-balance sheet</b>	27	-	-	-	166	160	-	1 279	978	-	-	-	2 610
- Stage 1	1	-	-	-	166	5	-	456	809	-	-	-	1 437
- Stage 2	16	-	-	-	-	71	-	771	149	-	-	-	1 007
- Stage 3	10	-	-	-	-	84	-	52	20	-	-	-	166
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total exposure</b>	308 801	108 779	37 149	50 072	7 995	140 499	57 869	612 883	89 193	66 022	289 126	93 086	1 861 474
- Stage 1	272 165	90 310	30 073	35 024	6 432	126 719	53 339	581 253	77 879	65 979	262 146	85 032	1 686 351
- Stage 2	22 553	12 300	3 019	7 501	639	8 923	3 464	26 398	7 749	43	18 256	6 636	117 481
- Stage 3	14 083	6 169	4 057	7 547	924	4 857	1 066	4 406	3 565	-	8 724	1 418	56 816
- Purchased or originated credit impaired	-	-	-	-	-	-	-	826	-	-	-	-	826

**Notes to the consolidated financial statements**

**38 Financial and insurance risks** continued

**38.1 Credit risk** continued

38.1.2 Quality of credit assets continued

**Analysis of impaired advances (stage 3)**

The following table represents an analysis of impaired advances (stage 3) for financial assets measured at amortised cost, and debt instruments measured at both FVOCI and FVTPL, in line with the manner in which the group manages credit risk.

R million	2024			2023		
	Total	Security held and expected recoveries	Stage 3 impairment	Total	Security held and expected recoveries	Stage 3 impairment
<b>Stage 3 by class</b>						
<b>Total retail secured</b>	<b>25 439</b>	<b>18 292</b>	<b>7 147</b>	20 242	14 406	5 836
– Residential mortgages	<b>18 223</b>	<b>14 476</b>	<b>3 747</b>	14 073	11 225	2 848
– WesBank VAF	<b>7 216</b>	<b>3 816</b>	<b>3 400</b>	6 169	3 181	2 988
<b>Total retail unsecured</b>	<b>15 256</b>	<b>4 358</b>	<b>10 898</b>	12 528	3 591	8 937
– FNB card	<b>5 233</b>	<b>1 458</b>	<b>3 775</b>	4 057	1 209	2 848
– Personal loans	<b>9 008</b>	<b>2 761</b>	<b>6 247</b>	7 547	2 228	5 319
– Retail other	<b>1 015</b>	<b>139</b>	<b>876</b>	924	154	770
<b>Total retail secured and unsecured</b>	<b>40 695</b>	<b>22 650</b>	<b>18 045</b>	32 770	17 997	14 773
<b>Total corporate and commercial*</b>	<b>10 496</b>	<b>5 303</b>	<b>5 193</b>	10 975	5 829	5 146
– FNB commercial	<b>4 733</b>	<b>1 798</b>	<b>2 935</b>	4 773	1 941	2 832
– WesBank corporate and commercial	<b>1 109</b>	<b>585</b>	<b>524</b>	1 066	672	394
– RMB corporate and investment banking	<b>4 654</b>	<b>2 920</b>	<b>1 734</b>	5 136	3 216	1 920
<b>Broader Africa</b>	<b>3 945</b>	<b>1 809</b>	<b>2 136</b>	3 545	1 498	2 047
<b>Centre (including Group Treasury) – unsecured</b>	<b>633</b>	<b>42</b>	<b>591</b>	–	(19)	19
<b>UK operations*</b>	<b>12 071</b>	<b>8 099</b>	<b>3 972</b>	10 142	6 089	4 053
– Retail	<b>10 198</b>	<b>6 765</b>	<b>3 433</b>	8 724	5 119	3 605
– Commercial	<b>1 873</b>	<b>1 334</b>	<b>539</b>	1 418	970	448
<b>Total stage 3</b>	<b>67 840</b>	<b>37 903</b>	<b>29 937</b>	57 432	31 394	26 038
<b>Stage 3 by category</b>						
Overdrafts and cash management accounts	<b>3 729</b>	<b>802</b>	<b>2 927</b>	3 401	679	2 722
Term loans	<b>2 113</b>	<b>928</b>	<b>1 185</b>	1 923	860	1 063
Card loans	<b>5 590</b>	<b>1 510</b>	<b>4 080</b>	4 419	1 238	3 181
Instalment sales and hire purchase agreements	<b>13 428</b>	<b>5 884</b>	<b>7 544</b>	11 001	4 471	6 530
Lease payments receivable	<b>127</b>	<b>44</b>	<b>83</b>	376	214	162
Property finance	<b>28 990</b>	<b>22 991</b>	<b>5 999</b>	23 456	18 520	4 936
– Home loans	<b>26 578</b>	<b>21 346</b>	<b>5 232</b>	21 122	16 990	4 132
– Commercial property finance	<b>2 412</b>	<b>1 645</b>	<b>767</b>	2 334	1 530	804
Personal loans	<b>9 432</b>	<b>2 880</b>	<b>6 552</b>	7 873	2 264	5 609
Preference share agreements	<b>394</b>	<b>38</b>	<b>356</b>	276	–	276
Investment bank term loans	<b>3 364</b>	<b>2 372</b>	<b>992</b>	3 213	2 649	564
Long-term loans to group associates and joint ventures	<b>104</b>	<b>–</b>	<b>104</b>	196	–	196
Other	<b>569</b>	<b>454</b>	<b>115</b>	1 298	499	799
<b>Total stage 3</b>	<b>67 840</b>	<b>37 903</b>	<b>29 937</b>	57 432	31 394	26 038

\* The vast majority of total corporate and commercial is secured with collateral.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.1 Credit risk continued

##### 38.1.3 Quality of credit assets – non-advances

The following table shows the GCA of non-advances carried at amortised cost and the fair value of non-advances measured at FVTPL or through OCI per external credit rating.

R million	2024		
	AAA to BBB	BB+ to B-	CCC
<b>Investment securities</b>			
<b>Investment securities at amortised cost</b>	<b>35 099</b>	<b>199 643</b>	<b>7 655</b>
– Stage 1	35 099	199 643	7 121
– Stage 3	–	–	43
– Purchased or originated credit impaired	–	–	491
<b>Investment securities at fair value through other comprehensive income</b>	<b>50 586</b>	<b>18 466</b>	<b>676</b>
– Stage 1	50 586	18 466	676
<b>Investment securities at fair value through profit or loss</b>	<b>20 661</b>	<b>77 884</b>	<b>442</b>
<b>Total investment securities</b>	<b>106 346</b>	<b>295 993</b>	<b>8 773</b>
<b>Collateral, settlement balances and other financial assets</b>			
– Stage 1*	4 792	16 834	–
– Stage 2	2 726	6 712	2 715
– Stage 3	–	117	101
<b>Total collateral, settlement balances and other financial assets</b>	<b>7 518</b>	<b>23 663</b>	<b>2 816</b>
<b>Cash and cash equivalents</b>			
– Stage 1	79 723	61 737	6 316
– Purchased or originated credit impaired	22	–	–
<b>Total cash and cash equivalents</b>	<b>79 745</b>	<b>61 737</b>	<b>6 316</b>
<b>Derivative assets</b>	<b>33 791</b>	<b>21 431</b>	<b>62</b>

\* Collateral balances are similar in nature to cash and cash equivalents and are included in stage 1.

R million	2023		
	AAA to BBB	BB+ to B-	CCC
<b>Investment securities</b>			
<b>Investment securities at amortised cost</b>	<b>33 604</b>	<b>182 832</b>	<b>10 479</b>
– Stage 1	33 604	182 832	9 816
– Stage 3	–	–	195
– Purchased or originated credit impaired	–	–	468
<b>Investment securities at fair value through other comprehensive income</b>	<b>36 446</b>	<b>17 287</b>	<b>601</b>
– Stage 1	36 446	17 287	601
<b>Investment securities at fair value through profit or loss**</b>	<b>28 167</b>	<b>90 651</b>	<b>335</b>
<b>Total investment securities**</b>	<b>98 217</b>	<b>290 770</b>	<b>11 415</b>
<b>Collateral, settlement balances and other financial assets</b>			
– Stage 1*	15 973	11 437	–
– Stage 2	567	8 169	328
– Stage 3	–	68	83
<b>Total collateral, settlement balances and other financial assets**</b>	<b>16 540</b>	<b>19 674</b>	<b>411</b>
<b>Cash and cash equivalents</b>			
– Stage 1	77 075	56 040	3 437
– Purchased or originated credit impaired	25	–	–
<b>Total cash and cash equivalents**</b>	<b>77 100</b>	<b>56 040</b>	<b>3 437</b>
<b>Derivative assets</b>	<b>50 480</b>	<b>35 444</b>	<b>32</b>

\* Collateral balances are similar in nature to cash and cash equivalents and are included in stage 1.

\*\* Restated. Refer to note 39 – Impact due to changes in presentation and restatements on page B208.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.1 Credit risk continued

##### 38.1.4 Credit risk mitigation and collateral held

Managing credit risk is core to all lending activities which are a material driver of earnings growth and return profile. The group therefore aims to optimise the amount of credit risk it takes to achieve its growth and return objectives. Mitigation of credit risk is an important component of this, beginning with the structuring and approval of facilities only for those clients and within those parameters that fall within risk appetite.

Although, in principle, credit assessment focuses on the counterparty's ability to repay the debt, credit mitigation instruments are used where appropriate to reduce the group's lending risk, resulting in security against the majority of exposures. These include financial or other collateral, netting agreements, guarantees or credit derivatives. The collateral types are determined by portfolio, product or counterparty type.

Credit risk mitigation instruments:

- Mortgage and instalment finance portfolios in FNB, WesBank and Aldermore are secured by the underlying assets financed.
- FNB and Aldermore commercial credit exposures are secured by the assets of the SME counterparties and Commercial property finance deals are secured by the underlying property and associated cash flows.
- Personal loans, overdrafts and credit card exposures are generally unsecured or secured by guarantees and sureties.
- For FNB and WesBank retail customers, life insurance and insurance against disability, and retrenchment insurance are prescribed, where applicable.
- Structured facilities in RMB are secured as part of the structure through financial or other collateral, including guarantees, credit derivative instruments and assets.
- Counterparty credit risk in RMB is mitigated through the use of netting agreements and financial collateral. For additional information relating to the use of the netting agreements refer to note 38.1.4.
- Working capital facilities in RMB can be secured or unsecured.

The group employs strict policies governing the valuation and management of collateral across all business areas. Collateral is managed internally to ensure that title is retained over collateral taken over the life of the transaction. Collateral is valued at inception of the credit agreement, and subsequently where necessary through physical inspection or index valuation methods. For corporate and commercial counterparties, collateral is reassessed during the annual review of the counterparty's creditworthiness to ensure that proper title is retained. For mortgage portfolios, collateral is revalued on an ongoing basis using an index model, and physical inspection is performed at the beginning of the recovery process. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries. Concentrations in credit risk mitigation types, such as property, are monitored and managed at a product and segment level, in line with the requirements of the group credit risk/appetite framework. Collateral is taken into account for capital calculation purposes through the determination of LGD. Collateral reduces LGD, and LGD levels are determined through statistical modelling techniques based on historical experience of the recovery processes.

The following table represents an analysis of the maximum exposure to credit risk for financial assets at amortised cost and debt instruments at FVTPL, as well as a breakdown of collateral, both financial and non-financial, held against the exposure along with any other credit enhancements and netting arrangements.



## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.1 Credit risk continued

##### 38.1.4 Credit risk mitigation and collateral held continued

#### Collateral held against derivative positions

The table below sets out the cash collateral held against the net derivative position.

R million	2024	2023
Cash collateral held	8 741	2 795

The table below reflects the collateral that the group holds where it has the ability to sell or repledge in the absence of default by the owner of the collateral.

#### Collateral held in structured transactions

R million	2024		2023	
	Fair value	Fair value of collateral sold or repledged in the absence of default	Fair value	Fair value of collateral sold or repledged in the absence of default
Cash and cash equivalents	14 346	–	20 885	–
Advances	67 808	25 379	79 410	28 202
Investment securities	4 131	4 131	3 828	3 828
<b>Total collateral pledged</b>	<b>86 285</b>	<b>29 510</b>	104 123	32 030

Investment securities exclude securities lending transactions where securities are obtained as collateral for securities lent. This is in line with industry practice.

#### Collateral taken possession of

When the group takes possession of collateral that is neither cash nor readily convertible into cash, the group determines a minimum sale amount (pre-set sale amount) and auctions the asset for the pre-set sale amount. Where the group is unable to obtain the pre-set sale amount at an auction, it will continue to hold the asset while actively marketing it to ensure an appropriate value is obtained. Properties taken possession of amounted to R55 million (2023: R72 million).

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.1 Credit risk continued

The financial collateral included in the previous table is limited to the net statement of financial position exposure in line with the requirements of IFRS 7 and excludes the effect of any over-collateralisation. The collateral amount included in the table for IFRS 7 disclosure purposes has been determined at a business unit level. If these limits were determined on a group-wide level, the collateral amount included in this table could increase. The total amount reported on the statement of financial position is the sum of the net amount reported in the statement of financial position and the financial instruments amount not subject to offset or master netting agreement (MNA).

R million	Derivatives		Structured transactions		Other advances/deposits	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
<b>Offsetting applied</b>						
Gross amount	102 191	161 374	91 156	95 444	1 543 733	1 460 903*
Amount offset*	(46 907)	(75 418)	(23 348)	(16 034)	—	(938)
<b>Net amount reported on the statement of financial position</b>	<b>55 284</b>	<b>85 956</b>	<b>67 808</b>	<b>79 410</b>	<b>1 543 733</b>	<b>1 459 965*</b>
<b>Offsetting not applied</b>						
Financial instruments subject to MNAs and similar agreements	(28 874)	(55 284)	(1 184)	(7 455)	—	—
Financial collateral	(8 632)	(18 309)	(40 930)	—	—	—
<b>Net amount</b>	<b>17 778</b>	<b>12 363</b>	<b>25 694</b>	<b>71 955</b>	<b>1 543 733</b>	<b>1 459 965*</b>
<b>Liabilities</b>						
<b>Offsetting applied</b>						
Gross amount	92 771	146 711	45 484	40 123	1 981 894	1 899 013
Amount offset**	(48 126)	(76 357)	(23 297)	(16 034)	(930)	—
<b>Net amount reported on the statement of financial position</b>	<b>44 645</b>	<b>70 354</b>	<b>22 187</b>	<b>24 090</b>	<b>1 980 964</b>	<b>1 899 013</b>
<b>Offsetting not applied</b>						
Financial instruments subject to MNAs and similar agreements	(28 874)	(55 284)	(1 184)	(7 455)	—	—
Financial collateral	(7 386)	(14 869)	(11 850)	(13 085)	—	—
<b>Net amount</b>	<b>8 385</b>	<b>201</b>	<b>9 153</b>	<b>3 550</b>	<b>1 980 964</b>	<b>1 899 013</b>

\* The comparative has been restated to exclude advances that were all also disclosed in structured transactions.

\*\* Amounts offset under derivatives are contracts that are set off under netting agreements, such as the MNA or derivative clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting is applied across all outstanding transactions covered by these agreements.



## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.2 Liquidity risk

##### Objective

Liquidity risk arises from the group’s potential inability to meet its payment obligations when they fall due, or only being able to meet these obligations by incurring excessive costs. Liquidity risk is driven by the maturity profile of the group’s assets and liabilities as well as client behaviour. To manage and mitigate the liquidity risk introduced by its business activities, the group seeks to optimise its funding profile within structural and regulatory constraints to enable its businesses to operate in an efficient and sustainable manner.

Compliance with the Basel III liquidity ratios influences the group’s funding strategy, particularly as it seeks to price appropriately for liquidity on a risk-adjusted basis. The group continues to offer innovative and competitive products to further grow its deposit franchise whilst also optimising its institutional funding profile. These initiatives continue to improve the funding and liquidity profile of the group and provide for natural liquidity risk buffers.

##### Assessment and management

The group focuses on continually monitoring and analysing the impact of potential risks on its funding and liquidity position to ensure business activities are preserved and funding is available and stable. This ensures the group can operate through periods of stress when access to funding is constrained.

Mitigation of market and funding liquidity risks is achieved via contingent liquidity risk management. A portfolio of high-quality liquid assets with appropriate buffers are held either to be sold into the market or to serve as collateral for loans to cover any unforeseen cash shortfalls that may arise.

The group’s approach to liquidity risk management distinguishes between structural, daily, structural and contingency liquidity risk management across all currencies, and various approaches are employed in the assessment and management of these on a daily, weekly and monthly basis, as illustrated in the following table.

DAILY LIQUIDITY RISK	STRUCTURAL LIQUIDITY RISK	CONTINGENCY LIQUIDITY RISK
Ensuring that intraday and day-to-day anticipated and unforeseen payment obligations can be met by maintaining a sustainable balance between liquidity inflows and outflows.	Managing the risk that structural, long-term on- and off-balance sheet exposures cannot be funded timeously or at reasonable cost.	Maintaining several contingency funding sources to draw upon in times of economic stress.

Regular and rigorous stress tests are conducted on the funding profile and liquidity position as part of the overall stress testing framework with a focus on:

- quantifying the potential exposure to future liquidity stresses;
- analysing the possible impact of economic and event risks on cash flows, liquidity, profitability and solvency position; and
- proactively evaluating the potential secondary and tertiary effects of other risks on the group.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.2 Liquidity risk continued

##### 38.2.1 Undiscounted cash flows

The following table presents the group's undiscounted cash flows of financial liabilities and off-balance sheet amounts, and includes all cash outflows related to principal amounts, as well as future payments.

R million	2024			
	Undiscounted carrying amount	Term to maturity		
		Call to 3 months	4 –12 months	>12 months and non-contractual
<b>On-balance sheet exposures</b>				
Deposits and current accounts	2 116 430	1 456 790	314 712	344 928
Short trading positions	10 273	10 273	–	–
Derivative financial instruments	44 470	41 837	879	1 754
Creditors, accruals and provisions	42 925	30 659	1 050	11 216
Tier 2 liabilities	22 951	–	63	22 888
Other liabilities	3 185	275	277	2 633
Lease liabilities	3 535	291	778	2 466
Policyholder liabilities under investment contracts	7 669	738	1 740	5 191
<b>Off-balance sheet exposures</b>				
Financial and other guarantees	91 829	55 802	1 141	34 886
Other contingencies and commitments	5 206	2 570	2 432	204
Loan commitments	198 355	198 355	–	–
				2023
<b>On-balance sheet exposures</b>				
Deposits and current accounts	2 020 941	1 383 200	311 869	325 872
Short trading positions	12 753	12 753	–	–
Derivative financial instruments	80 642	65 662	2 996	11 984
Creditors, accruals and provisions	41 529	32 079	937	8 513
Tier 2 liabilities	23 211	–	2 117	21 094
Other liabilities	4 255	215	894	3 146
Lease liabilities	3 411	240	786	2 385
Policyholder liabilities under investment contracts	6 236	440	1 132	4 664
<b>Off-balance sheet exposures</b>				
Financial and other guarantees	78 002	50 873	2 215	24 914
Other contingencies and commitments	5 254	2 039	3 067	148
Loan commitments	193 026	193 026	–	–

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.2 Liquidity risk continued

##### 38.2.2 Discounted cash flows

The following table represents the group's contractual discounted cash flows of total assets, liabilities and equity. Relying solely on the contractual liquidity mismatch when assessing a bank's maturity analysis would overstate risk, since this represents a worst-case assessment of cash flows at maturity rather than the underlying aggregate client behaviour.

Banks tend to have a particularly pronounced contractual negative gap in the shorter term due to predominately transactional and savings deposits (contractually available on demand) supplemented by short-term institutional funding representing a significant proportion of banks' liabilities. South Africa's structurally lower discretionary savings rate results in South African banks' placing additional reliance on short term wholesale funding. The group's funding strategy is led by a client deposit focus to mitigate and offset the inherent liquidity risk of funding long-term assets, e.g. the mortgages.

#### Discounted cash flow analysis – maturity analysis of total assets, liabilities and equity based on the present value of the expected payment

R million	2024			
	Discounted carrying amount	Term to maturity		
		Call to 3 months	4 – 12 months	>12 months and non-contractual
Total assets	2 369 339	673 531	278 751	1 417 057
Total equity and liabilities	2 369 339	1 543 516	303 665	522 158
Net liquidity gap	–	(869 985)	(24 914)	894 899
Cumulative liquidity gap	–	(869 985)	(894 899)	–
	2023			
Total assets	2 298 039	682 399	275 961	1 339 679
Total equity and liabilities	2 298 039	1 502 593	306 525	488 921
Net liquidity gap	–	(820 194)	(30 564)	850 758
Cumulative liquidity gap	–	(820 194)	(850 758)	–

##### 38.2.3 Collateral pledged

The group pledges assets under the following terms and conditions:

- assets are pledged as collateral under repurchase agreements with other banks and for security deposits relating to local futures and options; and
- collateral in the form of cash and other investment securities is pledged when the group borrows equity securities from third parties. These transactions are conducted under the terms and conditions that are usual and customary to standard securities lending arrangements.

All other pledges are conducted under terms which are usual and customary to lending arrangements.

The following assets have been pledged to secure the liabilities set out in the table below. These assets are not available in the normal course of business.

R million	2024	2023*
Cash and collateral balances	19 030	25 444
Advances	60 718	62 455
Investment securities – held under repurchase agreements*	7 871	7 405
Investment securities – other	12 040	5 385
<b>Total assets pledged</b>	<b>99 659</b>	100 689

\* The prior year, investment securities – held under repurchase agreements was reflected as R4 705 million. To correctly reflect the assets pledged, the comparative has been restated.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.2 Liquidity risk continued

##### 38.2.3 Collateral pledged continued

The following liabilities have been secured by the group pledging either its own or borrowed financial assets, except for the short-trading positions, which are covered by borrowed securities only.

R million	2024	2023
Short-trading positions	10 273	12 753
Total deposits	48 074	50 554
– Deposits under repurchase agreements	20 529	19 759
– Deposits in securities lending transactions*	1 658	4 331
– Other secured deposits	25 887	26 464
Derivative liabilities	17 605	22 666
Other	1 772	2 069
<b>Total</b>	<b>77 724</b>	<b>88 042</b>

\* Securities lending transactions include only those where cash is placed against the securities borrowed. Transactions where securities are lent and borrowed and other securities placed against the borrowing and lending are excluded

##### 38.2.4 Concentration analysis of deposits

R million	2024	2023
<b>Sector analysis</b>		
<b>Deposit current accounts and other loans</b>		
Sovereigns, including central banks	83 429	95 611
Public sector entities	98 723	93 640
Local authorities	16 197	20 106
Banks	83 520	79 862
Securities firms	20 018	29 078
SME, commercial and corporate*	995 914	942 095
Retail customers	698 393	655 348
Other	6 957	7 363
<b>Total deposits</b>	<b>2 003 151</b>	<b>1 923 103</b>
<b>Geographical analysis</b>		
South Africa	1 349 918	1 286 374
Broader Africa	149 410	131 974
UK	446 967	451 926
Other	56 856	52 829
<b>Total deposits</b>	<b>2 003 151</b>	<b>1 923 103</b>

\*The description for this line has been changed from Corporate customers to SME, commercial and corporate customers to better reflect the nature of this balance.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.3 Market risk

##### 38.3.1 Traded market risk

###### Objective

Traded market risk for the group includes traded equity and credit risk, commodity risk, foreign exchange risk and interest rate risk in the trading book, as well as interest rate risk in the RMB banking book.

