FirstRand

analysis

of financial results

for the six months ended 31 December 2023

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

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

FirstRand

Contents

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 International Financial Reporting Standards (IFRS) financial results.

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 results is provided on pages 150 and 153. Detailed reconciliations of normalised to IFRS results are provided on pages 161 to 170. Commentary is based on normalised results, unless indicated otherwise.

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

Simplified group structure

FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

100% FirstRand Bank Limited (FRB) — SA banking

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

100% FirstRand EMA Holdings (Pty) Ltd (FREMA) — Broader Africa

58%	FirstRand Namibia
70%	FNB Botswana
80%	FNB Eswatini
100%	FNB Mozambique
100%	FNB Zambia
100%	FNB Lesotho
100%	First National Bank Ghana
100%	RMB Nigeria

100% FirstRand International Limited (Guernsey) (FRI) — UK banking and hard currency platform

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

100% FirstRand Insurance Holdings (Pty) Ltd — Insurance

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

100% FirstRand Investment Management Holdings Limited — Investment management

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

100% FirstRand Investment Holdings (Pty) Ltd (FRIHL) — Other activities

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

* *Division*
** *Branch*
# *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. FREMA's effective shareholding in FNB Eswatini is now 80%. A further 4.99% of shares will be transferred into an employee share ownership trust (these shares will be considered treasury shares from a group reporting perspective) in due course, which will reduce FREMA's effective shareholding in FNB Eswatini to 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

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

Performance highlights

Normalised earnings

R19.1bn

Dec 22: R18.0bn ▲**6%**

Return on equity

20.6%

Dec 22: 21.6% ▼**100 bps**

Net asset value

R190.0bn

Dec 22: R167.1bn ▲**14%**

CET1 ratio

13.3%

Dec 22: 13.2% ▲**10 bps**

Ordinary dividend per share

200 cents

Dec 22: 189 cents ▲**6%**

FNB

WesBank

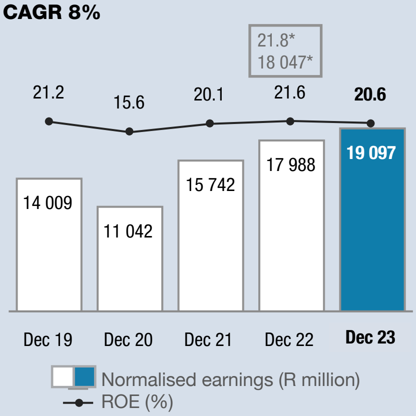
RMB

Aldermore

Track record

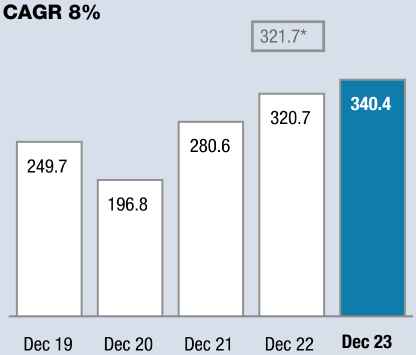
Normalised earnings (R million) and ROE (%)

CAGR 8%



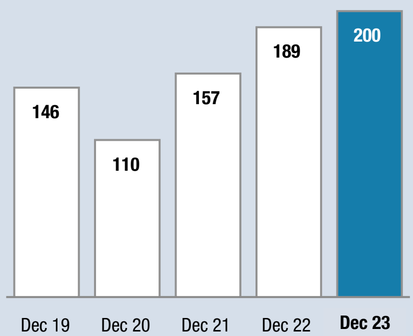
Diluted normalised earnings per share (cents)

CAGR 8%



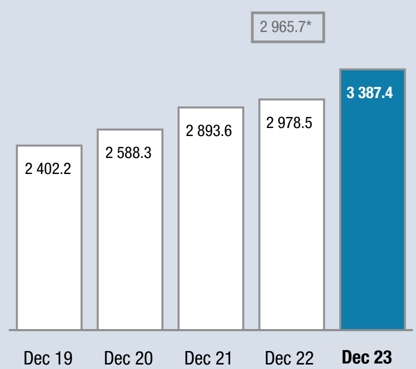
Dividends per share (cents)

CAGR 8%



Normalised net asset value per share (cents)

CAGR 9%



Note: 2019 to 2021 figures are based on IFRS 4, 2022 and 2023 figures are based on IFRS 17.