###### Assessment and management

The group uses the internal models approach (IMA) for its domestic trading units, which is based on its internal VaR Model supplemented with a stressed VaR (sVaR). In addition, risk related to market risk-taking activities is also measured using an internal ETL measure, as a proxy for economic capital).

Management and monitoring of interest rate risk in the domestic banking book is discussed in the *Interest rate risk in the banking book (IRRBB)* section of this note. RMB manages a portion of the interest rate risk in its banking book under the market risk framework, with risk measured and monitored according to the same principles and processes outlined in this section for the trading book, and management oversight provided by the FirstRand market and investment risk committee. This portion of the RMB banking book interest rate risk exposure was R92 million on a 10-day expected tail loss (ETL) basis at 30 June 2024 (2023: R103 million).

The market risk model has performed as expected and the market risk framework continues to ensure adequate management of exposures. All measures have remained within board approved limits over the period.

###### Quantification of risk exposures

<b>ETL</b>	<p>The internal measure of risk is an ETL metric at the 99% confidence level under a full revaluation methodology using historical risk factor scenarios (historical simulation method). To accommodate the regulatory stress loss imperative, the set of scenarios used for revaluation of the current portfolio comprises historical scenarios which incorporate both the past 260 trading days and at least one static period of market stress, which is currently the 2008/2009 period. The stress period is periodically reviewed for suitability.</p> <p>The ETL measure may be liquidity adjusted for exposures deemed illiquid. Holding periods, ranging between 10 and 90 days or more, are used in the calculation and are based on an assessment of stressed liquidity of portfolios.</p>
<b>VaR and sVaR</b>	<p>Both VaR and sVar are calculated using historical risk factor scenarios as an input into a full revaluation methodology. VaR is calculated at the 99% 10-day holding period level in order to best reflect the current business environment. For regulatory capital purposes, this is supplemented with a sVaR, calculated at the 99% 10-day holding period level using a static stress period. The stress period currently applied is the 2008/2009 period which has been assessed as the most volatile in recent history. This is reviewed periodically for suitability.</p> <p>When simulating potential movements in risk factors, both absolute and relative risk factors are used. VaR calculations over a holding period of one day are used as an additional tool in the assessment of market risk. The updating of historical scenarios is kept within the one-month regulatory requirement and is monitored on a daily basis.</p>

##### 38.3.2 Market risk in the trading book

Market risk in the trading book is taken and managed in line with risk limits and management frameworks approved by the C&I FRM executive committee and MIRC. ETL and VaR limits are set for portfolios and risk types, with market liquidity being a primary factor in determining the level of limits set. Market risk limits are governed according to the market risk framework. The ETL/VaR model is designed to take into account a comprehensive set of risk factors across all asset classes.

During the period global economies continued to be characterised by slow economic growth, sovereign currency devaluation in some Africa markets, elevated inflation and interest rates which continue to significantly impact currency strength and emerging markets. The market risk measurement framework continued to perform well during the review period and all exposures remained within approved limits

**Notes to the consolidated financial statements**

**38 Financial and insurance risks** continued

**38.3 Market risk** continued

38.3.2 Market risk in the trading book

**VaR analysis by risk type**

The following table reflects the 10-day VaR and sVaR at a 99% confidence level. The 10-day VaR calculation is performed using 10-day scenarios created from the past 260 trading days, whereas the 10-day sVaR is calculated using scenario data from the static stress period.

R million	2024*							2023*						
	Equities	Interest rates**	Foreign exchange	Com-modities	Traded credit	Diversi-fication effect	Diversified total	Equities	Interest rates**	Foreign exchange	Com-modities	Traded credit	Diversi-fication effect	Diversified total
<b>VaR (10-day 99%)</b>														
Maximum value <sup>#</sup>	58.2	550.2	474.8	72.1	17.2	–	448.4	79.3	520.6	114.0	69.5	49.3	–	435.5
Average value	20.5	284.3	217.9	24.7	6.7	–	279.5	22.9	309.0	54.8	33.1	15.2	–	266.6
Minimum value <sup>#</sup>	4.5	138.3	77.1	8.1	2.5	–	170.4	5.8	134.0	13.9	17.4	1.8	–	140.5
Period end	20.0	166.7	357.8	17.6	6.2	(210.6)	357.7	14.0	296.9	91.6	31.6	11.4	(172.2)	273.3
<b>sVaR (10-day 99%)</b>														
Maximum value <sup>#</sup>	106.7	590.9	412.4	87.8	30.5	–	374.7	84.2	553.6	248.7	79.5	211.1	–	479.9
Average value	51.4	312.0	184.3	36.7	11.4	–	247.3	30.8	349.4	101.2	42.4	72.4	–	296.2
Minimum value <sup>#</sup>	7.0	148.0	29.3	9.4	3.4	–	131.8	10.4	168.1	21.9	27.8	2.7	–	173.1
Period end	16.6	176.0	70.4	30.9	6.2	(168.3)	131.8	25.5	225.2	166.7	58.3	12.6	(225.1)	263.1

\* Excludes foreign branches and subsidiaries, which are reported on in the standardised approach for market risk. The sVaR numbers relate to FirstRand Bank South Africa only.

\*\* Interest rate risk in the trading book.

<sup>#</sup> The maximum and minimum VaR figures for each asset class did not necessarily occur on the same day. Consequently, a diversification effect was omitted from the above table.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.4 Non-traded market risk

##### 38.4.1 Interest rate risk in the banking book

###### Assessment and management

###### FirstRand Bank (South Africa)

The measurement techniques used to monitor IRRBB include NII sensitivity/earnings risk, NAV/economic value of equity (EVE) sensitivity and the closely related daily PV01 measure. A repricing gap is also generated to better understand the repricing characteristics of the balance sheet. In calculating the repricing gap, all banking book assets, liabilities and derivative instruments are placed in gap intervals based on repricing characteristics.

The internal funds transfer pricing process is used to transfer interest rate risk from the operating businesses to Group Treasury. This process allows risk to be managed centrally and holistically in line with the group's macroeconomic outlook.

Management of the resultant risk position is achieved by balance sheet optimisation or through the use of financial market instruments such as government bonds or derivative transactions. Interest rate swaps, for which a liquid market exists, are the main instruments utilised and where possible, hedge accounting treatment is applied to minimise any accounting mismatches, thus ensuring that amounts deferred in equity are released to the income statement at the same time as movements attributable to the underlying hedged asset/liability. Interest rate risk from the fixed-rate book is managed to low levels, with remaining risk stemming from timing and basis risk.

###### Foreign operations

Management of IRRBB across broader Africa, Aldermore and the bank's foreign branches is the responsibility of in-country management teams with oversight provided by Group Treasury and FCC Risk Management. For subsidiaries, earnings sensitivity measures are used to monitor and manage interest rate risk in line with the group's appetite. Where applicable, NAV sensitivity risk limits are also used for endowment hedges.

###### Sensitivity analysis

A change in interest rates impacts both the earnings potential of the banking book (as underlying assets and liabilities reprice to new rates) and the economic value/NAV of an entity (as a result of a change in the fair value of any open risk portfolios used to manage the earnings risk). The role of management is to protect both the financial performance as a result of a change in earnings and the long-term economic value. To achieve this, both earnings sensitivity and economic sensitivity measures are monitored and managed within appropriate risk limits and appetite levels, considering the macroeconomic environment and factors which could cause a change in rates.

The sensitivities have been calculated in accordance with amendments to the Banks Act as per Directive 2 of 2023. The updated IRRBB methodology ensures that:

1. Client behaviour is considered in the management of IRRBB. Relevant behavioural adjustments that capture modelled customer behaviour (where they have legal discretion to repay or withdraw funds) are incorporated into the calculation. This allows for a more effective assessment of IRRBB and aligns with how the group manages this risk.
2. There is a more effective and transparent measure of the risk associated with specific currency exposures which are exposed to different interest rates, and different possible shocks.
3. There is a more explicit consideration of basis risk and credit spread risk.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.4 Non-traded market risk continued

##### 38.4.1 Interest rate risk in the banking book continued

###### Assessment and management continued

###### Earnings sensitivity

Earnings models are run monthly to provide a measure of the NII sensitivity of the existing banking book balance sheet to shocks in interest rates. The calculation assumes a constant balance sheet size and product mix over the forecast horizon. A pass-through assumption is applied in relation to non-maturing deposits, which reprice at the group's discretion. This assumption is based on historical product behaviour.

The following tables show the 12-month NII sensitivity for sustained, instantaneous parallel downward and upward shocks to interest rates. The size of the shocks are consistent with the regulatory prescribed shocks per currency. The most material shocks applied are 400bps for rand exposures, 200bps for USD exposures and 250bps for GBP exposures.

Most of the group's NII sensitivity relates to the endowment book mismatch. The group's average endowment book was R362 billion, excluding Aldermore, for the year ended 30 June 2024 (2023: R355 billion).

###### Projected ZAR NII sensitivity to interest rate movements

R million	2024		
	Change in projected 12-month NII		
	FirstRand Bank South Africa	Subsidiaries and foreign branches	Total FirstRand
Downward	(2 160)	(1 294)	(3 454)
Upward	1 801	911	2 712
	2023		
Downward	(2 196)	(1 056)	(3 252)
Upward	1 933	822	2 755

Assuming no change in the balance sheet and no management action in response to interest rate movements, an instantaneous, sustained parallel decrease in interest rates would result in a reduction in projected 12-month NII of R3 454 million (2023: R3 252 million). A similar increase in interest rates would result in an increase in projected 12-month NII of R2 712 million (2023: R2 755 million).

###### Effect of reference rate reform

The group has a steering committee consisting of key finance, risk, IT, treasury, legal and compliance personnel, as well as external advisors, which oversees the group's interbank offered rate reform transition. The committee developed a transition process for affected contracts and potential future contracts with the aim of minimising the potential disruption to business, mitigating operational and conduct risks, and possible financial losses.

The JIBAR will be replaced by South African Rand Overnight Index Average Rate (ZARONIA). Prior to the choice of ZARONIA, several proposed alternative reference rates and calculation methodologies were released by the SARB. However, following an observation period between 1 November 2022 and 31 October 2023 ZARONIA was identified and endorsed as the successor to JIBAR. The SARB has indicated that JIBAR cessation is likely to take place at the end of 2026. It will confirm the cessation date in December 2025. There are several notable milestones in the lead-up to cessation, which are contained in the industry timeline published by the SARB. These include ZARONIA first for derivatives in November 2024, ZARONIA first for the cash market in June 2025 and "No new JIBAR" scheduled for March 2026. The group currently has a number of contracts, including derivatives, which reference JIBAR. The group's South African rates reform steering committee will apply the same transitioning policies to affected JIBAR contracts as those it effected for interbank offered rates.



## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.4 Non-traded market risk continued

##### 38.4.1 Interest rate risk in the banking book continued

###### Effect of reference rate reform continued

Financial assets that are impacted by reference rate reform:

	2024
R million	ZAR JIBAR
<b>Assets recognised on the balance sheet</b>	
Derivative financial instruments (assets)*	8 659 479
Investment securities	28 076
Advances	202 952
Collateral settlement balances and other assets	4 487
<b>Total assets recognised on the balance sheet subject to reference rate reform</b>	<b>8 894 994</b>
<b>Off-balance sheet items</b>	
Loan commitments	26 823
<b>Total off-balance sheet exposure subject to reference rate reform</b>	<b>26 823</b>
<b>Total asset exposure subject to reference rate reform</b>	<b>8 921 817</b>

Financial liabilities that are impacted by reference rate reform:

	2024
R million	ZAR JIBAR
<b>Liabilities recognised on the balance sheet</b>	
Derivative financial instruments (liabilities)*	8 710 585
Deposits	68 956
Other liabilities	86
Tier 2 liabilities	15 129
<b>Total liabilities recognised subject to reference rate reform</b>	<b>8 794 756</b>

\* These balances represent the notional amount directly impacted by the reference rate reform.

#### Economic value of equity

An EVE sensitivity measure is used to assess the impact of a shock to the underlying rates on the total NAV of the group. Unlike the trading book, where a change in rates will impact fair value income and reportable earnings of an entity when a rate change occurs, the realisation of a rate move in the banking book will impact the distributable and non-distributable reserves to varying degrees and is reflected in the NII margin more as an opportunity cost/benefit over the life of the underlying positions. As a result, a purely forward-looking EVE sensitivity measure is applied to the banking book, and is monitored relative to the total risk limits, appetite levels and current economic conditions.

Six EVE shock scenarios are applied based on regulatory guidelines. The most material of the scenarios comprises sustained, instantaneous parallel downward and upward shocks to interest rates. These shocks are applied to all banking book positions.

The following table:

- highlights the sensitivity of banking book NAV as a percentage of total Tier 1 capital; and
- reflects a point-in-time view which is dynamically managed and can fluctuate over time.

#### Banking book NAV sensitivity to interest rate movements as a percentage of total group Tier 1 capital

	2024	2023
Downward	9.09	9.74
Upward	(8.24)	(8.22)

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.4 Non-traded market risk continued

##### 38.4.2 Structural foreign exchange risk

###### Objective

The group is exposed to foreign exchange risk as a result of on-balance sheet transactions in a currency other than the rand, as well as structural foreign exchange risk from the translation of its foreign operations' results into rand.

Group Treasury is responsible for oversight of structural foreign exchange risk and produces reports that are submitted to group ALCCO, a subcommittee of the RCCC. It is also responsible for reporting on and the management of the group's foreign exchange exposure and macroprudential limit utilisation.

###### Assessment and management

The ability to transact on-balance sheet in a currency other than the home currency (rand) is governed by in-country macroprudential and regulatory limits. In the group, additional board limits and management risk appetite levels are set for this exposure. The impact of any residual on-balance positions is managed as part of the market risk reporting process (see Note 38.3.1 Traded market risk section).

Structural foreign exchange risk impacts the current NAV of the group as well as future profitability and earnings potential. Economic hedging is undertaken where viable, given market constraints and within risk appetite levels.

The following table provides an overview of the group's exposure to entities with functional currencies other than the rand, and the pre-tax impact on equity of a 15% change in the exchange rate between the rand and the relevant functional foreign currencies. There were no significant structural hedging strategies employed by the group in the current financial year.

###### Net structural foreign exposures due to investments in foreign entities

R million	2024		2023	
	Carrying value of net investment	Pre-tax impact on equity from 15% currency translation shock	Carrying value of net investment	Pre-tax impact on equity from 15% currency translation shock
Functional currency				
Botswana pula	6 212	932	5 812	872
US dollar	14 547	2 182	13 429	2 014
Sterling	45 252	6 788	44 678	6 702
Nigerian naira	1 148	172	1 777	267
Zambian kwacha	2 234	335	2 251	338
Mozambican metical	1 207	181	1 067	160
Indian rupee	1 078	162	1 045	157
Ghanaian cedi	426	64	397	60
Tanzanian shilling	42	6	51	8
Common Monetary Area (CMA) countries*	7 860	1 179	7 346	1 102
<b>Total</b>	<b>80 006</b>	<b>12 001</b>	<b>77 853</b>	<b>11 680</b>

\* Currently Namibia, Eswatini and Lesotho are part of the CMA. Unless these countries decide to exit the CMA, rand volatility will not impact these countries' rand reporting values.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.5 Equity investment risk

##### Assessment and management

The equity investment risk portfolio is managed through a rigorous valuation and review process from the inception to exit of a transaction. All investments are subject to a comprehensive due diligence process, during which a thorough understanding of the target company's business, risks, challenges, competitors, management team and unique advantage or value proposition is developed.

For each transaction, an appropriate structure is put in place, which aligns the interests of all parties involved through the use of incentives and constraints for management and other investors. Where appropriate, the group seeks to take a number of seats on the company's board and maintains close oversight through monitoring of operations and financial discipline.

The investment thesis, results of the due diligence process and investment structure are discussed at the investment committee before final approval is granted. In addition, normal biannual reviews are performed for the portfolio and crucial parts of these reviews, such as valuation estimates, are scrutinised at the appropriate governance forums.

The table below shows the equity investment risk exposure and sensitivity. The 10% sensitivity movement is calculated on the carrying value of investments, excluding those subject to the ETL process, and including the carrying value of investments in associates and joint ventures.

##### Investment risk exposure and sensitivity of investment risk

R million	2024	2023
Listed investment risk exposure included in the equity investment risk ETL process	19	17
<b>Estimated sensitivity of remaining investment balances</b>		
Sensitivity to 10% movement in market value on investment fair value	492	311

#### 38.6 Insurance risk

##### Risk management

Ensuring that insurance risk is understood and priced correctly is an important component of managing insurance risk. This is achieved through:

- Rigorous and proactive risk management processes that ensure sound product design and accurate pricing, which include:
  - independent model validation;
  - challenging assumptions, methodologies and results;
  - debating and challenging design, relevance, target market and market competitiveness, and treating customers fairly;
  - identifying potential risks;
  - monitoring business mix and risk of new business; and
  - thoroughly reviewing policy terms and conditions.
- Life policies are underwritten. This allows underwriting limits and risk-based pricing to be applied to manage the insurance risk. Where specific channels introduce the risk of anti-selection, mix of business by channel is monitored. On non-underwritten products insurance risk can be controlled through lead selection for outbound sales and product features such as waiting periods.
- The design of appropriate reinsurance structures is an important component of the pricing and product design to keep risk exposure within appetite.

The assessment and management of insurance risk of the in-force book use the following:

- Monitoring and reporting of claims experience by considering incidence rates, claims ratios and business mix.
- The actuarial valuation process for life insurance products involves the long-term projection of in-force policies and the setting up of insurance liabilities. This provides insight into the longer-term evolution of the risks on the portfolio. Adequate reserves are set for future and current claims and expenses.
- Experience investigations are performed annually to understand the actual experience compared to the basis used in valuations and pricing. These investigations are signed off by the head of the actuarial function. Where required, changes are made to bases and product design.
- There are also reinsurance agreements in place to mitigate various insurance risks and manage catastrophe risk.
- Asset/liability management is performed to ensure that assets backing insurance liabilities are appropriate and liquid.
- Stress and scenario analyses are performed and provide insights into the risk profile and future capital position.

The management of insurance risk is governed by a suite of group policies and processes. Tools and systems are available in the business to assess and manage insurance risk.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.6 Insurance risk continued

An own risk and solvency assessment (ORSA) process is performed at least annually. ORSA is defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report on short-term and long-term risks that the group faces or might face, and to determine the funds necessary to ensure that the overall solvency needs of each insurance entity in the group are met at all times and are sufficient to achieve the individual entities' business strategy. An ORSA report is produced annually.

Detailed risk management per risk type:

Mortality risk is the risk that mortality rates and the associated cash flows are different from those assumed. The risk is managed as follows:

- For underwritten products, underwriting is a key control.
- For non-underwritten products the mix of business by various factors is monitored and outbound sales leads are selected to influence the desired mix and product features such as waiting periods.
- Reinsurance is used to control exposure to large risks. The retention limits vary by portfolio.
- Validation and fraud checks are performed at claim stage to ensure only valid claims in line with the terms and conditions of the policy are paid.

Morbidity risk is the risk that morbidity rates and the associated cash flows are different from those assumed. The risk is managed as follows:

- Quota share reinsurance on underwritten products where there is limited data.
- Monitoring of trends in experience on credit life business.
- Validation and fraud checks are performed at claim stage to ensure only valid claims in line with the terms and conditions of the policy are paid.

Retrenchment risk is the risk that retrenchment rates and the associated cash flows are different from those assumed. The risk is managed as follows:

- Selection of retrenchment risk is controlled by FNB's credit scoring or internal selection models.
  - Additional margins are allowed in pricing assumptions to allow for potential cyclical experience.
  - Regular monitoring of exposure by industry, and employer and feedback into risk selection takes place.
  - Validation and fraud checks are performed at the claim stage to ensure only valid claims in line with the terms and conditions of the policy are paid.

Catastrophe risk is the risk that stems from extreme or irregular events contingent on insured events, the effects of which are not expected. The risk is managed by catastrophe reinsurance, limiting exposure to extreme events. The group is, however, not covered for pandemics. The limits are reviewed annually based on the composition of the book and risk appetite. No cover is in place against retrenchment catastrophe as this is not available at a reasonable cost. Additional capital is held in economic capital to cover a retrenchment catastrophe scenario.

Lapse risk is the risk that lapse rates and the associated cash flows are different from those assumed, as well as the risk of a mass lapse in policies. The risk is managed as follows:

- Collection strategies are regularly reviewed to ensure they are optimal.
- Changes to product lapse rules are made where more lenient lapse rules can benefit both the customer and the group.

Expenses risk is the risk that expenses and/or expense inflation is different from that assumed in pricing and valuations. The group has a rigorous budgeting process in place to manage this risk.

The overall responsibility for risk management resides with the board. The board committees of FirstRand Insurance Holdings include an audit and risk committee, which provides oversight over risk management, and ALCCO, which is responsible for:

- providing oversight of the product suite;
- approving new products;
- financial resource management; and
- governance and challenging input models and results of pricing valuations.

These committees are supported by management committees.

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.6 Insurance risk continued

Life insurance products

Overview and governance

The risk arises from the group’s long-term insurance operations, underwritten through its subsidiary, FirstRand Life Assurance Limited (FirstRand Life).

FirstRand Life currently underwrites a range of insurance products such as life, disability, funeral, credit life (against FNB credit products) and annuity policies. These policies are all originated through the FNB business. FirstRand Life also writes linked-investment policies. There is, however, no insurance risk associated with these policies.

FirstRand Life is exposed to insurance risk from the policies underwritten as indicated in the following table.

Catastrophe risk	Lapse risk	GROUPING	DESCRIPTION	CORE PRODUCT TYPE	RISK
		Core life products	Simple, non-underwritten products that are sold in the open market and are subject to simple sales processes.	Funeral policies	Mortality
				<b>Benefit paid upon death of life assured</b>	
				Health cash plans	Hospitalisation
				<b>Benefit paid per day the policyholder is hospitalised</b>	
				Accidental death plans	Mortality
				<b>Benefit paid upon death of policyholder</b>	
				Lifestyle protection plans	Morbidity
				<b>Benefit paid upon death or disability</b>	
		PayProtect policies	Morbidity and retrenchment		
<b>Benefit paid upon disability or retrenchment</b>					
Underwritten life products	Underwritten life products comprise Life Simplified and Life Customised. Life Simplified provides death cover of up to R1 million after limited underwriting. Life Customised policies provide for more complex needs with cover amounts of up to R100 million, R50 million and R5 million on death, disability and critical illness cover respectively.	Life cover combined with disability and critical illness.	<ul style="list-style-type: none"> <li>• Mortality</li> <li>• Morbidity</li> </ul>		
Credit life	Products that are sold in conjunction with FNB’s credit products. The current offering includes credit cover across credit products within FNB, which include personal loans (compulsory), home loans (compulsory), housing financing, credit cards, overdrafts and revolving loans (voluntary).	Credit life policies	<ul style="list-style-type: none"> <li>• Mortality</li> <li>• Morbidity</li> <li>• Retrenchment</li> </ul>		
Business life products	Products to business customers.	<ul style="list-style-type: none"> <li>• Key person policies</li> <li>• Grouped funeral policies</li> <li>• Business credit protect</li> <li>• Simplified group schemes</li> <li>• Personal health insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Mortality</li> <li>• Morbidity</li> </ul>		
Annuities	Regular monthly income until death	<ul style="list-style-type: none"> <li>• Annuities</li> </ul>	<ul style="list-style-type: none"> <li>• Longevity</li> <li>• Investment</li> </ul>		

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.6 Insurance risk continued

As a result of these insurance risk exposures, the group is exposed to catastrophe risk stemming from the possibility of an extreme event linked to any of the above (except for annuities).

For all of the above, the risk is that the decrement rates (e.g. mortality rates and morbidity rates) and associated cash flows are different from those assumed when pricing or reserving. Mortality, morbidity and retrenchment risk can further be broken down into parameter risk, random fluctuations and trend risk, which may result in the parameter value assumed differing from actual experience.

Policies underwritten by FirstRand Life are available through all of FNB's distribution channels. Some of these channels introduce the possibility of anti-selection, which also impacts the level of insurance risk. This is managed through monitoring the mix of business by channel.

These policies also expose FirstRand Life to lapse risk, which is the risk of the loss of future profits and expenses risks. These risks are classified as business risks but are included in this section as they result from insurance products.

#### Concentration risk

The majority of the portfolio consists of funeral and credit life policies sold to retail customers. There is, therefore, no significant concentration risk, but the mix of portfolios according to various factors impacting different risk types is frequently monitored. Large policies in the underwritten portfolio are reinsured to avoid single large exposures to lives. Catastrophe reinsurance is in place to provide cover against many lives being lost in a single event (excluding pandemics).

The following table demonstrates the concentration risk across life insurance products for sums assured at risk before and after reinsurance.

Retail sums assured at risk	Before reinsurance						
	Mortality risk		Morbidity risk		Retrenchment risk		Total
	R million	%	R million	%	R million	%	R million
<b>2024</b>							
1 – 499 999	219 715	44	77 102	55	21 187	100	318 004
500 000 – 999 999	67 095	14	18 735	13	58	–	85 888
1 000 000 – 1 999 999	133 945	27	12 443	9	13	–	146 401
2 000 000 and above	74 195	15	32 534	23	–	–	106 729
<b>Total</b>	<b>494 950</b>	<b>100</b>	<b>140 814</b>	<b>100</b>	<b>21 258</b>	<b>100</b>	<b>657 022</b>
<b>2023</b>							
1 – 499 999	205 397	44	72 397	56	20 096	100	297 890
500 000 – 999 999	66 258	14	18 249	14	63	–	84 570
1 000 000 – 1 999 999	141 294	30	10 403	8	16	–	151 713
2 000 000 and above	57 741	12	27 581	22	–	–	85 322
<b>Total</b>	<b>470 690</b>	<b>100</b>	<b>128 630</b>	<b>100</b>	<b>20 175</b>	<b>100</b>	<b>619 495</b>
Retail sums assured at risk	After reinsurance						
	Mortality risk		Morbidity risk		Retrenchment risk		Total
	R million	%	R million	%	R million	%	R million
<b>2024</b>							
1 – 499 999	201 867	61	71 570	67	21 066	100	294 503
500 000 – 999 999	43 004	13	12 878	12	12	–	55 894
1 000 000 – 1 999 999	67 314	21	3 747	3	3	–	71 064
2 000 000 and above	16 437	5	19 313	18	–	–	35 750
<b>Total</b>	<b>328 622</b>	<b>100</b>	<b>107 508</b>	<b>100</b>	<b>21 081</b>	<b>100</b>	<b>457 211</b>
<b>2023</b>							
1 – 499 999	187 747	57	70 179	66	19 957	100	277 883
500 000 – 999 999	48 004	14	14 439	13	13	–	62 456
1 000 000 – 1 999 999	82 660	25	4 107	4	4	–	86 771
2 000 000 and above	13 461	4	18 253	17	–	–	31 714
<b>Total</b>	<b>331 872</b>	<b>100</b>	<b>106 978</b>	<b>100</b>	<b>19 974</b>	<b>–</b>	<b>458 824</b>

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.6 Insurance risk continued

##### Assessment and management of concentration risk

The group manages the insurance risk of its policies through monitoring incidence rates, claims ratios and business mix, as policies are not underwritten and pricing is flat. Larger policies are underwritten.

##### Concentration risk mitigation

The risk exposure is mitigated by diversification across a portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

##### Non-life insurance products

The risk arises from the group's short-term insurance operations.

The short-term insurance products offered by the group include:

- Personal line products are policies sold to retail customers or individuals. This includes liability cover, property cover, motor cover, legal cover, health cover and personal accident cover.
- Commercial line products are policies sold to entities which are carrying on a trade and require cover for risks specific to the running of a business. This includes liability cover, property cover, motor cover, legal cover and business interruption cover.

The terms and conditions of short-term insurance contracts have a material effect on the amount, timing and uncertainty of future cash flows. The key risks associated with general insurance contracts are claims experience. The methodology driving the provisions for these contracts is reviewed at least annually. As claims experience develops, certain claims are settled, further claims are revised and new claims are reported. The reasonableness of the estimation process is assessed by management and reviewed on a regular basis. The group believes that the liability for claims carried at the end of the year is adequate.

##### Concentration risk mitigation

Most of the current insurance risk exposure remains legal type risk, particularly litigation. However, the comprehensive portfolio is beginning to garner scale, which provides diversification across product lines. The comprehensive portfolio also has reinsurance in place to protect against catastrophes. As this portfolio grows, concentration risk through location and sum insured accumulations will become more material and will be managed in line with the insurance risk management framework.

Retail sums assured at risk	Before reinsurance						Total R million
	Legal risk		Motor risk		Property risk		
	R million	%	R million	%	R million	%	
<b>2024</b>							
1 – 499 999	31 038	100	7 355	69	4 880	5	43 273
500 000 – 999 999	131	—	2 431	23	8 899	8	11 461
1 000 000 – 1 999 999	—	—	729	7	20 250	19	20 979
2 000 000 and above	—	—	125	1	73 049	68	73 174
<b>Total</b>	<b>31 169</b>	<b>100</b>	<b>10 640</b>	<b>100</b>	<b>107 078</b>	<b>100</b>	<b>148 887</b>
<b>2023</b>							
1 – 499 999	30 786	100	4 664	65	3 453	5	38 903
500 000 – 999 999	—	—	1 366	19	7 120	9	8 486
1 000 000 – 1 999 99	—	—	1 068	15	16 254	21	17 322
2 000 000 and above	—	—	73	1	48 892	65	48 965
<b>Total</b>	<b>30 786</b>	<b>100</b>	<b>7 171</b>	<b>100</b>	<b>75 719</b>	<b>100</b>	<b>113 676</b>

## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.6 Insurance risk continued

##### Claims development

The table below compares actual claims payments with previous estimates of the undiscounted amounts of the claims, without taking into account any reinsurance contracts held.

R million	2020 and earlier	2021	2022	2023	2024	Total
At end of year in which an initial claim was made	114	40	134	349	380	
1 year later	201	137	307	502		
2 years later	120	133	284			
3 years later	125	140				
4 years later	133					
Cumulative gross claims and other directly attributable expenses paid	(137)	(139)	(271)	(456)	(213)	(1 216)
Total undiscounted claims	(4)	1	13	46	168	224
Effect of discounting						(13)
Effect of risk adjustment for non-financial risk						21
Closing balance of liability for incurred claims						232

##### All insurance products

##### Credit risk of reinsurers

The table below outlines the maximum exposure to credit risk and the credit ratings of reinsurers for reinsurance contracts held that are in an asset position based on international ratings. Where the reinsurers have no international ratings, the rating of the parent companies, which have provided guarantees, is provided instead.

R million	2024	2023
Rating		
AAA to A-	500	585
BBB to B-	9	25
Total reinsurance contracts assets	509	610

##### Maturity analysis of insurance and reinsurance contract liabilities

The amounts below represent the estimated amount and timing of the remaining contractual discounted cash inflows/(outflows) arising from insurance and reinsurance contract liabilities. Liabilities for remaining coverage that are measured under the PAA are excluded from the analysis.

R million	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	After 5 years	Total
<b>2024</b>							
Insurance contract liabilities	(272)	8	17	24	27	991	795
Reinsurance contract liabilities	(36)	(17)	(12)	(7)	(4)	(4)	(80)
<b>Total</b>	<b>(308)</b>	<b>(9)</b>	<b>5</b>	<b>17</b>	<b>23</b>	<b>987</b>	<b>715</b>
<b>2023</b>							
Insurance contract liabilities	(332)	(44)	(32)	(26)	(24)	623	165
Reinsurance contract liabilities	—	—	—	—	—	(2)	(2)
<b>Total</b>	<b>(332)</b>	<b>(44)</b>	<b>(32)</b>	<b>(26)</b>	<b>(24)</b>	<b>621</b>	<b>163</b>

There are no insurance and reinsurance contract liabilities that are payable on demand.



## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.6 Insurance risk continued

##### Sensitivities

The following tables present information on how reasonably possible changes in assumptions made by the group with regard to underwriting risk variables and market risk variables impact product line insurance liabilities, and profit or loss, and equity before and after risk mitigation by reinsurance contracts held. The risk variables accounted for represent the components the balance sheet and risk management are most sensitive to. The analysis is based on a change in an assumption while holding all other assumptions constant.

R million	Balance at 30 June	Impact on FCF	Impact on CSM	Total change in balances	Impact on profit before tax	Pre-tax impact on equity
<b>2024</b>						
<b>Net insurance contracts</b>						
FCF	7 767					
CSM	(7 975)					
Total net insurance liabilities	(208)					
5% increase in mortality		(584)	385	(199)	(196)	(199)
5% increase in lapse rate		(221)	204	(18)	—	(18)
1% increase in interest rates		(350)	116	(234)	(54)	(234)
1% decrease in interest rates		350	(116)	234	54	234
<b>Net reinsurance contracts held</b>						
FCF	375					
CSM	86					
Total net reinsurance assets	461					
5% increase in mortality		86	(29)	57	57	57
5% increase in lapse rate		—	(5)	(4)	(4)	(4)
1% increase in interest rates		(7)	14	7	7	7
1% decrease in interest rates		7	(14)	(7)	(7)	(7)
<b>2023</b>						
<b>Net insurance contracts</b>						
FCF	6 168					
CSM	(7 005)					
Total net insurance liabilities	(837)					
5% increase in mortality		(473)	321	(152)	(150)	(152)
5% increase in lapse rate		(195)	178	(18)	—	(18)
1% increase in interest rates		(296)	98	(197)	(45)	(197)
1% decrease in interest rates		296	(98)	197	45	197
<b>Net reinsurance contracts held</b>						
FCF	561					
CSM	25					
Total net reinsurance assets	586					
5% increase in mortality		61	(32)	28	28	28
5% increase in lapse rate		(2)	(9)	(10)	(10)	(10)
1% increase in interest rates		(8)	12	4	4	4
1% decrease in interest rates		8	(12)	(4)	(4)	(4)

#### Capital management for insurance entities

The overall objective of capital management is to actively manage the structure of the group's insurance entities' capital base to ensure that it remains cost effective and creates value for the group's shareholders. The group aims to fulfil the requirements of its stakeholders (including policyholder interests) whilst still maintaining an efficient and optimal capital structure with limited excesses which will support organic growth requirements.

The Solvency Assessment and Management (SAM) framework requires South African insurers to maintain a minimum regulatory capital, also known as the Solvency Capital Requirement (SCR). The SCR is set at a level that ensures that insurance entities can meet their obligations to policyholders over the next 12 months with a 99.5% probability. The SCR is determined using the Financial Soundness Standards for Insurers (FSI) determined by the Prudential Authority (PA). The target SCR for the group's insurance entities is above the minimum SCR in terms of SAM as it includes a buffer above the minimum requirement. For entities outside South Africa, the minimum capital requirements are set with reference to relevant local regulatory requirements.

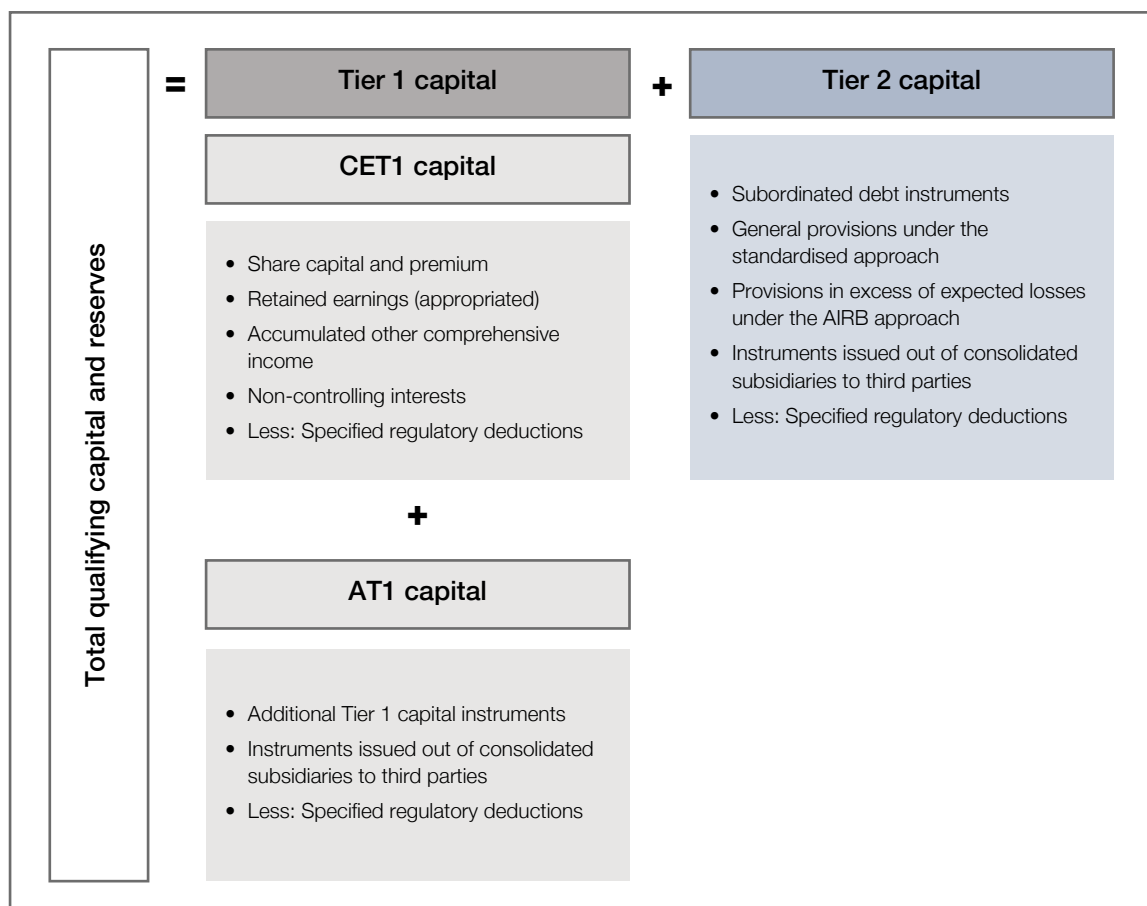
## Notes to the consolidated financial statements

### 38 Financial and insurance risks continued

#### 38.7 Capital management

The capital planning process ensures that the CET1, Tier 1 and total capital adequacy ratios remain within or above target ranges and regulatory minimums across economic and business cycles. Capital is managed on a forward-looking basis and the group remains appropriately capitalised under a range of normal and severe stress scenarios. The group aims to back all economic risk with loss-absorbing capital and remains well capitalised in the current environment. The group continues to focus on the quality and mix of capital, as well as optimisation of the group's RWA. The group's capital ratios remain strong and above the regulatory minimums and internal targets. The board-approved internal targets are CET1 of 11.0% – 12.0%, Tier 1 of >12.0% and total capital of >14.75%.

The following diagram defines the main components of qualifying capital and reserves.



#### Capital adequacy for the group's regulated subsidiaries and foreign branches

The group's registered banking subsidiaries and foreign branches must comply with PA regulations and those of their respective in-country regulators, with primary focus placed on Tier 1 capital and total capital adequacy ratios. The group's approach is that all entities must be adequately capitalised on a standalone basis.

Adequate controls and processes are in place to ensure that each entity is adequately capitalised to meet in-country regulatory and economic capital requirements. Based on the outcome of detailed stress testing, each entity targets a capital level in excess of in-country regulatory minimums.

Capital generated by subsidiaries in excess of targeted levels is returned to FirstRand, usually in the form of dividends unless retained for organic or inorganic growth. No restrictions were experienced on the repayment of dividends during the year under review.

#### Capital management for insurance entities

Capital for insurance entities is calculated on a regulatory basis in line with Insurance Act No.18 of 2017 and Regulations, as well as on an economic basis. Capital is risk sensitive and is also used to understand the exposure to insurance risk. The insurance group's ORSA assesses the impact of various stresses on the solvency position of the insurance entities and informs the capital targets. Target levels for capital coverage are specified in the insurance risk appetite statement and have been met over the year under review. Insurance entities remain appropriately capitalised.

## Notes to the consolidated financial statements

### 39 Impact due to changes in presentation and restatements

#### 39.1. Restatement of previously presented information

The group has restated the following notes as outlined in the *Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements*. This note details the changes in presentation and restatements in notes to the financial statements.

#### 1.1 Interest and similar income

R million	As previously reported	Restatement	Restated
Cash and cash equivalents	4 279	(1 883)	2 396
Collateral, settlement balances and other	157	1 883	2 040
<b>Interest and similar income</b>	4 436	–	4 436

#### 2.5 Net other non-interest revenue

As previously reported

R million	2023
Revenue from contracts with customers	1 769
– Sales	2 639
– Cost of sales	(1 957)
– Other income	1 087
– Gains/(losses) on disposal of property and equipment	(43)
Rental income	1 764
Other operating lease transactions	268
<b>Total other non-interest revenue</b>	<b>3 758</b>

## Notes to the consolidated financial statements

### 6.1 Analysis of assets

R million	As previously reported					Restatement					Restated				
	Amortised cost	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual	Amortised cost	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual	Amortised cost	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual
<b>ASSETS</b>															
Cash and cash equivalents	175 304	–	175 304	175 304	–	(27 633)	–	(27 633)	(27 633)	–	147 671	–	147 671	147 671	–
Collateral, settlement balances and other assets	8 749	(4 989)	3 760	6 560	(2 800)	27 633	–	27 633	27 633	–	36 177	(4 989)	31 188	33 972	(2 784)

### 7 Cash and cash equivalents

R million	As previously reported	Restatement	Restated
Money at call and short notice	107 373	(27 633)	79 740
<b>Total cash and cash equivalents</b>	175 304	(27 633)	147 671

### 12.1 Analysis of the loss allowance closing balance

R million	2023				
	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
Forward-looking information	3 640	1 571	1 668	401	–
Restatement	1 190	609	299	282	–
Forward-looking information (restated)	4 830	2 180	1 967	683	–

## Notes to the consolidated financial statements

### 39 Impact due to changes in presentation and restatements continued

#### 39.1. Restatement of previously presented information

#### 13 Collateral, settlement balances and other assets

R million	As previously reported	IFRS17	Restatement	Restated
- Variation margin – unsettled balances	827	–	–	827
- Variation margin	–	–	6 727	6 727
- Initial margin	–	–	20 906	20 906
<b>Total gross carrying amount</b>	4 226	(223)	27 633	31 636
- Financial	9 215	(223)	27 633	36 625
- Non-financial	(4 989)	–	–	(4 989)
- Loss allowance on other financial assets	(466)	18	–	(448)
<b>Total collateral, settlement balances and other assets</b>	3 760	(205)	27 633	31 188

#### 25 Creditors, accruals and provisions

##### Reconciliation of contract liabilities

R million	As previously reported	Restatement	IFRS 17 restatements	Restated
Opening balance	2 620	304	(396)	2 528
Increases due to cash received and other increases in contract liabilities	2 475	607	(11)	3 071
Revenue recognised that was included in the contract liability balance at the beginning of the period	(2 327)	(565)	–	(2 892)
<b>Closing balance</b>	2 768	346	(407)	2 707

## Financial and insurance risks

### 38.1 Credit risk

Geographic concentration of significant credit asset exposure

R million	2023					Total
	South Africa	Broader Africa	United Kingdom	Other Europe	Asia, Americas and Australasia	
On-balance sheet exposures						
Cash and short-term funds	64 230	11 431	65 190	10 944	12 415	164 210
Restatement	(12 997)	(11)	(9 221)	(5 136)	(268)	(27 633)
<b>Cash and short-term funds (restated)</b>	51 233	11 420	55 969	5 808	12 147	136 577
Other assets	6 154	1 239	717	839	266	9 215
IFRS 17	(223)	–	–	–	–	(223)
Restatement	12 997	11	9 221	5 136	268	27 633
<b>Collateral, settlement balances and other financial assets (restated)</b>	18 928	1 250	9 938	5 975	534	36 625
Insurance contract assets	–	–	–	–	–	–
IFRS 17	555	–	–	–	–	555
<b>Insurance contract assets (restated)</b>	555	–	–	–	–	555
Reinsurance assets (IFRS 4)	521	33	–	–	–	554
IFRS 17 adjustment	64	(8)	–	–	–	56
<b>Reinsurance contract assets (IFRS 17)</b>	585	25	–	–	–	610

**Notes to the consolidated financial statements**

**39 Impact due to changes in presentation and restatements** continued

**39.1 Restatement of previously presented information** continued

**38.1.3 Quality of credit assets – non-advances**

R million	2023											
	AAA to BBB				BB+ to B-				CCC			
	As previously reported	IFRS 17	Restatement	Restated	As previously reported	IFRS 17	Restatement	Restated	As previously reported	IFRS 17	Restatement	Restated
Other financial assets												
– Stage 1	–	(104)	16 077	15 973	–	(119)	11 556	11 437	–	–	–	–
– Stage 2	567	–	–	567	8 169	–	–	8 169	328	–	–	328
– Stage 3	–	–	–	–	68	–	–	68	83	–	–	83
<b>Total collateral, settlement balances and other financial assets</b>	<b>567</b>	<b>(104)</b>	<b>16 077</b>	<b>16 540</b>	<b>8 237</b>	<b>(119)</b>	<b>11 556</b>	<b>19 674</b>	<b>411</b>	<b>–</b>	<b>–</b>	<b>411</b>
Cash and cash equivalents												
– Stage 1	93 152	–	(16 077)	77 075	67 596	–	(11 556)	56 040	3 437	–	–	3 437
– Stage 2	–	–	–	–	–	–	–	–	–	–	–	–
– Stage 3	–	–	–	–	–	–	–	–	–	–	–	–
– Purchased or originated credit impaired	25	–	–	25	–	–	–	–	–	–	–	–
<b>Total cash and cash equivalents</b>	<b>93 177</b>	<b>–</b>	<b>(16 077)</b>	<b>77 100</b>	<b>67 596</b>	<b>–</b>	<b>(11 556)</b>	<b>56 040</b>	<b>3 437</b>	<b>–</b>	<b>–</b>	<b>3 437</b>

**38.1.4 Credit risk mitigation and collateral held**

R million	2023						
	Gross carrying amount	Off-balance sheet exposure	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Unsecured	Secured
	Cash and cash equivalents	164 210	–	–	164 210	26 324	137 886
Restatement	(27 633)	–	–	(27 633)	(22 391)	(5 242)	–
<b>Cash and cash equivalents (restated)</b>	<b>136 577</b>	<b>–</b>	<b>–</b>	<b>136 577</b>	<b>3 933</b>	<b>132 644</b>	<b>–</b>
Other assets	9 215	–	(466)	8 749	3	8 740	6
IFRS 17	(223)	–	18	(205)	–	(205)	–
Restatement	27 633	–	–	27 633	22 391	5 242	–
<b>Collateral, settlement balances and other financial assets (restated)</b>	<b>36 625</b>	<b>–</b>	<b>(448)</b>	<b>36 177</b>	<b>22 394</b>	<b>13 777</b>	<b>6</b>

**40 Events after balance sheet date**

There were no significant events that occurred between the end of the reporting period and the issue of the annual financial statements.