* *Reported December 2022 figures. These have been restated given the adoption of IFRS 17 (refer pages 213 to 222).*

Key financial and operational results, ratios and statistics – normalised

This section is based on normalised results. A detailed reconciliation between IFRS and normalised results is set out on pages 161 to 170.

R million	Six months ended 31 December 2023	Six months ended 31 December 2022*	% change	Year ended 30 June 2023*
Earnings performance				
Normalised earnings per share (cents)**				
– Basic	**340.4**	320.7	6	653.1
– Diluted	**340.4**	320.7	6	653.1
Headline earnings per share (cents)**				
– Basic	**341.4**	321.7	6	654.7
– Diluted	**341.4**	321.7	6	654.7
Earnings per share (cents) – IFRS (refer page 154)**				
– Basic	**348.1**	319.7	9	648.1
– Diluted	**348.1**	319.7	9	648.1
Attributable earnings – IFRS**	**19 509**	17 921	9	36 331
Headline earnings**	**19 135**	18 032	6	36 700
Normalised earnings**	**19 097**	17 988	6	36 634
Normalised net asset value#	**190 017**	167 077	14	181 451
Normalised net asset value per share (cents)#	**3 387.4**	2 978.5	14	3 234.7
Average normalised net asset value	**185 734**	166 360	12	173 547
Net income after cost of capital	**5 492**	6 135	(10)	11 904
Market capitalisation	**412 353**	348 461	18	384 250
Ordinary dividend per share (cents)	**200**	189	6	384
Dividend cover (times)	**1.70**	1.70	–	1.70
NCNR B preference dividend – paid (cents per share)†	**–**	359.6	(100)	359.6
Ratios and key statistics				
ROE (%)#	**20.6**	21.6		21.1
ROA (%)	**1.65**	1.74		1.71
Cost of equity (%)	**14.65**	14.25		14.25
Price earnings ratio (times)	**10.8**	9.7		10.5
Price-to-book ratio (times)	**2.2**	2.1		2.1
Diversity ratio (%)‡	**38.3**	40.4		40.0
Credit impairment charge (R million)	**6 404**	5 008	28	10 949
Credit loss ratio (%)	**0.83**	0.74		0.78
Stage 3/NPLs as % of core lending advances	**3.98**	3.59		3.80
Performing book coverage ratio (%)	**1.67**	1.72		1.72
Specific coverage ratio (%)	**45.4**	49.0		45.3
Cost-to-income ratio (%)**	**49.9**	50.3		51.4
Effective tax rate (%)	**24.9**	25.0		23.8
Share price (closing – rand)	**73.51**	62.12	18	68.50

* *Restated – refer to pages 213 to 222 for more detail.*

** *The adoption of IFRS 17 resulted in a R59 million decrease in December 2022 earnings (1 cent per share). It also resulted in a 40 bps reduction in the December 2022 cost-to-income ratio, and earnings for the year ended 30 June 2023 decreased R35 million (0.6 cents per share).*

The adoption of IFRS 17 resulted in a R719 million increase in December 2022 net asset value (12.8 cents per share) and a R753 million increase in the June 2023 net asset value (13.4 cents per share). This resulted in a 20 bps decrease in ROE for the December 2022 period (June 2023: 10 bps).

† *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 80 bps (June 2023: 70 bps).*

R million	Six months ended 31 December 2023	2022	% change	Year ended 30 June 2023
Balance sheet				
Normalised total assets* (R million)	**2 332 940**	2 135 994	9	2 295 274
Advances (net of credit impairment) (R million)	**1 601 558**	1 447 667	11	1 539 375
Average gross loan-to-deposit ratio (%)	**83.2**	83.4		83.1
Deposits (R million)	**1 978 278**	1 793 318	10	1 923 103
Capital adequacy – IFRS**				
Capital adequacy ratio (%)	**15.9**	16.0		15.6
Tier 1 ratio (%)	**14.1**	13.9		13.8
Common Equity Tier 1 ratio (%)	**13.3**	13.2		13.2
Leverage – IFRS**				
Leverage ratio (%)	**7.9**	7.7		7.8
Liquidity – IFRS				
Liquidity coverage ratio (%)	**119**	121		124
Net stable funding ratio (%)	**122**	120		121
Operational statistics				
Number of ATMs (including ADTs)	**5 764**	5 719	1	5 727
– South Africa	**4 790**	4 789	–	4 789
– Broader Africa	**974**	930	5	938
Number of branches	**750**	741	1	748
– South Africa	**616**	611	1	614
– Broader Africa	**134**	130	3	134
FNB CashPlus agents#	**3 902**	3 071	27	3 581
Number of employees	**50 178**	50 389	–	50 493
– South Africa	**40 104**	40 272	–	40 610
– Broader Africa	**6 325**	6 467	(2)	6 238
– UK operations	**2 173**	2 000	9	2 166
– Other	**674**	615	10	683
– FirstJob youth employment programme	**902**	1 035	(13)	796
FNB active customers (millions)	**11.81**	11.22	5	11.49
– South Africa	**9.68**	9.24	5	9.46
– Retail	**8.45**	8.04	5	8.25
– Commercial	**1.23**	1.20	3	1.21
– Broader Africa	**2.13**	1.98	8	2.03
FNB channel volumes (thousands of transactions)				
– ATM/ADT	**142 892**	143 858	(1)	285 132
– Digital	**401 050**	369 832	8	737 469
– Card acquiring	**539 610**	486 972	11	968 928
– Card issuing	**618 529**	569 841	9	1 132 203
Gross written premiums on group licences (R million)	**3 653**	3 121	17	6 507