## Notes to the consolidated financial statements

### Accounting policies

The accounting policies and other methods of computation applied in the preparation of the consolidated financial statements are in terms of IFRS Accounting Standards and are consistent with those applied for the year ended 30 June 2023, except for the first time adoption of IFRS 17 and IAS 29.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES			
1	<b>Subsidiaries, associates and joint arrangements</b>	Consolidation and equity accounting	Related party transactions
2	<b>Income, expenses and taxation</b>	Income and expenses	Taxation
3	<b>Financial instruments</b>	Classification and measurement	Impairment
		Transfers, modifications and derecognition	Offset and collateral
			Derivatives and hedge accounting
4	<b>Other assets and liabilities</b>	Property and equipment	Investment properties
		Commodities	Provisions
		Non-current assets held for sale	Leases
			Intangible assets
5	<b>Capital and reserves</b>	Share capital and treasury shares	Dividends and non-cash distributions
			Other reserves
6	<b>Transactions with employees</b>	Employee liabilities	Share-based payment transactions
7	<b>Non-banking activities</b>	Insurance activities	Investment management activities

## Notes to the consolidated financial statements

### 1. Subsidiaries, associates and joint arrangements

#### Basis of consolidation and equity accounting

	<b>SUBSIDIARIES AND OTHER STRUCTURED ENTITIES</b>	<b>ASSOCIATES</b>	<b>JOINT VENTURES</b>
<b>Typical shareholding in the assessment of entities that are not structured entities</b>	Greater than 50%	Between 20% and 50%	

When an entity is a structured entity and control of it is not evidenced through shareholding, the group considers the substance of the arrangement and the group's involvement with the structured entity to determine whether the group has control, joint control or significant influence over the significant decisions that impact its relevant activities.

<b>Nature of the relationship between the group and the investee</b>	Entities over which the group has control, as defined in IFRS 10, are consolidated. These include certain investment funds managed by the group, securitisation structures or other entities used for the purpose of buying or selling credit protection.	Entities over which the group has significant influence as defined in IAS 28. These include investment funds not consolidated, but which the group has significant influence over.	A joint arrangement in terms of which the group and the other contracting parties have joint control, as defined in IFRS 11.  Joint ventures are those joint arrangements where the group has rights to the net assets of the arrangement.
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#### SEPARATE FINANCIAL STATEMENTS

The company measures investments in the above entities at cost less impairment (in terms of IAS 36), with the exception of investments acquired and held exclusively with the view to dispose of them in the near future (within 12 months). These investments are measured at fair value less cost to sell in terms of IFRS 5.

#### INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Interests in unconsolidated structured entities may expose the group to variability in returns from the structured entity. However, because of a lack of power over the structured entity it is not consolidated. Normal customer or supplier relationships, where the group transacts with the structured entity on the same terms as other third parties, are not considered to be interests in the entity. From time to time the group also sponsors the formation of structured entities primarily for the purpose of allowing clients to hold investments, for asset securitisation transactions and for buying and selling credit protection. Where the interest or sponsorship does not result in control, disclosures of these interests or sponsorships are made in the notes in terms of IFRS 12.

#### COMMON CONTROL TRANSACTION

There is currently no guidance under IFRS Accounting Standards for the accounting treatment of business combinations under common control. In terms of IAS 8, the group developed an accounting policy that requires that business combinations under common control use the predecessor values of the acquiree without the restatement of comparatives. Therefore, any difference between the net asset value (NAV) and the amount paid (i.e. the purchase consideration) is recorded directly in equity.

#### CONSOLIDATED FINANCIAL STATEMENTS

	<b>Consolidation</b>	<b>Equity accounting</b>
<b>Initial recognition in the consolidated financial statements</b>	Subsidiaries acquired are accounted for by applying the acquisition method of accounting to business combinations. The excess (shortage) of the sum of the consideration transferred, the value of non-controlling interest and the fair value of any existing interest, over the fair value of identifiable net assets are recognised as goodwill or a gain on bargain purchase, as set out further below. Transaction costs are included in operating expenses within profit or loss, when incurred.	Associates and joint ventures are initially recognised at cost (including goodwill) and subsequently equity accounted. The carrying amount is increased or decreased to recognise the group's share of profit or loss from the investee after the date of acquisition. Items that impact the investee NAV that don't impact OCI are recognised directly in gains less losses from investing activities within NIR.



## Notes to the consolidated financial statements

### 1. Subsidiaries, associates and joint arrangements continued

#### Basis of consolidation and equity accounting continued

CONSOLIDATED FINANCIAL STATEMENTS		
	Consolidation	Equity accounting
<b>Intercompany transactions and balances</b>	<p>Intercompany transactions are all eliminated on consolidation, including unrealised gains.</p> <p>Unrealised losses on transactions between group entities are also eliminated unless the transaction provides evidence of impairment of the transferred asset, in which case the transferred asset will be tested for impairment in accordance with the group's impairment policies.</p>	<p>Unrealised gains on transactions are eliminated to the extent of the group's interest in the entity.</p> <p>Unrealised losses are also eliminated to the extent of the group's interest in the entity, unless the transaction provides evidence of an impairment of the transferred asset.</p>
<b>Impairment</b>	<p>In the consolidated financial statements either the cash generating unit (CGU) is tested, i.e. a grouping of assets no higher than an operating segment of the group, or, if the entity is not part of a CGU, the individual assets of the subsidiary and goodwill are tested for impairment in terms of IAS 36.</p>	<p>The entire carrying amount of the investment, including other long-term interests, is tested for impairment. Certain loans and other long-term interests in associates and joint ventures are considered to be, in substance, part of the net investment in the entity when settlement is neither planned nor likely to occur in the foreseeable future. Such items may include preference shares and long-term receivables or loans, but do not include trade receivables or any long-term loans for which adequate collateral exists. These loans and other long-term interests in associates and joint ventures are included in advances and are measured in terms of IFRS 9</p> <p>The value of such loans after any expected credit losses (ECL) raised for IFRS 9 where such loans are measured at amortised cost is, however, included in the carrying amount of the investee for purposes of determining the share of losses of the investee attributable to the group and for impairment testing purposes.</p>
<b>Goodwill</b>	<p>Goodwill on the acquisition of businesses and subsidiaries represents excess consideration transferred and is recognised as an intangible asset at cost less accumulated impairment losses.</p> <p>If this amount is negative, as in the case of a bargain purchase, the difference is immediately recognised in gains less losses from investing activities within NIR.</p> <p>Goodwill is tested annually for impairment by the group in April, or earlier if there are objective indicators of impairment. For subsidiaries acquired between March and June, a goodwill impairment test is performed in June in the year of acquisition and thereafter annually in April. For testing purposes, goodwill is allocated to a suitable CGU.</p> <p>Impairment losses in respect of goodwill are not subsequently reversed.</p>	<p>Notional goodwill on the acquisition of associates and joint ventures is included in the equity accounted carrying amount of the investment.</p> <p>An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.</p>

## Notes to the consolidated financial statements

### 1. Subsidiaries, associates and joint arrangements continued

#### Basis of consolidation and equity accounting continued

CONSOLIDATED FINANCIAL STATEMENTS		
	Consolidation	Equity accounting
<b>Non-controlling interest</b>	<p>Non-controlling interests in the net assets of subsidiaries are separately identified and presented from the group's equity. All transactions with non-controlling interests which do not result in a loss of control are treated as transactions with equityholders.</p> <p>Partial disposals and increases in effective shareholding between 50% and 100% are treated as transactions with equityholders. Non-controlling interest is initially measured either at the proportional share of net assets or at fair value. The measurement distinction is made by the group on a case-by-case basis.</p>	<p>Transactions with other shareholders are not equity transactions and the effects thereof are recognised in profit or loss as part of gains less losses from investing activities in NIR.</p>

#### Related party transactions

Related parties of the group, as defined, include:

Subsidiaries	Associates	Joint ventures	Post-employment benefit funds (pension funds)
Entities that have significant influence over the group, and subsidiaries of these entities	<b>Key management personnel (KMP)</b>	Close family members of KMP	<b>Entities controlled, jointly controlled or significantly influenced by KMP or their close family members</b>

KMP of the group are the FirstRand Limited board of directors and prescribed officers, including any entities which provide KMP services to the group. Their close family members include spouse/domestic partner and dependent children, domestic partner's dependent children and any other dependents of the individual or their domestic partner. Children over the age of 25 are not considered dependants.

## Notes to the consolidated financial statements

### 2. Income, expenses and taxation

#### NET INTEREST INCOME RECOGNISED IN PROFIT OR LOSS

Interest income includes:

- interest on financial instruments measured at amortised cost and debt instruments measured at FVOCI, including the effect of qualifying hedges for interest rate risk.
- interest on financial asset debt instruments measured at FVTPL that are held by and managed as part of the group's funding or insurance operations.
- fees and transaction costs that form an integral part of generating an involvement with the resulting financial instrument;
- interest income is calculated using the effective interest rate, which includes origination fees. The original effective interest rate is applied to:
  - the gross carrying amount (GCA) of financial assets which are not credit impaired; and
  - the amortised cost of financial assets which represents the net carrying amount, from the month after the assets become credit-impaired (refer to section 4.2 of the accounting policies).
- modified advances (derecognition not achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. The interest income on the modified financial asset (refer to accounting policy 3) is calculated by applying the original effective interest rate to the asset's modified GCA; and
- modified advances (derecognition is achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. New fees or costs charged on the new advance which are integral to the new asset recognised are capitalised to the new loan.

Interest expense includes:

- interest on financial liabilities measured at amortised cost;
- interest on financial liabilities measured at FVTPL that are held by and managed as part of the group's funding or insurance operations;
- interest on capitalised leases where the group is the lessee; and
- the difference between the purchase and resale price in repurchase and reverse repurchase agreements where the related advances or deposit is measured at amortised cost, because the amount is in substance interest.

The total interest expense is reduced by the amount of interest incurred in respect of liabilities used to fund the group's fair value activities. This amount is reported in fair value income within NIR.

Group also presents as part of net interest income, other interest income and other interest and charges similar in nature, which are not calculated on the effective interest rate method.

#### NON-INTEREST AND FINANCIAL INSTRUMENT REVENUE RECOGNISED IN PROFIT OR LOSS

##### Non-interest revenue from contracts with customers

Under IFRS 15, where a five-step analysis is required to determine the amount and timing of revenue recognition, the group assesses contracts and determines whether the fees identified in the contract relate to revenue as defined in IFRS 15. The revenue is recognised only if the group can identify the contract and the performance obligation (i.e. the different goods or services) and can determine the transaction price, which is required to be allocated to the identifiable performance obligations.

Unless specifically stated otherwise, the group is the principal in its revenue arrangements as the group controls the goods and services before transferring them to the customer.

## Notes to the consolidated financial statements

### 2. Income, expenses and taxation continued

<b>NON-INTEREST AND FINANCIAL INSTRUMENT REVENUE RECOGNISED IN PROFIT OR LOSS</b>	
<b>Non-interest revenue from contracts with customers</b>	
<b>Fee and commission income</b>	<p>Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers.</p> <p>Fee and commission income is earned by the group by providing customers with a range of services and products, and consists of the following main categories:</p> <ul style="list-style-type: none"> <li>• banking fee and commission income;</li> <li>• knowledge-based fee and commission income;</li> <li>• management, trust and fiduciary fees;</li> <li>• fee and commission income from service providers; and</li> <li>• other non-banking fee and commission income.</li> </ul> <p>The bulk of fee and commission income is earned on the execution of a single performance obligation and, as such, it is not necessary to make significant judgements when allocating the transaction price to the performance obligation. As such, fee and commission income, which typically includes transactional banking fees such as bank charges, interchange fees, point-of-sale fees, exchange commissions, cash deposit fees and knowledge-based fee and commission income, is recognised at a point in time.</p> <p>Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows:</p> <ul style="list-style-type: none"> <li>• Fees for services rendered are recognised on an accrual basis as the service is rendered and the group's performance obligation is satisfied, e.g. annual card fees and asset management and related fees.</li> <li>• Commission income on bills and promissory notes endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis.</li> </ul> <p>Commitment fees for unutilised funds made available to customers in the past are recognised as revenue at the end of the contract period. Commitment fees paid upfront for a future facility, where it is not probable that a specific lending arrangement will be entered into by the group, are recognised as revenue on a straight-line basis over the period for which the funds are promised to be kept available. Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers other than those related to the banking, insurance and asset management operations. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. The revenue is recognised at a point in time and includes commission earned from the sale of prepaid airtime, data vouchers and electricity, and traffic fines paid through FNB channels, as well as insurance commission.</p> <p>The group operates a customer loyalty programme, known as eBucks, in terms of which it undertakes to provide reward credits to qualifying customers to buy goods and services, which results in the recognition of a performance obligation which the group needs to fulfil. The supplier of the goods or services to be acquired by customers can either be the group or an external third party. The group recognises a contract liability referred to as the customer loyalty programme liability, which represents the deferred amount of revenue resulting from providing these reward credits to customers. The amount deferred is equal to the maximum cash flow that could be required in order to settle the liability with the customer, as the supplier of goods and services could either be the bank itself or independent third parties. The deferred revenue in respect of which the eBucks liability is raised is recognised in the period in which the customer utilises their reward credits. When the group is acting as an agent, amounts collected and incurred on behalf of the principal are not recognised on a gross basis. Only the net commission retained by the group is recognised in fee and commission income.</p>

## Notes to the consolidated financial statements

### 2. Income, expenses and taxation continued

<b>NON-INTEREST AND FINANCIAL INSTRUMENT REVENUE RECOGNISED IN PROFIT OR LOSS</b>	
<b>Non-interest revenue from contracts with customers</b>	
<b>Fee and commission expenses</b>	Fee and commission expenses are those that are incremental and directly attributable to the generation of fee and commission income and are recognised as part of fee and commission income. These include transaction and service fees, which are expensed as the services are received. Expenses relating to the provision of the customer loyalty reward credits are recognised as fee and commission expenses as incurred.
<b>Insurance income – non-risk-related</b>	<p>Commission is earned on the sale of insurance products to customers of the group on behalf of an insurer. Brokerage fees are received for services rendered in the group's capacity as an insurance broker. Participation agreements arise when the group provides a service to third party insurance providers by facilitating additional sales of their products for which the group then earns a commission in the form of a share in the profits of the insurance products sold by third party insurers.</p> <p>Where the group is acting as an agent, commissions and brokerage earned on the sale of insurance products to customers of the group on behalf of an insurer are recognised at the point that the significant obligation has been fulfilled. Variable consideration income earned from participation agreements is dependent on the performance of insurance products sold by third party insurers. To the extent that the group assesses that it is not highly probable that a significant reversal of revenue will not occur, the group constrains the recognition of revenue recognised from the participation agreements. In this instance, the group will only recognise the revenue once the uncertainty associated with the variable consideration is resolved, i.e. the point at which the amount of profits are earned are concluded upon and communicated to the group by the third parties."</p>
<b>Other non-interest revenue</b>	<p>The group, through its various operating businesses and subsidiaries, sells value-added products, services and goods to customers.</p> <p>Revenue is recognised from products sold by the eBucks online store at a point in time when control of the goods transfers to the customer. For telecommunication products and services which consist of smart devices, as well as data, airtime contracts and bundled products (SIM services), revenue is recognised at a point in time when the smart device has been delivered to the customer, whereas revenue from SIM services are recognised over time, as and when the service is consumed by the customer (i.e. over the contract term).</p>
<b>Fair value gains or losses</b>	
<p>Fair value gains or losses of the group recognised in NIR include the following:</p> <ul style="list-style-type: none"> <li>• fair value adjustments and interest on financial instruments at FVTPL, including derivative instruments that do not qualify for hedge accounting;</li> <li>• fair value adjustments that are not related to credit risk on advances designated at FVTPL;</li> <li>• a component of interest expense that relates to interest paid on liabilities which fund the group's fair value operations. Interest expense is reduced by the amount that is included in fair value income;</li> <li>• fair value adjustment on financial instruments designated at FVTPL in order to eliminate an accounting mismatch, except for such instruments relating to the group's insurance and funding operations, for which the interest component is recognised in NII. The change in the fair value of a financial liability designated at FVTPL attributable to changes in its credit risk is presented in OCI, unless this would cause or enlarge an accounting mismatch in profit or loss. The total fair value adjustment on policyholder liabilities and non-recourse liabilities (including movements due to changes in credit risk) is included in profit or loss, since the fair value movements on these liabilities are directly linked to fair value movements on the underlying assets;</li> <li>• ordinary and preference dividends on equity instruments at FVTPL;</li> <li>• any difference between the carrying amount of the liability and the consideration paid, when the group repurchases debt instruments that it has issued;</li> <li>• fair value gains or losses on policyholder liabilities under investment contracts; and</li> <li>• fair value gains or losses on commodities acquired for short-term trading purposes, including commodities acquired with the intention of reselling in the short term, or if they form part of the trading operations of the group and certain commodities subject to option agreements whereby the counterparty may acquire the commodity at a future date where the risks and rewards of ownership are deemed to have transferred to the group in terms of IFRS 15.</li> </ul>	

## Notes to the consolidated financial statements

### 2. Income, expenses and taxation continued

#### NON-INTEREST AND FINANCIAL INSTRUMENT REVENUE RECOGNISED IN PROFIT OR LOSS

##### Gains less losses from investing activities

The following items are included in gains less losses from investing activities:

- any gains or losses on disposals of investments in subsidiaries, associates and joint ventures;
- any gains or losses on the sale of financial assets measured at amortised cost;
- impairments and reversal of impairments of investment securities measured at amortised cost and debt instruments measured at FVOCI;
- any amounts recycled from OCI in respect of debt instruments measured at FVOCI;
- dividend income on any equity instruments that are considered long-term investments of the group, including non-trading equity instruments measured at FVOCI; and
- fair value gains or losses on investment property held at FVTPL.

##### Dividend income

The group recognises dividend income when the group's right to receive payment is established. This is the last day to trade for listed shares and on the date of declaration for unlisted shares.

Dividend income includes scrip dividends, irrespective of whether there is an option to receive cash instead of shares, except to the extent that the scrip dividend is viewed as a bonus issue with no cash alternative and the transaction lacks economic significance.

#### EXPENSES

Expenses of the group, apart from certain fee and commission expenses included in net fee and commission income, are recognised and measured in terms of the accrual principle and presented as operating expenses in profit or loss.

<b>Indirect tax expense</b>	Indirect tax includes other taxes paid to central and local governments and also includes value-added tax and securities transfer tax. Indirect tax is disclosed separately from income tax and operating expenses in the income statement.
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#### CURRENT INCOME TAX

The current income tax expense is calculated by adjusting the net profit for the year for items that are non-taxable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the reporting date, in each particular jurisdiction within which the group operates. Current income tax arising from distributions made on other equity instruments is recognised in the income statement as the distributions are made from retained earnings arising from profits previously recognised in the income statement.

#### DEFERRED INCOME TAX

<b>Recognition</b>	On temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.
<b>Typical temporary differences for which deferred tax is provided</b>	<ul style="list-style-type: none"> <li>• Provision for loan impairment.</li> <li>• Instalment credit assets.</li> <li>• Revaluation (including ECL movements) of certain financial assets and liabilities, including derivative contracts.</li> <li>• Provisions for pensions and other post-retirement benefits.</li> <li>• SBP liabilities.</li> <li>• Investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the difference will not reverse in the foreseeable future.</li> <li>• Cash flow hedges.</li> </ul>
<b>Measurement</b>	<p>The liability method under IAS 12 is used, which means applying tax rates and laws applicable at the reporting date, which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.</p> <p>For temporary differences arising from the fair value adjustments on investment properties and investment securities, deferred income tax is provided at the rate that would apply to the sale of the assets, i.e. the capital gains tax rate.</p>

## Notes to the consolidated financial statements

### 2. Income, expenses and taxation continued

<b>DEFERRED INCOME TAX</b>	
<b>Presentation</b>	<p>Deferred income tax is presented in profit or loss unless it relates to items recognised directly in equity or OCI.</p> <p>Items recognised directly in equity or OCI relate to:</p> <ul style="list-style-type: none"> <li>• the issuance or buy-back of share capital;</li> <li>• fair value remeasurement of financial assets measured at FVOCI;</li> <li>• remeasurements of defined benefit post-employment plans; and</li> <li>• derivatives designated as hedging instruments in effective cash flow hedge relationships.</li> </ul> <p>Tax in respect of share transactions is recognised directly in equity. Tax in respect of the other items is recognised directly in OCI and subsequently reclassified to profit or loss (where applicable) at the same time as the related gain or loss.</p>
<b>Deferred tax assets</b>	<p>The group recognises deferred income tax assets only if it is probable that future taxable income will be available, against which the unused tax losses can be utilised, based on management's review of the budget and forecast information. The group reviews the carrying amount of deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.</p>
<b>Substantively enacted tax rates</b>	<p>Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> <p>Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> <p>Current and deferred tax assets and liabilities are usually measured using the tax rates (and tax laws) that have been enacted. However, in some jurisdictions, announcements of tax rates (and tax laws) by the government have the substantive effect of actual enactment, which may follow the announcement by a period of several months. In these circumstances, tax assets and liabilities are measured using the announced tax rate (and tax laws).</p>

### 3 Financial instruments

#### **CLASSIFICATION AND INITIAL MEASUREMENT OF FINANCIAL ASSETS**

The group recognises purchases and sale of financial instruments that require delivery within the time frame established by regulation or market convention (regular way purchases and sales) at settlement date, which is the date the asset is delivered or received.

All financial instruments are initially measured at fair value including transaction costs, except for those classified as FVTPL, in which case the transaction costs are expensed upfront in profit or loss, usually as part of operating expenses. Any upfront income earned on financial instruments is recognised as detailed under accounting policy 2, depending on the underlying nature of the income.

Immediately after initial recognition, an ECL allowance is recognised for newly originated financial assets measured at amortised cost or FVOCI debt instruments.

#### **CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS**

Management determines the classification of its financial assets at initial recognition, based on:

- the group's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

## Notes to the consolidated financial statements

### 3. Financial instruments continued

#### BUSINESS MODEL

The group distinguishes three main business models for managing financial assets:

- holding financial assets to collect contractual cash flows;
- managing financial assets and liabilities on a fair value basis or selling financial assets; and
- a mixed business model of collecting contractual cash flows and selling financial assets.

The business model assessment is not performed on an instrument-by-instrument basis, but at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment is done for each legal reporting entity at least at a franchise level, although franchises will perform the assessment on a portfolio or sub-portfolio level, depending on the manner in which groups of financial assets are managed in each franchise.

The main consideration in determining the different business models across the group is whether the objectives of the business model are met primarily through holding the financial assets to collect contractual cash flows, through the sale of these financial assets, by managing assets and liabilities on a fair value basis, or through a combination of these activities.

In considering whether the business objective of holding a group of financial assets is achieved primarily through collecting contractual cash flows, among other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the group only considers a transaction a sale if the asset is derecognised for accounting purposes. For example, a repurchase transaction where a financial asset is sold with the commitment to buy back the asset at a fixed price at a future date is not considered a sale transaction, because substantially all the risks and rewards relating to the ownership of the asset have not been transferred and the asset is not derecognised from an accounting perspective.

If sales of financial assets are infrequent, the significance of these sales is considered by comparing the carrying amount of assets sold during the period and cumulatively to the total carrying amount of assets held in the business model. If sales are either infrequent or insignificant, these sales will not impact the conclusion that the business model for holding financial assets is to collect contractual cash flows. In addition, where the issuer initiates a repurchase of the financial assets which was not anticipated in the terms of the financial asset, the repurchase is not seen as a sale for the purposes of assessing the business model of that group of financial assets.

Determining whether sales are significant or frequent requires management to use its judgement. The significance and frequency of sales are assessed on a case-by-case basis at the business model level. The frequency is assessed on an annual basis and sales of assets that take place once or less per annum are considered to be infrequent. If sales take place more than once per annum it doesn't mean that the business models are not to collect contractual cash flows, but rather that the reasons for the sales need to be more carefully considered. Management will consider both the volume and number of sales relative to the total assets in the business model to determine whether they are significant.

A change in business model only occurs on the rare occasion when the group changes the way in which it manages financial assets. Any change in business models would result in a reclassification of the relevant financial assets from the start of the next reporting period.



## Notes to the consolidated financial statements

### 3. Financial instruments continued

#### CASH FLOW CHARACTERISTICS

In order for a debt instrument to be measured at amortised cost or FVOCI, the cash flows on the asset have to be solely payments of principal and interest (SPPI), i.e. consistent with those of a basic lending agreement.

The SPPI test is applied on a portfolio basis for retail advances, as the cash flow characteristics of these assets are standardised. This includes the consideration of any prepayment penalties that are limited by consumer credit regulation. They can therefore be considered reasonable compensation, which would not cause these assets to fail the SPPI test.

For wholesale advances, the SPPI test is applied to individual advances at initial recognition, based on the cash flow characteristics of the asset. Wholesale advances that do not pass the SPPI test and that have to be measured at FVTPL include advances with equity participation features, convertible bonds and payments linked to commodity or other prices. If the contract contains prepayment penalties, the amount of the prepayment penalty is compared to the present value of the margin that will be earned if the loan is not prepaid. If the amount of the prepayment penalty is lower than or equal to the margin lost due to prepayment, this is considered reasonable compensation and the loan passes the SPPI test.

#### AMORTISED COST

Financial assets are measured at amortised cost using the effective interest rate method when they are held to collect contractual cash flows which are SPPI, and sales of such assets are not significant or frequent. These include the majority of the retail, corporate and commercial advances of the group, as well as certain investment securities utilised for liquidity risk management of the group. For purchased or originated credit-impaired financial assets, the group applies the credit-adjusted effective interest rate. This interest rate is determined based on the amortised cost and not the GCA of the financial asset, and incorporates the impact of ECL in the estimated future cash flows of the financial asset.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise coins and bank notes, money at call and short notice, and balances with central banks. All balances included in cash and cash equivalents have a maturity date of less than three months from the date of acquisition. Money at call and short notice constitutes amounts withdrawable in 32 days or less. Cash and cash equivalents are measured at amortised cost. Balances are tested annually to assess whether such balances continue to meet the definition of cash and cash equivalents.

#### RETAIL ADVANCES

Retail advances	Business model	Cash flow characteristics
	<p>The FNB, WesBank and Aldermore businesses hold retail advances to collect contractual cash flows. Their business models focus on growing these advances within acceptable credit appetite limits and maintaining strong collection practices.</p> <p>The products under this business model include:</p> <ul style="list-style-type: none"> <li>• residential mortgages;</li> <li>• vehicle and asset finance;</li> <li>• personal loans;</li> <li>• credit cards; and</li> <li>• other retail products such as overdrafts.</li> </ul>	<p>The cash flows on retail advances are SPPI. Interest charged to customers compensates the group for the time value of money, credit risk and administrative costs (including a profit margin). Penalties on the prepayment of advances are limited to reasonable compensation for early termination of the contract.</p>

## Notes to the consolidated financial statements

### 3. Financial instruments continued

CORPORATE AND COMMERCIAL ADVANCES		
Corporate and commercial advances	Business model	Cash flow characteristics
	<p>The business models of FNB, WesBank, RMB and Aldermore are also focused on collecting contractual cash flows on corporate and commercial advances and growing these advances within acceptable credit appetite limits.</p> <p>The products under in this business model include:</p> <ul style="list-style-type: none"> <li>• trade and working capital finance;</li> <li>• specialised finance;</li> <li>• commercial property finance; and</li> <li>• asset-backed finance.</li> </ul> <p>These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return. Although the intention is to collect cash flows, not all of the instruments are held to maturity as some financial assets are sold through syndication. These sales are, however, either insignificant in value in relation to the value of advances held to collect cash flows or infrequent, and therefore the held to collect business model is still appropriate.</p> <p>Within RMB, debt for large corporates and institutions is structured. These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return. Although the intention is to collect cash flows, not all of the instruments are held to maturity as some financial assets are sold in the secondary market to facilitate funding. These sales are, however, insignificant in value in relation to the value of RMB advances held to collect cash flows and therefore the held to collect business model is still appropriate. In other portfolios, RMB originates advances with the intention to distribute. These advances are included under a different business model and are measured at FVTPL (as set out further below).</p>	<p>The cash flows on corporate and commercial advances are SPPI. Interest charged to customers compensates the group for the time value of money, credit risk and administrative costs (including a profit margin). Penalties on the prepayment of advances are limited to reasonable compensation for early termination of the contract</p> <p>The cash flows on these advances are considered to be SPPI if the loan contract does not contain equity upside features, conversion options, payments linked to equity or commodity prices or prepayment penalties that exceed reasonable compensation for early termination of the contract. Any advances that do contain such features are mandatorily measured at FVTPL.</p>
<b>Marketable advances</b>	<p>Advances also include marketable advances representing corporate bonds and certain debt investment securities qualifying as HQLA that are under the control of the group treasurer, held by RMB. These assets are primarily held to collect the contractual cash flows over the life of the asset.</p>	<p>The cash flows on these advances are SPPI.</p>

## Notes to the consolidated financial statements

### 3. Financial instruments continued

<b>INVESTMENT SECURITIES</b>		
<b>Investment securities</b>	<b>Business model</b>	<b>Cash flow characteristics</b>
	Group Treasury holds investment securities with lower credit risk (typically government bonds and treasury bills). These investment securities are held in a business model with the objective of collecting contractual cash flows.	The cash flows on these investment securities are SPPI.
<b>CASH AND CASH EQUIVALENTS</b>		
<b>Cash and cash equivalents</b>	Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. These assets are held to collect contractual cash flows.	The cash flows on these assets are SPPI.
<b>OTHER ASSETS</b>		
<b>Other assets</b>	Other assets are short-term financial assets that are held to collect contractual cash flows.	The cash flows on these assets are SPPI.
<b>MANDATORY AT FVTPL</b>		
<b>Corporate advances</b>	In certain instances, RMB originates advances with the mandate of distributing an identified portion of the total advances in the secondary market within an approved timeframe. The reason for originating these advances is not to collect the contractual cash flows, but rather to realise the cash flows through the sale of the assets.	Any advances which are originated to be distributed or managed on a fair value basis, or are held to collect contractual cash flows but include cash flows related to equity upside features, conversion options, payments linked to equity or commodity prices, or prepayment penalties that exceed reasonable compensation for early termination of the contract, will be included in this category.
<b>Marketable advances</b>	RMB occasionally invests in notes issued by special purpose vehicles (SPVs), with the intention of selling these notes to external parties. These include notes issued by an SPV to which it sells a portion of corporate and commercial advances that it originates to distribute (detailed above). The collection of contractual cash flows on these notes is merely incidental.	Advances which are acquired to distribute are included in this category.
<b>Investment securities</b>	RMB Global Markets holds portfolios of investment securities (including corporate and government bonds) to hedge risks or for short-term profit realisation. These securities are managed on a fair value basis.	
	All equity investments of the group are managed on a fair value basis, either through FVTPL or designated at FVOCI.	
<b>Derivative assets</b>	Derivatives are either held for trading or to hedge risk. These instruments are managed on a fair value basis.	

## Notes to the consolidated financial statements

### 3. Financial instruments continued

<b>DESIGNATED AT FVTPL</b>	
<b>Advances</b>	Certain advances with fixed interest rates in RMB have been designated at FVTPL in order to eliminate an accounting mismatch that would otherwise result from measuring these assets on a different basis. The cash flows on these advances are considered to be SPPI.
<b>Investment securities</b>	Group Treasury holds investment securities (typically treasury bills) for liquidity purposes.
<b>DEBT INSTRUMENTS AT FVOCI</b>	
<b>Investment securities</b>	<div style="display: flex; justify-content: space-between;"> <div style="width: 65%;">                     Group Treasury holds certain investment securities for liquidity management purposes. Local regulators require that the bank/branch prove liquidity of its assets by way of periodic outright sales. Therefore, the business model for these investment securities is both collecting contractual cash flows and selling these financial assets.                 </div> <div style="width: 30%;">                     The cash flows on these investment securities are SPPI.                 </div> </div>
<b>EQUITY INVESTMENTS AT FVOCI</b>	
<b>Investment securities</b>	The group has elected to designate certain equity investments not held for trading to be measured at FVOCI.

#### **FINANCIAL LIABILITIES AND COMPOUND FINANCIAL INSTRUMENTS**

The group classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual agreement. Tier 2 instruments which have write-down or conversion features are classified based on the nature of the instrument and the definitions. Tier 2 and other funding liabilities are presented in separate lines on the statement of financial position of the group. Compound instruments are those financial instruments that have components of both financial liabilities and equity, such as issued convertible bonds. At initial recognition the instrument and the related transaction costs are split into their separate components and accounted for as a financial liability or equity in terms of the definitions and criteria of IAS 32.

#### **FINANCIAL LIABILITIES MEASURED AT AMORTISED COST**

The following liabilities are measured at amortised cost using the effective interest rate method, unless they have been designated as measured at FVTPL:

- deposits;
- creditors;
- Tier 2 liabilities; and
- other funding liabilities.

## Notes to the consolidated financial statements

### 3. Financial instruments continued

#### FINANCIAL LIABILITIES MEASURED MANDATORY AT FVTPL

The following held for trading liabilities are measured at FVTPL:

- derivative liabilities; and
- short trading positions.

These liabilities are measured at fair value at reporting date as determined under IFRS 13, with fair value gains or losses recognised in profit or loss.

#### FINANCIAL LIABILITIES DESIGNATED AT FVTPL

A financial liability other than one held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial liabilities which is managed and its performance evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated at FVTPL.

The financial liabilities that the group designated at FVTPL are the following:

- deposits; and
- other funding liabilities.

Both types of liabilities satisfied the above-mentioned conditions of IFRS 9 for such designation. These financial liabilities are measured at fair value at reporting date as determined under IFRS 13, with any gains or losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedge accounting relationship. However, for non-derivative financial liabilities that are designated at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability.

## Notes to the consolidated financial statements

### 3. Financial instruments continued

#### IMPAIRMENT OF FINANCIAL ASSETS AND OFF-BALANCE SHEET EXPOSURES SUBJECT TO IMPAIRMENT

This policy applies to:

- financial assets measured at amortised cost, including other financial assets and cash;
- debt instruments measured at FVOCI;
- loan commitments comprising of commitments that are irrevocable over the life of the facility or is revocable only in response to a material adverse change and are disclosed as part of exposure to maximum credit risk included in the risk management disclosures;
- financial guarantees; letters of credit and
- finance lease debtors where the group is the lessor.

Refer to the *Critical accounting estimates, assumptions and judgements* where all risk parameters, scenarios and sources of estimation are detailed more extensively.

EXPECTED CREDIT LOSSES			
Loss allowance on financial assets			
Credit risk has not increased significantly since initial recognition (stage 1)	Credit risk has increased significantly since initial recognition, but asset is not credit-impaired (stage 2)	Asset has become credit-impaired since initial recognition (stage 3)	Purchased or originated credit-impaired
12-month ECL	LECL	LECL	Movement in LECL since initial recognition

ADVANCES	
<b>SICR since initial recognition</b>	<p>In order to determine whether an advance has experienced a SICR, the PD of the asset calculated at the origination date is compared to that calculated at the reporting date (incorporating forward-looking information (FLI)). The origination date is defined as the most recent date at which the group has repriced an advance/facility. Where a change in terms is significant and is deemed to be a substantial modification, it results in derecognition of the original advance/facility and recognition of a new advance/facility.</p> <p>SICR test thresholds are reassessed and, if necessary, updated, on at least an annual basis.</p> <p>Any facility that is more than 30 days past due, or in the case of instalment-based products one instalment past due, is automatically considered to have experienced a SICR.</p> <p>In addition to the quantitative assessment based on PDs, qualitative considerations are applied when determining whether individual exposures have experienced a SICR. One such qualitative consideration is the appearance of wholesale and commercial small and medium-sized enterprise (SME) facilities on a credit watch list.</p> <p>Any up-to-date facility that has undergone a distressed restructure (i.e. a modification of contractual cash flows to prevent a client from going into arrears) will be considered to have experienced a SICR, and will be disclosed within stage 2 at a minimum.</p> <p>The credit risk on an exposure is no longer considered to be significantly higher than at origination if no qualitative indicators of a SICR are triggered, and if comparison of the reporting date PD to the origination date PD no longer indicates that a SICR has occurred. No standard minimum period for transition from stage 2 back to stage 1 is applied across all advances, with the exception of cured distressed restructured exposures that are required to remain in stage 2 for a minimum period of six months before re-entering stage 1, as per the requirements of SARB Directive 7 of 2015.</p>

## Notes to the consolidated financial statements

### 3. Financial instruments continued

ADVANCES	
<b>Credit-impaired financial assets</b>	<p>Advances are considered credit-impaired if they meet the definition of default.</p> <p>The group's definition of default applied to calculating provisions under IFRS 9 has been aligned to the definition applied to regulatory capital calculations across all portfolios, as well as those applied in operational management of credit and for internal risk management purposes.</p> <p>Exposures are considered to be in default when they are more than 90 days past due or, in the case of amortising products, have more than three instalments in arrears.</p> <p>In addition, an exposure is considered to have defaulted when there are qualitative indicators that the borrower is unlikely to pay their credit obligations in full without any recourse by the group to actions such as the realisation of security. Indicators of unlikelihood to pay are determined based on the requirements of Regulation 67 of the Banks Act. Examples include application for bankruptcy or obligor insolvency.</p> <p>Any distressed restructures of accounts which have experienced a SICR since initial recognition are defined as default events.</p> <p>Retail accounts are considered to no longer be in default if they meet the stringent cure definition, which has been determined at portfolio level based on analysis of re-defaulted rates. Curing from default within wholesale is determined judgementally through a committee process.</p>
<b>Purchased or originated credit-impaired</b>	<p>Financial assets that meet the above-mentioned definition of credit-impaired at initial recognition and remain classified as such for the duration of the agreement.</p>
<b>Write-offs</b>	<p>Write-off must occur when it is not economical to pursue further recoveries, i.e. there is no reasonable expectation of recovering the carrying amount of the asset (gross amount less specific impairments raised):</p> <ul style="list-style-type: none"> <li>• By implication, in both retail and wholesale, for secured as well as unsecured exposures, write-offs cannot occur if there is evidence of recent payment behaviour. Each credit portfolio has articulated a write-off policy that aligns with the principles of IFRS 9 while taking the business context of that portfolio into account.</li> <li>• Within retail portfolios, write-off definitions have been determined with reference to analysis of the materiality of net post write-off recoveries (after deduction of external debt collection expenses). The result of this is that retail secured loans are written off on perfection of collateral. In the residential mortgage portfolio, an explicit re-assessment of the economic viability of further collection efforts needs to be performed after an account has been in stage 3 for more than 60 months and within the WesBank VAF portfolio after 36 months in stage 3.</li> <li>• Retail unsecured loans are written off when observation of post-default payment behaviour indicates that further material recoveries are unlikely. The group applies a quantitative threshold and exposures are written off where the expected recoveries (based on the present value of recoveries for a period of 36 months after the write-off point) is less than 10% of the gross balance before write-off. Write-off points within retail unsecured portfolios are defined on a per-portfolio basis with reference to cumulative delinquency and/or payment recency with write-offs typically occurring when 12 to 15 cumulative payments have been missed.</li> <li>• Within wholesale portfolios, a judgemental approach to write-off is followed, based on case-by-case assessment by a credit committee. For corporate exposures an explicit reassessment of future cash flows must be performed after 60 months in stage 3. For the commercial portfolio, the write-off approach is broadly aligned to that of the retail secured and unsecured portfolios.</li> <li>• Partial write-offs are not performed within credit portfolios, except in limited circumstances within the wholesale portfolio, where they are assessed on a case-by-case basis. Where required, additional provisions against irrecoverable assets will be raised until such a time as final write-off can occur.</li> </ul>
<b>Collection and enforcement activities post write-off</b>	<p>For unsecured advances, post write-off collection strategies include outsourcing of the account to external debt collections (EDCs). In addition, settlement campaigns are run to encourage clients to settle their outstanding debt. For secured advances, any residual balance post the realisation of collateral and post write-off is outsourced to EDCs.</p>

## Notes to the consolidated financial statements

### 3. Financial instruments continued

OTHER FINANCIAL ASSETS	
<b>Cash and cash equivalents</b>	All physical cash is classified as stage 1. Other exposures are classified as stage 1 unless specific evidence of impairment exists, in which case, due to the nature of these assets, they are classified immediately as stage 3. ECL for physical cash is zero. ECL for cash equivalents is calculated using the loss rate approach.
<b>Other assets</b>	ECL for other assets, i.e. financial accounts receivable and where applicable, contract assets, are calculated using the simplified approach. This results in a LECL being recognised.
<b>Investment securities</b>	<p>Impairment parameters for investment securities (PD, LGD and EAD) are determined using appropriate models, with the models to be applied determined with reference to the issuer of the security and the nature of the debt instrument.</p> <p>The tests for a SICR and default definitions are then applied and the ECL calculated in the same way as for advances. The SICR thresholds applied for investment securities are the same as those applied within the wholesale credit portfolio, to ensure consistency in the way that a SICR is identified for a particular counterparty and for similar exposures.</p> <p>The group does not use the low credit risk exemption for investment securities, including government bonds.</p>

### TRANSFERS, MODIFICATION AND DERECOGNITION

Financial instruments are derecognised when:

- the contractual rights or obligations expire or are extinguished, discharged or cancelled, for example an outright sale or settlement;
- they are transferred and the derecognition criteria of IFRS 9 are met; or
- the contractual terms of the instrument are substantially modified and the derecognition criteria of IFRS 9 are met.

Financial assets are derecognised when the group has either transferred the contractual right to receive cash flows from the asset or it has assumed an obligation to pay over all the cash flows from the asset to another entity (i.e. pass-through arrangement).

If the contractual cash flows of a financial asset measured at amortised cost are modified (changed or restructured, including distressed restructures), the group determines whether this is a substantial modification, which could result in the derecognition of the existing asset and the recognition of a new asset. If the change is simply a non-substantial modification of the existing terms it would not result in derecognition.

A modification of a financial asset is substantial and will thus result in derecognition of the original financial asset where the modified contractual terms are priced to reflect current conditions on the date of modification and are not merely an attempt to recover outstanding amounts. Where the modification does not result in an accounting derecognition the original asset continues to be recognised.

Derecognition of financial liabilities includes a situation of substantial modification of the terms and conditions of an existing financial liability. A substantial modification of the terms occurs where the discounted present value of the cash flows under the new terms, including fees paid net of fees received and discounted using the original effective interest rate, differs by at least 10% from the discounted present value of the remaining cash flows of the original financial liability.

The following transactions are entered into by the group in the normal course of business, in terms of which it transfers financial assets directly to third parties or structured entities, or modifies the contractual terms of the asset and either achieves derecognition or continues to recognise the asset:



## Notes to the consolidated financial statements

### 3. Financial instruments continued

Transaction type	Description	Accounting treatment
<b>TRANSFERS WITHOUT DERECOGNITION</b>		
<b>Traditional securitisations and other structured transactions</b>	<p>Specific advances or investment securities are transferred to a structured entity, which then issues liabilities to third-party investors, for example variable rate notes or investment grade commercial paper.</p> <p>The group's obligations towards the third-party note holders is limited to the cash flows received on the underlying securitised advances or non-recourse investment securities, i.e. the note holders only have a claim to the ring-fenced assets in the structured entity, and not to other assets of the group.</p> <p>The group consolidates these securitisations and SPVs as structured entities in terms of IFRS 10.</p>	<p>Specific advances or investment securities are transferred to a structured entity, which then issues liabilities to third-party investors, for example variable rate notes or investment grade commercial paper.</p> <p>The group's obligations towards the third-party note holders is limited to the cash flows received on the underlying securitised advances or non-recourse investment securities, i.e. the note holders only have a claim to the ring-fenced assets in the structured entity, and not to other assets of the group.</p> <p>The group consolidates these securitisations and SPVs as structured entities in terms of IFRS 10.</p>
<b>Reverse repurchase agreements</b>	<p>Investment securities and advances are sold to an external counterparty in exchange for cash and the group agrees to repurchase the assets at a specified price at a specific future date.</p> <p>The counterparty's only recourse is to the transferred investment securities and advances that are subject to the agreement. The group remains exposed to all the underlying risks on the assets including counterparty, interest rate, currency, prepayment and other price risks.</p>	<p>The transferred assets continue to be recognised by the group in full. Such advances and investment securities are disclosed separately in the relevant notes.</p> <p>The group recognises an associated liability for the obligation for the cash received as a separate category of deposits.</p>
<b>Securities lending</b>	<p>Investment securities are lent to external counterparties in exchange for cash collateral as security for the return of the securities.</p> <p>The group's only recourse in respect of the return of the securities it has lent is to the cash collateral held and as such, the group generally requires cash collateral in excess of the fair value of the securities lent.</p>	
<b>TRANSFERS WITH DERECOGNITION</b>		
<b>Where the group purchases its own debt</b>	The debt is derecognised from the statement of financial position and any difference between the carrying amount of the liability and the consideration paid is included in fair value gains or losses within NIR.	
<b>MODIFICATION WITHOUT DERECOGNITION</b>		
<b>Modification of contractual cash flows</b>	Debt restructuring is a process that is applied to accounts whereby the new terms of the contract (such as a lower interest rate) are mandated by law and do not have the same commercial terms as a new product that the group would be willing to offer a customer with a similar risk profile.	The existing asset is not derecognised. The GCA of the financial asset is recalculated as the present value of the estimated future cash receipts through the expected life of the renegotiated or modified financial asset, discounted at the financial asset's original effective interest rate. Distressed modifications are included in ECL.

## Notes to the consolidated financial statements

### 3. Financial instruments continued

<b>MODIFICATIONS WITH DERECOGNITION (I.E. SUBSTANTIAL MODIFICATIONS)</b>		
<b>Retail advances</b>	The process for modifying an advance (which is not part of a debt restructuring) is substantially the same as the process for raising a new advance, including reassessing the customer's credit risk, repricing the asset and entering into a new legal agreement.	The existing asset is derecognised and a new asset is recognised at fair value based on the modified contractual terms.
<b>NEITHER TRANSFERRED NOR DERECOGNISED</b>		
<b>Synthetic securitisation transactions</b>	Credit risk related to specific advances is transferred to a structured entity through credit derivatives. The group consolidates these securitisation vehicles as structured entities, in terms of IFRS 10.	The group continues to recognise the advances and recognises associated credit derivatives which are measured at FVTPL.

#### Offsetting of financial instruments and collateral

Where the requirements of IFRS Accounting Standards are met, the group offsets financial assets and financial liabilities and presents the net amount. Financial assets and financial liabilities subject to MNAs or similar agreements are not offset, if the right of set-off under these agreements is only enforceable in the event of default, insolvency and bankruptcy.

Details of the offsetting and collateral arrangements of the group are set out in the following table.

<b>Derivative financial instruments</b>	The group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) MNAs. Generally, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions (close-out netting).  Financial collateral (mostly cash) is also obtained, often daily, for the net exposure between counterparties to mitigate credit risk.
<b>Repurchase and reverse repurchase agreements, and securities lending and borrowing transactions</b>	These transactions by the group are covered by master agreements with netting terms similar to those of the ISDA MNAs. Where the group has entered into a repurchase and reverse repurchase or securities borrowing and lending transaction, with the same counterparty, the advance and liability balances are offset in the statement of financial position only if they are due on a single day, denominated in the same currency and the group has the intention to settle these amounts on a net basis.  The group receives and accepts collateral for these transactions in the form of cash and other investment securities.
<b>Other advances and deposits</b>	The advances and deposits that are offset relate to transactions where the group has a legally enforceable right to offset the amounts and the group has the intention to settle the net amount.

It is the group's policy that all items of collateral are valued at the inception of a transaction and at various points throughout the life of a transaction, either through physical inspection or indexation methods, as appropriate. For wholesale and commercial portfolios, the value of collateral is reviewed as part of the annual facility review. For mortgage portfolios, collateral valuations are updated on an ongoing basis through statistical indexation models. However, in the event of default, more detailed reviews and valuations of collateral are performed, which yield a more accurate financial effect. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.

#### Derivative financial instruments and hedge accounting

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates or other indices. Derivatives are recognised initially and are subsequently measured at FVTPL with movements in fair value recognised in fair value gains or losses within NIR in the consolidated income statement. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

Derivative instruments are classified either as held for trading or formally designated as hedging instruments. The group elected to adopt IFRS 9 for cash flow and fair value hedges. IAS 39 will continue to be applied to portfolio hedges, which the group refers to as macro hedges, to which fair value hedge accounting has been applied.

## Notes to the consolidated financial statements

### 3. Financial instruments continued

#### Derivative financial instruments and hedge accounting continued

##### Hedge accounting

Derivatives held for risk management purposes are classified either as fair value hedges or cash flow hedges depending on the nature of the risk being hedged, where the hedges meet the required documentation criteria under IFRS 9/IAS 39 and are calculated to be effective.

The group extensively hedges with interest rate swaps, which will be impacted by the Financial Stability Board's undertaking to fundamentally review and reform major interest rate benchmarks used globally and locally by financial market participants. This review seeks to replace existing global and local IBORs with alternative reference rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The group is monitoring and evaluating developments in the market and the impact thereof on accounting.

##### Fair value hedge accounting

Fair value hedge accounting does not change the recording of gains or losses on derivatives, but it does result in recognising changes in the fair value of the hedged item attributable to the hedged risk that would otherwise not be recognised in the income statement. The change in the fair value of the hedged item is taken to non-interest revenue under fair value gains or losses. If a hedge relationship no longer meets the criteria for hedge accounting, hedge accounting is discontinued. The cumulative adjustment to the carrying amount of the hedged item is amortised to the income statement based on a recalculated effective interest rate, unless the hedged item has been derecognised, in which case it is recognised in the income statement immediately.

##### Cash flow hedge accounting

For derivatives used in cash flow hedges, the effective portion of changes in the fair value of the hedging derivatives is recognised in the cash flow hedge reserve in OCI, and reclassified to profit or loss in the periods in which the hedged item affects profit or loss. The ineffective portion is recognised immediately in profit or loss as part of fair value gains or losses within NIR.

The accumulated gains and losses recognised in OCI are reclassified to the income statement in the same periods in which the hedged item affects profit or loss. When a hedge relationship is discontinued, or partially discontinued, any cumulative gain or loss recognised in OCI remains in equity until the hedged item affects the income statement.

### 4 Other assets and liabilities

#### a. Classification and measurement

Classification	Measurement												
<b>PROPERTY AND EQUIPMENT (OWNED AND RIGHT OF USE)</b>													
<p>Property and equipment of the group include:</p> <ul style="list-style-type: none"> <li>assets utilised by the group in the normal course of operations to provide services, including freehold property and leasehold premises and leasehold improvements (owner-occupied properties);</li> <li>assets which are owned by the group and leased to third parties under operating leases as part of the group's revenue-generating operations;</li> <li>capitalised leased assets; and</li> <li>other assets utilised by the group in the normal course of operations, including computer and office equipment, motor vehicles and furniture and fittings.</li> </ul>	<p>Historical cost less accumulated depreciation and impairment losses, except for land, which is not depreciated.</p> <p>Depreciation is recognised on the straight-line basis over the useful life of the asset, except for assets capitalised under leases where the group is the lessee, in which case it is depreciated per the leases accounting policy 4c.</p> <p>Freehold property and property held under leasing</p> <table border="0"> <tr> <td>- Buildings and structures</td> <td style="text-align: right;">40 – 50 years</td> </tr> <tr> <td>- Mechanical and electrical</td> <td style="text-align: right;">14 – 20 years</td> </tr> <tr> <td>- Components</td> <td style="text-align: right;">14 – 20 years</td> </tr> <tr> <td>- Sundries</td> <td style="text-align: right;">3 – 5 years</td> </tr> <tr> <td>- Computer equipment</td> <td style="text-align: right;">3 – 5 years</td> </tr> <tr> <td>- Other equipment</td> <td style="text-align: right;">3 – 10 years</td> </tr> </table>	- Buildings and structures	40 – 50 years	- Mechanical and electrical	14 – 20 years	- Components	14 – 20 years	- Sundries	3 – 5 years	- Computer equipment	3 – 5 years	- Other equipment	3 – 10 years
- Buildings and structures	40 – 50 years												
- Mechanical and electrical	14 – 20 years												
- Components	14 – 20 years												
- Sundries	3 – 5 years												
- Computer equipment	3 – 5 years												
- Other equipment	3 – 10 years												
<b>INVESTMENT PROPERTIES</b>													
<p>Investment properties are those held to earn rental income and/or for capital appreciation that are not occupied by the companies in the group.</p> <p>When investment properties become owner-occupied, the group reclassifies them to property and equipment, using the fair value at the date of reclassification as the cost.</p>	<p>The fair value gains or losses are adjusted for any potential double counting arising from the recognition of lease income on the straight-line basis, compared to the accrual basis normally assumed in the fair value determination.</p>												

## Notes to the consolidated financial statements

### 4 Other assets and liabilities continued

#### a. Classification and measurement continued

INTANGIBLE ASSETS	
<p>Intangible assets of the group include:</p> <ul style="list-style-type: none"> <li>Internally generated intangible assets (including computer software and other assets such as trademarks or patents) are capitalised when the requirements of IAS 38 relating to the recognition of internally generated assets have been met.</li> <li>External computer software development costs are capitalised when they can be clearly associated with a strategic and unique system which will result in a benefit to the group exceeding the costs incurred for more than one financial period.</li> <li>Material acquired trademarks, patents and similar rights are capitalised when the group will receive a benefit from these intangible assets for more than one financial period.</li> </ul> <p>All other costs related to intangible assets are expensed in the financial period incurred.</p>	<p>Cost less accumulated amortisation and any impairment losses.</p> <p>Amortisation is on a straight-line basis over the useful life of the asset. The useful life of each asset is assessed individually.</p> <p>The benchmarks used when assessing the useful life of the individual assets are:</p> <ul style="list-style-type: none"> <li>– Software development costs 3 years</li> <li>– Trademarks 10 – 20 years</li> <li>– Other 3 – 10 years</li> </ul>
<p>Goodwill arising from business combinations is recognised as an intangible asset.</p>	<p>Refer to accounting policy 1.</p>
COMMODITIES	
<p>Commodities acquired for short-term trading purposes include the following:</p> <ul style="list-style-type: none"> <li>commodities acquired with the intention to resell in the short term or if they form part of the trading operations of the group; and</li> <li>certain commodities subject to option agreements whereby the counterparty may acquire the commodity at a future date where the risks and rewards of ownership are deemed to have transferred to the group in terms of IFRS 15.</li> </ul>	<p>Fair value less costs to sell with changes in fair value being recognised as fair value gains or losses within NIR.</p>
<p>Forward contracts to purchase or sell commodities where net settlement occurs, or where physical delivery occurs and the commodities are held to settle a further derivative contract, are recognised as derivative instruments.</p>	<p>FVTPL.</p>
PROVISIONS	
<p>The group will only recognise a provision measured in terms of IAS 37 when there is uncertainty around the amount or timing of payment. Where there is no uncertainty the group will recognise the amount as an accrual. The most significant provisions are related to litigation and claims, as well as provisions for intellectual property fees that arise because of the use of dealer platforms, databases, systems, brands and trademarks when marketing and promoting motor warranty products as part of the motor value-added products and services (VAPS) business. The group recognises a provision when a reliable estimate of the outflow required can be made and the outflow is probable (i.e. more likely than not).</p>	

Other assets that are subject to depreciation, and intangible assets other than goodwill acquired as part of a business combination (refer to accounting policy 2.1), are reviewed for impairment whenever objective evidence of impairment exists. Impairment losses are recognised in profit or loss as part of operating expenses.

Other assets are derecognised when they are disposed of or, in the case of intangible assets, when no future economic benefits are expected from their use. Gains or losses arising on derecognition are determined as the difference between the carrying amount of the asset and the net proceeds received, and are recorded in profit or loss as part of NIR.

#### b. Non-current assets and disposal groups held for sale

If a disposal group contains assets that are outside of the measurement scope of IFRS 5, those assets are remeasured in terms of the relevant IFRS Accounting standards and any impairment loss on the disposal group is allocated only to those non-current assets in the disposal group that are within the measurement scope of IFRS 5, until the assets are reduced to zero. The group has elected to recognise any excess impairment on the disposal group that remains after impairing the assets within the measurement scope of IFRS 5 as excess impairment within operating expenses with a corresponding adjustment to the assets whose measurement is outside of the scope of IFRS 5, until those assets are reduced to zero. Any subsequent increases in fair value less costs to sell are recognised in NIR when realised.

## Notes to the consolidated financial statements

### 4 Other assets and liabilities continued

#### c. Leases

The group leases a variety of properties and equipment. Rental agreements typically include fixed periods over which the item is leased, which are individually negotiated and contain a wide range of different terms and conditions. The group assesses whether a contract is or contains a lease at inception of the contract.

Qualifying leases are recognised as a right of use asset (ROUA) and a corresponding liability at the date at which the leased asset is made available for use by the group.

	GROUP COMPANY IS THE LESSEE	GROUP COMPANY IS THE LESSOR
<b>At inception</b>	The group recognises a ROUA and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (defined as lease assets with a replacement value of R100 000 or less at the inception of the lease).	The group recognises assets sold under a finance lease as finance lease receivables included in advances and impair the advances, as required, in line with the impairment of financial assets accounting policy in section 3. No practical expedients are applied, and the general model under IFRS 9 is used for impairment calculations on lease receivables.
<b>Over the life of the lease</b>	<p>Each lease payment is allocated between the lease liability and interest expense. The interest expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.</p> <p>The ROUA is subsequently measured at cost less accumulated depreciation and impairment losses.</p> <p>The asset is depreciated over the lease term on a straight-line basis, where ownership is not transferred at the end of the lease term. If ownership is transferred at the end of the lease term, the asset is depreciated over the shorter of the lease term or useful life.</p> <p>The group applies IAS 36 to determine whether a ROUA is impaired and accounts for any identified impairment loss.</p>	<p>Unearned finance income is recognised as interest income over the term of the lease using the effective interest rate method.</p> <p>Finance lease receivables are assessed for impairment in terms of IFRS 9, as set out in the impairment of financial assets accounting policy. Interest on finance lease receivables that are credit-impaired (stage 3) is recognised and calculated by applying the original effective interest rate to the net carrying amount.</p>
<b>Presentation</b>	<p>The lease liability is presented in other liabilities in the consolidated statement of financial position.</p> <p>The ROUAs are not presented as a separate line in the consolidated statement of financial position, but rather disclosed as ROUA in the property and equipment note.</p>	Finance lease receivables are presented as part of advances in the consolidated statement of financial position.
<b>Operating leases</b>	For short-term and low-value leases, which the group has defined as all other leases except for property and vehicle leases, the lease payments are recognised as an operating expense, spread on a straight-line basis over the term of the lease.	Assets held under operating leases are included in property and equipment and depreciated – refer to accounting policy 4a. Rental income is recognised as other NIR on a straight-line basis over the lease term.
<b>Finance lease agreements (including hire purchases) where the group is the lessor</b>	The group regards finance lease agreements (including hire purchases) as financing transactions and includes the total rentals and instalments receivable, less unearned finance charges, in advances. The group calculates finance charges using the effective interest rates as detailed in the contracts and credit finance charges to interest revenue in proportion to capital balances outstanding.	

## Notes to the consolidated financial statements

### 5 Capital and reserves

TRANSACTION	LIABILITY	EQUITY
<b>Shares issued and issue costs</b>	Preference shares, where the group does not have the unilateral ability to avoid repayments, are classified as other liabilities. Preference shares which qualify as Tier 2 capital have been included in Tier 2 liabilities. Other preference share liabilities have been included in other liabilities as appropriate.	The group's equity includes ordinary shares, contingently convertible securities, Additional Tier 1 notes and non-cumulative non-redeemable (NCNR) preference shares. Contingently convertible securities, Additional Tier 1 notes and NCNR preference shares are classified as other equity instruments in the financial statements. Any incremental costs directly related to the issue of new shares or options, net of any related tax benefit, are deducted from the issue price.
<b>Dividends paid/ declared</b>	Recognised as interest expense on the underlying liability.	Dividends on equity instruments are recognised against equity.  A corresponding liability is recognised when the dividends have been approved by the company's shareholders and distribution is no longer at the discretion of the entity.
<b>Distribution of non-cash assets to owners</b>	The liability to distribute non-cash assets is recognised as a dividend to owners at the fair value of the asset to be distributed.  The difference between the carrying amount of the assets distributed and the fair value of the assets on the date of distribution is recognised as NIR in profit or loss for the period.	The carrying amount of the dividend payable is remeasured at the end of each reporting period and on settlement date. The initial carrying amount and any subsequent changes are recognised in equity.
<b>Treasury shares, i.e. where the group purchases its own equity share capital</b>	If the group reacquires its own equity instruments, those instruments are deducted from the group's equity.	The consideration paid, including any directly attributable incremental costs, is deducted from total shareholders' equity as treasury shares until they are reissued or sold. Where the shares are subsequently sold or reissued, any consideration received net of any directly attributable incremental costs is included in shareholders' equity.
<b>Other reserves</b>	Not applicable	Other reserves recognised by the group include general risk reserves, required to be held by some of the group's broader African operations capital redemption reserve funds and insurance contingency reserves. These reserves are required by in-country legislation governing these subsidiaries and are calculated based on the requirements outlined in the relevant legislation applicable in the specific jurisdiction.

### 6 Transactions with employees

#### a. Employee benefits

The group operates defined benefit and defined contribution schemes, the assets of which are held in separate trustee administered funds. These funds are registered in terms of the Pension Funds Act, 1956, and membership of the pension fund is compulsory for all group employees. The defined benefit plans are funded by contributions from employees and the relevant group companies, taking into account the recommendations of independent qualified actuaries.

DEFINED CONTRIBUTION PLANS	
<b>Determination of purchased pension on retirement from defined contribution plan</b>	<b>Recognition</b> Contributions are recognised as an expense, included in staff costs, when the employees have rendered the service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.
	<b>Measurement</b> On the date of the purchase, the defined benefit liability and the plan assets will increase for the purchase amount and thereafter the accounting treatment applicable to defined benefit plans will be applied to the purchased pension. It should be noted that the purchase price for the new retiree would be slightly higher than the liability determined on the accounting valuation, as the purchase price allows for a more conservative mortality assumption based on the solvency reserves of the fund.

## Notes to the consolidated financial statements

### 6 Transactions with employees continued

#### a. Employee benefits continued

DEFINED BENEFIT PLANS	
<b>Defined benefit obligation liability</b>	<p><b>Recognition</b> The liabilities and assets of these funds are reflected as a net asset or liability in the statement of financial position, i.e. the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.</p> <p>Where the value is a net asset, the amount recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.</p> <hr/> <p><b>Measurement</b> The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected credit unit method. The discount rate used is the rate of nominal and inflation-linked government-issued bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related pension liability.</p>
LIABILITY FOR SHORT-TERM EMPLOYEE BENEFITS	
<b>Leave pay</b>	The group recognises a liability for employees' rights to annual leave in respect of past service. The amount recognised by the group is based on the current salary of employees and the contractual terms between employees and the group. The expense is included in staff costs.
<b>Bonuses</b>	The group recognises a liability and an expense for management and staff bonuses when it is probable that the economic benefits will be paid, and the amount can be reliably measured. The expense is included in staff costs.

#### b. Share-based payment transactions

The group operates a cash-settled and an immaterial equity-settled share-based incentive plan for employees.

Awards granted under cash-settled plans result in a liability being recognised and measured at fair value until settlement. An expense is recognised in profit or loss for employee services received over the vesting period of the plans.

Awards granted under equity-settled plans result in an expense to be recognised in profit or loss at the fair value of the employee services received in exchange for the grant of the awards over the vesting period of the awards. A corresponding credit to a SBP reserve in the statement of changes in equity is when the expense is recognised.

## 7 Non-banking activities

### 7.1 Insurance activities

Insurance activities include contracts issued by the group, which transfer significant insurance risk or financial risk. Furthermore, the group has entered into reinsurance contracts.

Insurance contracts are contracts under which the group, as the insurer, accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more (at least 10%) than the benefits payable if the insured event did not occur. The group issues insurance contracts in terms of the Insurance Act 18 of 2017 (Insurance Act) as well as the Short-term Insurance Act 18 of 2017 (Short-term Act).

Investment contracts which are linked-fund policies falling within the scope of the Insurance Act are viewed as a form of long-term insurance from a legal perspective. However, as investment contracts do not convey insurance risk upon the group, they are scoped out of IFRS 17 and are accounted for in terms of IFRS 9. Investment contracts are classified as financial liabilities, measured at FVTPL.

The group obtains reinsurance in the ordinary course of business for the purpose of limiting its net loss potential through the diversification of its risks on certain long-term and short-term insurance contracts. Reinsurance arrangements do not relieve the group from its direct obligations to policyholders.

## Notes to the consolidated financial statements

### 7 Non-banking activities continued

#### 7.1 Insurance activities continued

<b>INSURANCE AND REINSURANCE CONTRACTS</b>	
<b>Introduction</b>	<p>The group issues insurance contracts and holds reinsurance contracts both without direct participation features and as such, where the contract boundary is less than one year, the premium allocation approach (PAA) is applied. In all other circumstances, the general measurement model (GMM) is applied.</p> <p>Reference to insurance contracts applies to both insurance and reinsurance contracts, unless specified.</p>
<b>Level of aggregation</b>	<p>Insurance contracts that are managed together and have similar characteristics, such as being subject to a similar pricing framework or similar product management and are issued by the same legal entity, are grouped into portfolios (measurement portfolios). These measurement portfolios are further separated in time cohorts (whose issue date cannot be more than one year apart) and then allocated to three groups of insurance contracts based on profitability, namely contracts that are onerous at initial recognition (onerous), contracts that at initial recognition have no significant possibility of subsequently becoming onerous (profitable) and the remaining contracts (profit at risk).</p>
<b>Cash flows included in the measurement</b>	<p>Cash flows are considered to be within the contract boundary if they arise from substantive rights and obligations that exist during the period in which the group can compel the policyholder to pay premiums, or where the group has a substantive obligation to provide the policyholder with insurance contract services, either by contract or by regulations and law. A substantive obligation ends when the group has the practical ability to reprice the risk of the particular policyholder or the overall portfolio, or change the level of benefits so that the price fully reflects the risk.</p>
<b>General measurement model (including reinsurance contracts held)</b>	<p>The insurance asset or liability comprises the sum of the LRC and the LIC. Under the GMM, the LRC represents the group's rights and obligations relating to future services not yet provided and consists of the following components:</p> <p>FCF, comprising:</p> <ul style="list-style-type: none"> <li>• the present value of future cash flows, which represents all current estimates of future cash flows within the contract boundary that relate to future services, discounted using a current discount rate;</li> <li>• the risk adjustment, which represents the current estimate of the adjustment to the present value of future cash flows to reflect the uncertainty inherent in the estimated future cash flows due to non-financial risk; and</li> <li>• the CSM, which represents the unearned profit the group will recognise as revenue as it provides services over the coverage period.</li> </ul> <p>The LRC is subsequently adjusted for changes in the estimates of the FCF expected in the future, as well as the unwinding of the discount, with the release of the LRC being recognised as insurance revenue (or reinsurance expenses for reinsurance contracts held).</p> <p>Cash flows included in the LRC, determined to be directly attributable to the acquisition and fulfilment of insurance contracts, include cash flows arising from fixed and variable overhead costs and include staff costs related to the acquisition and servicing of insurance contracts, as well as maintenance cost cash flows such as claims handling, policy administration and associated overheads.</p>



## Notes to the consolidated financial statements

### 7 Non-banking activities continued

#### 7.1 Insurance activities continued

<b>INSURANCE AND REINSURANCE CONTRACTS</b>	
<b>General measurement model (including reinsurance contracts held)</b>	<p>The group applied the bottom-up approach to determine the discount rate, derived as the sum of the risk-free yield curve based on the SA Government bond curve and, where applicable, an illiquidity premium.</p> <p>The risk adjustment for non-financial risks applied to insurance contracts is calculated with reference to the group's specific risk appetite. An 80% confidence level has been applied in determining the risk adjustment.</p> <p>The CSM is adjusted at each subsequent reporting period for changes in FCF relating to future services, which include changes in expense assumptions including mortality and morbidity rates, as well as accrual of interest, using the locked-in rate. The CSM is systematically recognised in insurance revenue to reflect the insurance contract services provided, based on the coverage units of the group of contracts. Coverage units are defined as the discounted sum assured in-force for all contracts except for maintenance contracts, where the passage of time is applied.</p> <p>For groups of insurance contracts that are onerous, a day one loss is recognised instead of the CSM.</p> <p>For reinsurance contracts held, the CSM encapsulated in the LRC may represent either expected future profits or expected future losses, meaning that the loss is not recognised upon initial recognition for reinsurance contracts that are determined to be onerous. The group is required to adjust the reinsurance CSM and recognise income when it recognises a loss on initial recognition of an onerous group of underlying insurance contracts to which the reinsurance contract is attached, if the reinsurance contract is entered into on or before the date of initial recognition of the underlying group of onerous insurance contracts. The group establishes a loss-recovery component within the LRC of the reinsurance contract held for this amount of income initially recognised.</p> <p>Subsequently the loss recovery component is released to the income statement through the reduction of reinsurance expenses and reinsurance income included within net income/expense from reinsurance contracts held.</p>
<b>General measurement model (including reinsurance contracts held)</b>	<p>The LIC represents the entity's rights and obligations relating to services that have already been provided and includes unsettled claims and other expenses for insured events which have already occurred, whether reported or not reported. The LIC consists of the FCF, which comprise:</p> <ul style="list-style-type: none"> <li>• the present value of future cash flows, which represents all current estimates of future cash flows relating to insured events that have already occurred as well as past coverage, including claims and other directly attributable expenses, discounted using a current discount rate; and</li> <li>• the risk adjustment, which represents an adjustment to the present value of estimated future cash flows, to reflect the uncertainty inherent in the estimate of the future cash flows due to non-financial risk.</li> </ul> <p>Subsequently, the LIC is adjusted with any changes in estimated future cash flows arising from past claims, the release of the risk adjustment and the unwinding of the discount with a corresponding amount in insurance service expenses and net income/expense from reinsurance contracts held.</p>
<b>Premium allocation approach (including reinsurance contracts held)</b>	<p>The group elected as its accounting policy to apply discounting to the LIC for contracts measured under the PAA.</p> <p>Unlike the LRC under the GMM, the LRC for contracts measured using the PAA is based on actual premiums and insurance acquisition cash flows paid, adjusted for revenue recognised (or expenses recognised for reinsurance contracts issued) as coverage is provided. The group's accounting policy choice is to immediately expense insurance acquisition cash flows (IACF) as well as not to discount the LRC for insurance contracts issued measured using PAA. The LRC under the PAA does not include a separate risk adjustment and CSM.</p>

## Notes to the consolidated financial statements

### 7 Non-banking activities continued

#### 7.1 Insurance activities continued

<b>INSURANCE AND REINSURANCE CONTRACTS</b>	
<b>Revenue recognition (excluding reinsurance contracts held)</b>	<p>For contracts measured using GMM, the group recognises insurance revenue over the coverage period, comprising the sum of:</p> <ul style="list-style-type: none"> <li>• the present value of the estimated future cash outflows that were included in the LRC for services provided during the period;</li> <li>• the release from the LRC of the risk adjustment based on the group's release from risk;</li> <li>• the release from the LRC of the CSM based on coverage units for the current period relative to the coverage units for the current and future periods;</li> <li>• the amortisation of the insurance acquisition cash flows previously included in the measurement of the LRC at initial recognition; and</li> <li>• any experience variances for premiums and related cash flows.</li> </ul>
<b>Revenue recognition (excluding reinsurance contracts held)</b>	<p>Insurance revenue under the PAA is recognised by allocating the premiums based on the passage of time, unless the expected pattern of release of risk during the coverage period differs significantly from the passage of time, in which case the group allocates premiums based on the expected timing of incurred insurance service expenses.</p>
<b>Other income statement amounts (excluding reinsurance contracts held)</b>	<p>Insurance service expenses comprise incurred claims and other directly attributable expenses and changes thereto, the amortisation of insurance acquisition cash flows under GMM or the actual insurance acquisition cash flows actually incurred on PAA contracts, as well as losses and reversals of losses on onerous contracts.</p> <p>Although the group elected to recognise immediately as an expense insurance acquisition cash flows on contracts measured using the PAA, no such option is available under the GMM resulting in insurance acquisition cash flows on the group's GMM contracts being amortised on a systematic basis over the coverage period and included within insurance service expenses.</p> <p>Due to the discounting of the estimated future cash flows to their present value, an entity recognises insurance finance income or expense on the FCF using a current yield curve and on the CSM using a locked-in yield curve determined at initial recognition. The group elected as its accounting policy to present the portion of the insurance finance income or expense that relates to changes in financial assumptions in other comprehensive income, with the income statement reflecting insurance finance income or expense at a constant or locked-in rate. The change in other comprehensive income is included in the insurance contract finance reserve. The unwinding of the discount on the risk adjustment is included in insurance finance income or expense.</p>
<b>Reinsurance income and expenses</b>	<p>The group presents income and expenses from reinsurance contracts held on a net basis in the income statement. Insurance income from reinsurance contracts comprises claims recoveries from the reinsurer, including changes in estimates of those claims, whereas reinsurance expenses comprise the amounts released from the reinsurance LRC to the income statement, similar to insurance revenue recognised for insurance contracts issued. As FCF and the CSM are discounted, using the current and locked-in yield curves respectively, reinsurance finance income and expenses on the components of the LRC are measured and presented in a manner similar to applied to insurance finance income and expenses.</p>
<b>Presentation</b>	<p>As the group prepares interim financial information for the purposes of applying IAS 34, the group elected as its accounting policy choice to not lock in changes in estimates made at the interim reporting stage when performing the full year's reporting.</p>

#### 7.2 Investment management activities

Certain divisions within the group engage in investment management activities that result in managing assets on behalf of clients. The group excludes assets related to these activities from the statement of financial position as these are not assets of the group, but of the client and are held in a fiduciary capacity. However, the group discloses the value of the assets in its notes.

The fee income earned and fee expenses incurred by the group relating to these activities are recognised in fee and commission income and expenses within NIR in the period to which the service relates.

## Notes to the consolidated financial statements

### Standards and interpretations issued but not yet effective

The following new and revised standards and interpretations are applicable to the business of the group. The group will comply with these from the stated effective date.

STANDARD	IMPACT ASSESSMENT	EFFECTIVE DATE
IFRS 16	<p><b>Lease liability in a sale and lease back – amendments to IFRS 16</b></p> <p>The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and lease back transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.</p> <p>The amendment is not expected to have a significant impact on the annual financial statements.</p>	Annual periods commencing on or after 1 January 2024
IAS 1	<p><b>Amendments to classification of liabilities as current or non-current</b></p> <p>The IAS 1 amendments clarify the requirements for classifying liabilities as current or non-current. More specifically:</p> <ul style="list-style-type: none"> <li>• The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.</li> <li>• Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.</li> <li>• The amendments clarify the situations that are considered settlement of a liability.</li> </ul> <p>The group presents its assets and liabilities in order of liquidity in the statement of financial position. The impact of this amendment would impact the disclosure of current versus non-current liabilities in the notes to the financial statements.</p> <p>The group does not expect this amendment to have a significant impact on the annual financial statements.</p>	Annual periods commencing on or after 1 January 2024
IAS 7 and IFRS 7	<p><b>Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7</b></p> <p>The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.</p> <p>The group does not expect this amendment to have a significant impact on the annual financial statements.</p>	Annual periods commencing on or after 1 January 2024
IAS 21	<p><b>Lack of exchangeability – Amendments to IAS 21</b></p> <p>The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.</p> <p>The group does not expect this amendment to have a significant impact on the annual financial statements.</p>	Annual periods commencing on or after 1 January 2025
IFRS 9 and IFRS 7	<p>Amendments to the Classification and Measurement of Financial Instruments</p> <p>The amendments clarify:</p> <ul style="list-style-type: none"> <li>• that a financial liability is derecognised on the settlement date. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.</li> <li>• how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features</li> <li>• the treatment of non-recourse assets and contractually linked instruments</li> <li>• Additional disclosure requirements for financial assets and liabilities with contractual terms that reference a contingent event.</li> </ul> <p>The group does not expect this amendment to have a significant impact on the annual financial statements.</p>	Annual periods commencing on or after 1 January 2026

## Notes to the consolidated financial statements

### Standards and interpretations issued but not yet effective (continued)

STANDARD	IMPACT ASSESSMENT	EFFECTIVE DATE
IFRS 18	<p>Presentation and Disclosure in Financial Statements</p> <p>IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 aims to improve financial reporting by:</p> <ul style="list-style-type: none"> <li>• requiring additional defined subtotals in the statement of profit or loss;</li> <li>• requiring disclosures about management-defined performance measures; and</li> <li>• adding new principles for grouping (aggregation and disaggregation) of information</li> </ul> <p>The new standard is expected to impact group presentation of its statement of profit or loss.</p>	Annual periods commencing on or after 1 January 2027
IFRS 19	<p>Subsidiaries without Public Accountability: Disclosures</p> <p>IFRS 19 enables eligible entities to provide reduced disclosures compared to the requirements in other IFRS accounting standards. Entities that elect IFRS 19 are still required to apply recognition, measurement and presentation requirements of other IFRS accounting standards. IFRS 19 would not be applicable to the group annual financial statements, however IFRS 19 application will be evaluated for the company annual financial statements.</p>	Annual periods commencing on or after 1 January 2027

# FINANCIAL STATEMENTS

for the year ended 30 June 2024

FirstRand Limited

## Statement of comprehensive income

for the year ended 30 June

R million	Notes	2024	2023*
Dividends from subsidiary companies*		22 703	33 758
Interest income*		47	23
Other gains/(losses)*		(29)	(26)
<b>Income from operations</b>		<b>22 721</b>	33 755
Operating expenses	2	(289)	(220)
<b>Income before indirect tax</b>		<b>22 432</b>	33 535
Indirect tax	3	-	(12)
<b>Profit before income tax</b>		<b>22 432</b>	33 523
Income tax expense	3	(39)	(19)
<b>Profit for the year</b>		<b>22 393</b>	33 504
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>22 393</b>	33 504
<b>Attributable to</b>			
Ordinary equityholders		22 393	33 342
NCNR preference shareholders		-	162
<b>Total comprehensive income for the year</b>		<b>22 393</b>	33 504

\* In the prior year, all income generated from the company was presented in one line, namely revenue. The balance has been disaggregated in the current year to align to industry practice.

**Statement of financial position**

as at 30 June

R million	Notes	2024	2023
<b>ASSETS</b>			
Cash and cash equivalents	5	706	829
Other assets	6	2	13
Investments in subsidiaries	7	80 825	80 475
<b>Total assets</b>		<b>81 533</b>	81 317
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Creditors and accruals	8	214	224
Current tax liability		80	72
Amounts owing to subsidiaries	7	1	26
Employee liabilities	9	278	270
<b>Total liabilities</b>		<b>573</b>	592
<b>Equity</b>			
Ordinary shares	10	56	56
Share premium	10	8 056	8 056
Reserves		72 848	72 613
<b>Capital and reserves attributable to ordinary equityholders</b>		<b>80 960</b>	80 725
<b>Total equity</b>		<b>80 960</b>	80 725
<b>Total equity and liabilities</b>		<b>81 533</b>	81 317

**Statement of changes in equity**

for the year ended 30 June

R million	Notes	Ordinary share capital and ordinary equityholders' funds							Total equity
		Share capital	Share premium	Share capital and share premium	Capital redemption reserve	Retained earnings	Reserves attributable to ordinary equityholders	NCNR preference shares	
<b>Balance as at 1 July 2022</b>		56	8 056	<b>8 112</b>	1	67 261	<b>67 262</b>	<b>4 519</b>	<b>79 893</b>
Buyback of NCNR preference shares		–	–	–	–	–	–	<b>(4 519)</b>	<b>(4 519)</b>
Ordinary dividends	11	–	–	–	–	(27 991)	<b>(27 991)</b>	–	<b>(27 991)</b>
Preference dividends	11	–	–	–	–	–	–	<b>(162)</b>	<b>(162)</b>
Total comprehensive income for the year		–	–	–	–	33 342	<b>33 342</b>	<b>162</b>	<b>33 504</b>
<b>Balance as at 30 June 2023</b>		56	8 056	<b>8 112</b>	1	72 612	<b>72 613</b>	–	<b>80 725</b>
Buyback of NCNR preference shares		–	–	–	–	–	–	–	–
Ordinary dividends	11	–	–	–	–	(22 158)	<b>(22 158)</b>	–	<b>(22 158)</b>
Preference dividends	11	–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	22 393	<b>22 393</b>	–	<b>22 393</b>
<b>Balance as at 30 June 2024</b>		56	8 056	<b>8 112</b>	1	72 847	<b>72 848</b>	–	<b>80 960</b>



## Statement of cash flows

for the year ended 30 June

R million	Notes	2024	2023*
<b>Cash flows from operating activities</b>			
<b>Profit before income tax for the period</b>		<b>22 432</b>	33 523
<b>Adjustments for non-cash items:</b>		<b>(22 599)</b>	(33 489)
- Interest and similar income		(47)	(23)
- Dividends received		(22 703)	(33 758)
- Staff provisions and other expenses		151	280
- Indirect tax		-	12
- Interest received		47	23
- Dividends received		22 703	33 758
- Dividends paid		(22 156)	(28 130)
- Taxation paid		(36)	(372)
- Indirect tax paid		(5)	(4)
- Direct tax paid		(31)	(368)
<b>Cash flow from operating activities before operating assets and liabilities</b>		<b>391</b>	5 313
<b>Movement in operating assets and liabilities</b>			
- Other assets		11	32
- Creditors and accruals		(7)	50
- Employee liabilities		(168)	(64)
<b>Net cash generated from operating activities</b>		<b>227</b>	5 331
<b>Cash flows from investing activities</b>			
Additional investments in subsidiaries		(350)	(200)
<b>Net cash outflow from investing activities</b>		<b>(350)</b>	(200)
<b>Cash flows from financing activities</b>			
Redemption of preference shares		-	(4 519)
<b>Net cash outflow from financing activities</b>		<b>-</b>	(4 519)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(123)</b>	612
Cash and cash equivalents at the beginning of the period		829	217
<b>Cash and cash equivalents at the end of the period</b>	5	<b>706</b>	829

\* Prior year restated based on indirect cash flow method. Refer to note 15.

## Notes to the annual financial statements

for the year ended 30 June

### 1 Summary of significant accounting policies

#### 1.1 Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Revenue within the company comprises fees from subsidiaries and dividend income from investments in subsidiaries.

The company recognises revenue from fees when the amount can be reliably measured and it is probable that future economic benefits will flow to the company from it.

Dividends are recognised when the company's right to receive payment is established.

#### 1.2 Other accounting policies

The financial statements of FirstRand Limited Company are prepared according to the same accounting policies used in preparing the consolidated financial statements of the group, other than the accounting policies on consolidation, equity accounting and translation of foreign operations that are specific to group financial statements. For detailed accounting policies refer to page [B212](#) and onwards in the 2024 annual financial statements. The financial statements are prepared on the going concern basis in accordance with IFRS Accounting Standards.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

<b>Functional and presentation currency of the company</b>	South African rand (R)
<b>Level of rounding</b>	All amounts are presented in millions of rands. The company has a policy of rounding up in increments of R500 000. Therefore, amounts less than R500 000 will round down to Rnil and are presented as a dash.

## Notes to the annual financial statements

for the year ended 30 June

### 2 Operating expenses

R million	Notes	2024	2023
Advertising and marketing		–	(2)
Directors' fees		(34)	(44)
Direct staff costs		(227)	(165)
– Salaries, wages and allowances		(66)	(59)
– Share-based payment expense	9	(159)	(105)
– Social security levies		(2)	(1)
Professional fees		(15)	–
Corporate memberships		(4)	(4)
Other operating expenditure		(9)	(5)
<b>Total operating expenses</b>		<b>(289)</b>	<b>(220)</b>

### 3 Indirect and income tax expense

R million		2024	2023
<b>3.1 Indirect tax</b>			
Value-added tax (net)		–	(1)
Securities transfer tax		–	(11)
<b>Total indirect tax</b>		<b>–</b>	<b>(12)</b>
<b>3.2 Income tax expense</b>			
<b>South African income tax</b>			
Normal tax – current year		(39)	(19)
– Current tax		(18)	(22)
– Prior year adjustment		(21)	3
<b>Total income tax expense</b>		<b>(39)</b>	<b>(19)</b>

\* The company has not recognised a deferred tax asset amounting to R88 million (2023: R88 million) relating to tax losses because there was insufficient taxable income. None of these losses have an expiry date.

#### Tax rate reconciliation – South African normal tax

%		2024	2023
<b>Standard rate of income tax</b>		<b>27.0</b>	27.0
Total tax has been affected by:			
Dividends received		(27.3)	(27.1)
Other		0.5	0.2
<b>Effective rate of tax</b>		<b>0.2</b>	0.1

## Notes to the annual financial statements

for the year ended 30 June

### 4 Analysis of assets and liabilities by category

The principal accounting policies from page B212 describe how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statement of financial position per category of financial instrument to which they are assigned, and therefore by measurement basis and according to when the assets are expected to be realised and liabilities settled.

R million	Notes	2024					
		Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instruments	Total carrying value	Current	Non-current
<b>ASSETS</b>							
Cash and cash equivalents	5	706	–	–	706	706	–
Other assets	6	2	–	–	2	2	–
Investment in subsidiaries	7	–	–	80 825	80 825	–	80 825
<b>Total assets</b>		<b>708</b>	<b>–</b>	<b>80 825</b>	<b>81 533</b>	<b>708</b>	<b>80 825</b>
<b>LIABILITIES</b>							
Creditors and accruals	8	–	151	63	214	31	183
Current tax liability		–	–	80	80	80	–
Amounts owing to subsidiaries	7	–	1	–	1	1	–
Employee liabilities	9	–	–	278	278	94	184
<b>Total liabilities</b>		<b>–</b>	<b>152</b>	<b>421</b>	<b>573</b>	<b>206</b>	<b>367</b>
2023							
<b>ASSETS</b>							
Cash and cash equivalents	5	829	–	–	829	829	–
Other assets	6	13	–	–	13	13	–
Investment in subsidiaries	7	–	–	80 475	80 475	–	80 475
<b>Total assets</b>		<b>842</b>	<b>–</b>	<b>80 475</b>	<b>81 317</b>	<b>842</b>	<b>80 475</b>
<b>LIABILITIES</b>							
Creditors and accruals	8	–	149	75	224	171	53
Current tax liability		–	–	72	72	72	–
Amounts owing to subsidiaries	7	–	26	–	26	26	–
Employee liabilities	9	–	–	270	270	86	184
<b>Total liabilities</b>		<b>–</b>	<b>175</b>	<b>417</b>	<b>592</b>	<b>355</b>	<b>237</b>

At the reporting date all other assets are considered to be neither past due nor impaired.

The carrying value of cash and cash equivalents, other assets, creditors and accruals approximates the fair value.

## Notes to the annual financial statements

for the year ended 30 June

### 5 Cash and cash equivalents

R million	<b>2024</b>	2023
Money at call and short notice	<b>706</b>	829
<b>Cash and cash equivalents</b>	<b>706</b>	829

### 6 Other assets

R million	<b>2024</b>	2023
Prepayments	<b>2</b>	–
Accounts receivable	<b>–</b>	13
<b>Total other assets</b>	<b>2</b>	13

### 7 Investment in subsidiaries

	% owner-ship	% voting rights	Nature of business	Shares at cost	
				2024 R million	2023 R million
<b>FirstRand EMA Holdings Limited (FREMA)</b>			Financial services		
Ordinary shares	100	100		8 025	7 675
<b>FirstRand Bank Limited</b>			Banking		
Ordinary shares	100	100		40 194	40 194
<b>FirstRand Investment Holdings Proprietary Limited</b>			Other activities		
Ordinary shares	100	100		4 038	4 038
<b>FirstRand Investment Management Holdings Limited</b>			Investment management		
Ordinary shares	100	100		599	599
<b>FirstRand Insurance Holdings Proprietary Limited</b>			Insurance services		
Ordinary shares	100	100		853	853
<b>FirstRand International Limited (FRI)</b>			Banking		
Ordinary shares	100	100		26 699	26 699
<b>Total</b>				<b>80 408</b>	80 058
<b>Investment through equity-settled share incentive scheme*</b>			Equity-settled share scheme	<b>417</b>	417
<b>Total investments in subsidiaries</b>				<b>80 825</b>	80 475
<b>Amounts owing to subsidiaries</b>				<b>1</b>	26

\* This relates to the share options granted to employees who were employed by companies that remained in the FirstRand group after the unbundling of a wholly owned subsidiary transaction.

With the exception of FREMA and FRI, which offer financial services across Africa and the UK, the principal place of business for all of the company's subsidiaries is South Africa.

#### Increases in investments in subsidiaries

During the current financial year, the company acquired additional shares in its wholly owned subsidiary FirstRand EMA Holdings Limited amounting to R350 million. In the prior financial year, the company acquired additional shares in its wholly owned subsidiary FirstRand Investment Management Holdings Limited amounting to R200 million.

### 8 Creditors and accruals

R million	<b>2024</b>	2023
Unclaimed dividends	<b>138</b>	136
Accounts payable and accrued liabilities	<b>29</b>	41
Audit fee accrual	<b>7</b>	7
Financial guarantee liability*	<b>40</b>	40
<b>Total creditors and accruals</b>	<b>214</b>	224

\* The maximum exposure of the financial guarantee issued to the BoE amounts to R34 490 million (2023: R23 954 million) and to FirstRand Short Term Insurance Limited R250 million (2023: R250 million). The full exposures are included in stage 1 ECL. Both guarantees are open-ended until such time as the company cancels the contract and as such the guarantees are long dated. The probability of the guarantees being called upon is considered low and has a credit rating of AA.

## Notes to the annual financial statements

for the year ended 30 June

### 9 Employee liabilities

R million	2024	2023
<b>Liability for short-term employee benefits</b>		
Opening balance	83	74
Additional provisions created	36	31
Utilised during the year	(22)	(22)
<b>Total liability for short-term employee benefits</b>	<b>97</b>	<b>83</b>
<b>Share-based payment liability</b>		
Opening balance	186	124
Other movements	(18)	–
Share-based payment settlement (cash)	(146)	(42)
Charge to profit or loss	159	105
<b>Total share-based payment liability</b>	<b>181</b>	<b>187</b>
<b>Total employee liabilities</b>	<b>278</b>	<b>270</b>
The charge to profit or loss for share-based payments is as follows:		
FirstRand share appreciation rights scheme	159	105
<b>Amount included in operating expenses</b>	<b>159</b>	<b>105</b>

For a detailed description of share option schemes and trusts in which FirstRand Limited Company participates, refer to note 33 of the consolidated annual financial statements.

### 10 Share capital and share premium

#### 10.1 Share capital and share premium classified as equity

Authorised shares

	2024	2023
Ordinary shares	6 001 688 450	6 001 688 450
A preference shares – unlisted variable rate cumulative convertible redeemable	198 311 550	198 311 550
B preference shares – listed variable rate non-cumulative non-redeemable	100 000 000	100 000 000
C preference shares – unlisted variable rate convertible non-cumulative redeemable	100 000 000	100 000 000
D preference shares – unlisted variable rate cumulative redeemable	100 000 000	100 000 000

Issued shares

	2024			2023		
	Number of shares	Ordinary share capital R million	Share premium R million	Number of shares	Ordinary share capital R million	Share premium R million
Opening balance	5 609 488 001	56	8 056	5 609 488 001	56	8 056
Shares issued	–	–	–	–	–	–
<b>Total issued ordinary share capital and share premium</b>	<b>5 609 488 001</b>	<b>56</b>	<b>8 056</b>	<b>5 609 488 001</b>	<b>56</b>	<b>8 056</b>
<b>Total issued share capital attributable to ordinary equityholders</b>		<b>56</b>	<b>8 056</b>		<b>56</b>	<b>8 056</b>

The unissued ordinary shares are under the control of the directors until the next annual general meeting.

Dividends on the B preference shares are calculated at a rate of 75.56% of the prime lending rate of FNB, a division of FirstRand Bank Limited. In the prior year, the B preference shares were redeemed by FirstRand Limited.

## Notes to the annual financial statements

for the year ended 30 June

### 11 Dividends

R million	2024	2023
<b>Ordinary dividends</b>		
A final dividend of 215 cents* (13 September 2023: 195.00 cents**) per share was declared on 11 September 2024 in respect of the six months ended 30 June 2024. On 14 September 2022 a special dividend of 125.00 cents was declared and paid in the prior year.	<b>10 939</b>	17 389
An interim dividend of 200.0 cents** (March 2023: 189.00 cents) per share was declared on 28 February 2024 in respect of the six months ended 31 December 2023.	<b>11 219</b>	10 602
<b>Total ordinary dividends paid for the year</b>	<b>22 158</b>	27 991
<b>B preference shares</b>		
A final <i>pro rata</i> dividend of 52.2 cents** was paid on 26 September 2022 as part of the process to redeem the B preference shares#.	—	24
A final dividend of 307.4 cents** per share was declared on 29 August 2022 in respect of the six months ended 30 June 2022.	—	138
<b>Total preference dividends paid for the year</b>		162

\* The final dividend is not reflected in the statement of changes in equity as this relates to a dividend declared post year end.

\*\* These dividends are reflected in the statement of changes in equity for the current year.

# The B preference shares were redeemed in the prior financial year with the final dividend paid on 26 September 2022.

### 12 Related parties

#### 12.1 Balances and transactions with related parties

R million	Notes	2024 Subsidiaries
Net interest income		47
Non-interest revenue		77
Dividends received		22 703
Amounts owing to subsidiaries	7	1
Cash and cash equivalents	5	706
Other assets	6	2
		2023 Subsidiaries
Net interest income		23
Non-interest revenue		123
Dividends received		33 758
Amounts owing to subsidiaries	7	26
Cash and cash equivalents	5	829
Other assets	6	13

Refer to the remuneration disclosures on page B175 for details of the compensation paid to KMP.

During the 2022 year a financial guarantee was provided to FirstRand Short Term Insurance, as a subsidiary within the FirstRand group, by the company to provide immediate financial support in the event that FirstRand Short Term Insurance solvency capital requirements were to fall below its prudential thresholds. Refer to note 8.

### 13 Events after reporting period

Refer to note 40 of the consolidated annual financial statements of the group for further details.

### 14 Risk management

FirstRand Limited Company is not exposed to significant risks. For details on how financial risk is managed in the group refer to the summary risk and capital management report. For quantitative information about financial risk refer to note 38 of the consolidated financial statements of the group.

## Notes to the annual financial statements

for the year ended 30 June

### 15 Impact due to changes in presentation and restatements

R million	Notes	As previously reported 2023*	Restatement*	Restated 2023*
<b>Net cash flows from operating activities</b>				
<b>Cash flow from operations</b>				
Interest received		23	(23)	—
Other income received		104	(104)	—
Other operating expenses paid		(70)	70	—
Dividends received		33 758	(33 758)	—
Dividends paid		(28 130)	28 130	—
Taxation paid		(372)	372	—
<b>Cash flow from operating activities before operating assets and liabilities</b>		5 313	(5 313)	—
<b>Movement in operating assets and liabilities</b>				
– Other assets		32	(32)	—
– Creditors and accruals		50	(50)	—
– Employee liabilities		(64)	64	—
<b>Net cash flows from operating activities</b>		5 331	(5 331)	—
<b>Cash flow used in operations (indirect method)</b>				
<b>Profit before income tax for the year</b>		—	33 523	33 523
<b>Adjustments for non-cash items:</b>		—	(33 489)	(33 489)
- Interest and similar income		—	(23)	(23)
- Dividends received		—	(33 758)	(33 758)
- Staff provisions and other expenses		—	280	280
- Indirect tax		—	12	12
- Interest received		—	23	23
- Dividends received		—	33 758	33 758
- Dividends paid		—	(28 130)	(28 130)
- Taxation paid		—	(372)	(372)
- Indirect tax paid		—	(4)	(4)
- Direct tax paid		—	(368)	(368)
<b>Cash flow from operating activities before operating assets and liabilities</b>		—	5 313	5 313
<b>Movement in operating assets and liabilities</b>				
– Other assets		—	32	32
– Creditors and accruals		—	50	50
– Employee liabilities		—	(64)	(64)
<b>Net cash generated from operating activities</b>		—	5 331	5 331
<b>Cash flows from investing activities</b>				
Additional investments in subsidiaries		(200)	—	(200)
<b>Net cash outflow from investing activities</b>		(200)	—	(200)
<b>Cash flows from financing activities</b>				
Redemption of preference shares		(4 519)	—	(4 519)
<b>Net cash outflow from financing activities</b>		(4 519)	—	(4 519)
<b>Net increase in cash and cash equivalents</b>		612	—	612
Cash and cash equivalents at the beginning of the year		217	—	217
<b>Cash and cash equivalents at the end of the year</b>	5	829	—	829

\* Prior year restated based on indirect cash flow method.



C

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**SHAREHOLDERS'  
AND  
SUPPLEMENTARY  
INFORMATION**

# SHAREHOLDERS' AND SUPPLEMENTARY INFORMATION

## C

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## Analysis of ordinary shareholders

as at 30 June 2024

	Number of shareholders	Shares held (thousands)	%
<b>Major shareholders</b>			
Public Investment Corporation		821 933	14.7
BEE partners*		274 346	4.9
Blackrock investment management		172 694	3.1
Old Mutual		155 041	2.8
<b>Total</b>		<b>1 660 793</b>	<b>25.5</b>
<b>Public and non-public shareholders</b>			
Public	92 386	5 086 912	90.7
Non-public			
– Corporates (Royal Bafokeng Holdings and Remgro)**	5	236 779	4.2
– Directors and prescribed officers <sup>#</sup>	15	11 451	0.2
– BEE partners*	7	274 346	4.9
<b>Total</b>	<b>92 413</b>	<b>5 609 488</b>	<b>100.0</b>
<b>Geographic ownership</b>			
South Africa		2 970 065	52.9
International		1 816 745	32.4
Unknown/unanalysed		822 678	14.7
<b>Total</b>		<b>5 609 488</b>	<b>100.0</b>

\* BEE partners include FirstRand Empowerment Trust, FirstRand Staff Assistance Trust, MIC Investment Holdings, Mineworkers Investment Trust, Kagiso Charitable Trust, and WDB Investment Holdings.

\*\* The group has two corporate shareholders (Royal Bafokeng Holdings and Remgro), which hold their FirstRand shares in multiple accounts (four in total).

<sup>#</sup> Reflect direct beneficial ownership.

## Performance on the JSE

	2024	2023
Number of shares in issue (thousands)	<b>5 609 488</b>	5 609 488
<b>Market price (cents per share)</b>		
Closing	<b>7 690</b>	6 850
High	<b>7 868</b>	7 100
Low	<b>5 890</b>	5 680
Weighted average	<b>6 406</b>	6 406
Closing price/net asset value per share	<b>2</b>	2
Closing price/earnings (headline)	<b>11</b>	10
Volume of shares traded (millions)	<b>3 404</b>	3 356
Value of shares traded (millions)	<b>228 308</b>	214 729
Market capitalisation (R billion)	<b>431 370</b>	384 250

## Company information

### DIRECTORS

JP Burger (chairman), M Vilakazi (chief executive officer),  
MG Davias (CFO), GG Gelinck, PD Naidoo,  
Z Roscherr, SP Sibisi, LL von Zeuner, T Winterboer, TC Issacs

### COMPANY SECRETARY AND REGISTERED OFFICE

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4 Merchant Place  
Corner Fredman Drive and Rivonia Road  
Sandton 2196  
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Fax: +27 11 282 8088  
Website: [www.firststrand.co.za](http://www.firststrand.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**  
1st Floor, Rosebank Towers  
15 Biermann Avenue  
Rosebank  
Johannesburg 2196  
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Tel: +27 11 370 5000  
Fax: +27 11 688 5248

### TRANSFER SECRETARIES – NAMIBIA

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### AUDITORS

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4 Lisbon Lane  
Waterfall City  
Jukskei View  
2090

### Ernst & Young Inc.

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Sandton  
Johannesburg  
Gauteng  
South Africa  
2146

## Credit ratings

Refer to [www.firststrand.co.za/investors/debt-investor-centre/credit-ratings](http://www.firststrand.co.za/investors/debt-investor-centre/credit-ratings) for detail on the group's credit ratings.

## Definitions

<b>Additional Tier 1 capital (AT1)</b>	AT1 capital instruments and qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specified regulatory deductions
<b>Arrears</b>	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
<b>Capital adequacy ratio (CAR)</b>	Total qualifying capital and reserves divided by RWA
<b>Common Equity Tier 1 (CET1) capital</b>	Share capital and premium, qualifying reserves and third-party capital, less specified regulatory deductions
<b>Contingent convertible securities</b>	Fixed-rate perpetual subordinated contingent convertible securities issued by Aldermore. These instruments qualify as AT1 capital
<b>Core lending advances</b>	Total advances excluding assets under agreements to resell
<b>Cost-to-income ratio</b>	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates and joint ventures
<b>Credit loss ratio</b>	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)
<b>Diversity ratio</b>	Non-interest revenue expressed as a percentage of total income including share of profits from associates and joint ventures
<b>Dividend cover</b>	Normalised earnings per share divided by dividend per share
<b>Effective tax rate</b>	Tax per the income statement divided by the profit before tax per the income statement
<b>Impairment charge</b>	Amortised cost impairment charge and credit fair value adjustments
<b>Loan-to-deposit ratio</b>	Average advances expressed as a percentage of average deposits
<b>Loss given default (LGD)</b>	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
<b>Net income after capital charge (NIACC)</b>	Normalised earnings less the cost of equity multiplied by the average ordinary shareholders' equity and reserves
<b>Normalised earnings</b>	Normalised earnings are the measurement basis used by the chief operating decision maker to manage the group. Headline earnings are adjusted to take into account non-operational and accounting anomalies
<b>Normalised earnings per share</b>	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares including treasury shares
<b>Normalised net asset value</b>	Normalised equity attributable to ordinary equityholders
<b>Normalised net asset value per share</b>	Normalised equity attributable to ordinary equityholders divided by the number of issued ordinary shares
<b>Price earnings ratio (times)</b>	Closing price at end of period divided by basic normalised earnings per share
<b>Price-to-book (times)</b>	Closing share price at end of period divided by normalised net asset value per share
<b>Return on assets (ROA)</b>	Normalised earnings divided by average assets
<b>Return on equity (ROE)</b>	Normalised earnings divided by average normalised ordinary shareholders' equity
<b>Risk-weighted assets (RWA)</b>	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
<b>Shares in issue</b>	Number of ordinary shares listed on the JSE
<b>Technical cures</b>	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
<b>Tier 1 ratio</b>	Tier 1 capital divided by RWA
<b>Tier 1 capital</b>	CET1 capital plus AT1 capital
<b>Tier 2 capital</b>	Qualifying subordinated debt instruments, capital instruments issued out of fully consolidated subsidiaries to third parties and qualifying provisions less specified regulatory deductions
<b>Total qualifying capital and reserves</b>	Tier 1 capital plus Tier 2 capital
<b>Weighted average number of ordinary shares</b>	Weighted average number of ordinary shares in issue during the year as listed on the JSE

## Abbreviations

<b>ALCCO</b>	Asset, liability and capital committee	<b>FRI</b>	FirstRand International Limited
<b>ALM</b>	Asset and liability management	<b>FRIHL</b>	FirstRand Investment Holdings (Pty) Ltd
<b>ARR</b>	Alternative reference rate	<b>FSI</b>	Financial Soundness Standards for Insurers
<b>ASSA</b>	Actuarial Society of South Africa	<b>FSR</b>	FirstRand Limited
<b>AT1</b>	Additional Tier 1 capital	<b>FSV</b>	Financial soundness valuation
<b>BEE</b>	Black economic empowerment	<b>FVOCI</b>	Fair value through other comprehensive income
<b>BoE</b>	Bank of England	<b>FVTPL</b>	Fair value through profit or loss
<b>BSE</b>	Botswana Stock Exchange	<b>GBP</b>	British pound
<b>CAGR</b>	Compound annual growth rate	<b>GCA</b>	Gross carrying amount
<b>CENTRE</b>	FirstRand Corporate Centre	<b>GDP</b>	Gross domestic product
<b>CET1</b>	Common Equity Tier 1 capital	<b>GMM</b>	General measurement model
<b>CGU</b>	Cash generating unit	<b>HEPS</b>	Headline earnings per share
<b>CIP</b>	Conditional incentive plan	<b>HQLA</b>	High-quality liquid assets
<b>CMA</b>	Common Monetary Area	<b>IASB</b>	International Accounting Standards Board
<b>CODM</b>	Chief operating decision maker	<b>IBNR</b>	Incurred but not reported
<b>COP26</b>	United Nations Climate Change Conference deal	<b>IBOR</b>	Interbank offered rate
<b>Covid-19</b>	Coronavirus disease	<b>ICE</b>	ICE Benchmark Administration Limited
<b>CPI</b>	Consumer price index	<b>IRBA</b>	Independent Regulatory Board for Auditors
<b>CPT</b>	Corporate performance target	<b>IRRBB</b>	Interest rate risk in the banking book
<b>CSM</b>	Contractual service margin	<b>ISA</b>	International Standards on Auditing
<b>DIP</b>	Deferred incentive plan	<b>ISDA</b>	International Swaps and Derivatives Association
<b>DM</b>	Developed market	<b>JIBAR</b>	Johannesburg Interbank Average Rate
<b>EDC</b>	External debt collection	<b>FCF</b>	Fulfillment cash flows
<b>ECL</b>	Expected credit loss	<b>IACF</b>	Insurance acquisition cash flows
<b>EAD</b>	Exposure at default	<b>JSE</b>	Johannesburg Stock Exchange
<b>EPS</b>	Earnings per share	<b>KMP</b>	Key management personnel
<b>ERM</b>	Enterprise Risk Management	<b>LECL</b>	Lifetime expected credit losses
<b>ESG</b>	Environmental, Social and Governance	<b>LGD</b>	Loss given default
<b>ETL</b>	Expected tail loss	<b>LIBOR</b>	London Interbank Offered Rate
<b>EVE</b>	Economic value of equity	<b>LIC</b>	Liability for incurred claims
<b>EY</b>	Ernst & Young	<b>LRC</b>	Liability for remaining coverage
<b>FLI</b>	Forward-looking information	<b>LSE</b>	London Stock Exchange
<b>FNB</b>	First National Bank	<b>MAFR</b>	Mandatory audit firm rotation
<b>FR</b>	FirstRand	<b>MNA</b>	Master netting arrangement
<b>FRB</b>	FirstRand Bank Limited	<b>MoPR</b>	Monetary policy rate
<b>FREMA</b>	FirstRand EMA Holdings (Pty) Ltd	<b>MPC</b>	Monetary Policy Committee
		<b>MRA</b>	Modified retrospective approach
		<b>NAV</b>	Net asset value

**Abbreviations** continued

<b>NCD</b>	Negotiable certificate of deposit
<b>NCNR</b>	Non-cumulative non-redeemable
<b>NIACC</b>	Net income after capital charge
<b>NII</b>	Net interest income
<b>NIR</b>	Non-interest revenue
<b>NOSIA</b>	Notice of sums in arrears
<b>NPL</b>	Non-performing loan
<b>NSX</b>	Namibian Stock Exchange
<b>OCI</b>	Other comprehensive income
<b>OCR</b>	Outstanding claims reserve
<b>ORSA</b>	Own risk and solvency assessment
<b>PA</b>	Prudential Authority
<b>PAA</b>	Premium allocation approach
<b>PD</b>	Probability of default
<b>P/E</b>	Price/earnings
<b>PwC</b>	PricewaterhouseCoopers Inc.
<b>RCCC</b>	Risk, capital management and compliance committee
<b>RMB</b>	RMB corporate and investment banking division
<b>RMBIA</b>	RMB Investments and Advisory
<b>ROE</b>	Return on equity
<b>ROUA</b>	Right of use asset
<b>RWA</b>	Risk weighted assets

<b>S&amp;P</b>	Standard & Poors Global Ratings
<b>SACU</b>	Southern African Customs Union
<b>SAICA</b>	South African Institute of Chartered Accountants
<b>SAM</b>	Solvency Assessment Management
<b>SAPs</b>	Standards of Actuarial Practice
<b>SARB</b>	South African Reserve Bank
<b>SBP</b>	Share-based payment
<b>SCR</b>	Solvency Capital Requirement
<b>SICR</b>	Significant increase in credit risk
<b>SME</b>	Small and medium-sized enterprise
<b>SONIA</b>	Sterling Overnight Index Average
<b>SPPI</b>	Solely payments of principal and interest
<b>SPV</b>	Special purpose vehicles
<b>sVaR</b>	Stressed VaR
<b>TRS</b>	Total return swaps
<b>TTC</b>	Through-the-cycle
<b>UK</b>	United Kingdom
<b>UPS</b>	Unearned premiums reserve
<b>VAF</b>	Vehicle asset finance
<b>VAPS</b>	Value-added products and services
<b>VaR</b>	Value-at-risk



**Abbreviations** continued**International Financial Reporting Standards**

<b>IFRS 1</b>	First-time Adoption of International Financial Reporting Standards
<b>IFRS 2</b>	Share-based Payments
<b>IFRS 3</b>	Business Combinations
<b>IFRS 4</b>	Insurance Contracts
<b>IFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations
<b>IFRS 7</b>	Financial Instruments – Disclosures
<b>IFRS 8</b>	Operating Segments
<b>IFRS 9</b>	Financial Instruments
<b>IFRS 10</b>	Consolidated Financial Statements
<b>IFRS 11</b>	Joint Arrangements
<b>IFRS 12</b>	Disclosure of Interests in Other Entities
<b>IFRS 13</b>	Fair Value Measurement
<b>IFRS 15</b>	Revenue
<b>IFRS 16</b>	Leases
<b>IFRS 17</b>	Insurance Contracts
<b>IFRS 18</b>	Presentation and Disclosure in Financial Statements
<b>IFRS 19</b>	Subsidiaries without Public Accountability: Disclosures

**International Accounting Standards**

<b>IAS 1</b>	Presentation of Financial Statements
<b>IAS 2</b>	Inventories
<b>IAS 7</b>	Statement of Cash Flows
<b>IAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors
<b>IAS 10</b>	Events After the Reporting Period
<b>IAS 12</b>	Income Taxes
<b>IAS 16</b>	Property, Plant and Equipment
<b>IAS 19</b>	Employee Benefits
<b>IAS 21</b>	The Effects of Changes in Foreign Exchange Rates
<b>IAS 23</b>	Borrowing Costs
<b>IAS 24</b>	Related Party Disclosures
<b>IAS 27</b>	Consolidated and Separate Financial Statements
<b>IAS 28</b>	Investments in Associates and Joint Ventures
<b>IAS 29</b>	Financial Reporting in Hyperinflationary Economies
<b>IAS 32</b>	Financial Instruments – Presentation
<b>IAS 33</b>	Earnings Per Share
<b>IAS 34</b>	Interim Financial Reporting
<b>IAS 36</b>	Impairment of Assets
<b>IAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets
<b>IAS 38</b>	Intangible Assets
<b>IAS 39</b>	Financial Instruments Financial Instruments – Recognition and Measurement
<b>IAS 40</b>	Investment Property
<b>IAS 41</b>	Agriculture

**IFRS Interpretations Committee Interpretations**

<b>IFRIC 17</b>	Distributions of Non-cash Assets to Owners
<b>IFRIC 22</b>	Foreign currency transactions and advance consideration
<b>IFRIC 23</b>	Uncertainty over income tax treatments