* *Restated – refer to pages 213 to 222 for more detail.*

** *Including unappropriated profits.*

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

Condensed consolidated income statement – normalised

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022*	% change	2023*
Net interest income before impairment of advances	**42 771**	37 681	14	78 615
Impairment charge**	**(6 404)**	(5 008)	28	(10 949)
Net interest income after impairment of advances	**36 367**	32 673	11	67 666
Total non-interest revenue	**26 577**	25 534	4	52 393
– Operational non-interest revenue	**25 824**	25 975	(1)	51 900
– Fee and commission income	**19 162**	18 345	4	36 153
– Net insurance income	**1 950**	1 773	10	4 012
– Trading and other fair value income	**2 723**	2 656	3	6 522
– Investment income**	**283**	1 532	(82)	1 579
– Other non-interest revenue	**1 706**	1 669	2	3 634
– Share of profit of associates and joint ventures after tax**	**753**	(441)	(>100)	493
Income from operations	**62 944**	58 207	8	120 059
Operating expenses	**(34 616)**	(31 782)	9	(67 320)
Income before indirect tax	**28 328**	26 425	7	52 739
Indirect tax	**(972)**	(798)	22	(1 540)
Profit before tax	**27 356**	25 627	7	51 199
Income tax expense	**(6 809)**	(6 414)	6	(12 169)
Profit for the period	**20 547**	19 213	7	39 030
Other equity instrument holders	**(750)**	(547)	37	(1 119)
Non-controlling interests	**(700)**	(678)	3	(1 277)
Normalised earnings attributable to ordinary equityholders of the group	**19 097**	17 988	6	36 634

* *Restated – refer to page 217 for more detail.*

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

Condensed consolidated statement of other comprehensive income – normalised

R million	Six months ended 31 December 2023	Six months ended 31 December 2022*	% change	Year ended 30 June 2023*
Profit for the period	**20 547**	19 213	7	39 030
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**2 281**	123	>100	(738)
Gains/(losses) arising during the period	**2 380**	(229)	(>100)	282
Reclassification adjustments for amounts included in profit or loss	**792**	405	96	(1 333)
Deferred income tax	**(891)**	(53)	>100	313
FVOCI debt reserve	**(146)**	101	(>100)	33
(Losses)/gains arising during the period	**(158)**	163	(>100)	35
Reclassification adjustments for amounts included in profit or loss	**(54)**	(25)	>100	11
Deferred income tax	**66**	(37)	(>100)	(13)
Exchange differences on translating foreign operations	**(2 251)**	1 114	(>100)	8 081
(Losses)/gains arising during the period	**(2 240)**	1 101	(>100)	7 974
Deferred income tax	**(11)**	13	(>100)	107
Insurance contract finance reserve	**173**	(7)	(>100)	3
Gains/(losses) arising during the period	**173**	(7)	(>100)	3
Deferred income tax	**–**	–	–	–
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	**6**	55	(89)	(3)
Items that may not subsequently be reclassified to profit or loss				
FVOCI equity reserve	**(1)**	1	(>100)	33
(Losses)/gains arising during the period	**(1)**	1	(>100)	38
Deferred income tax	**–**	–	–	(5)
Remeasurements on defined benefit post-employment plans	**23**	3	>100	108
Gains arising during the period	**32**	5	>100	154
Deferred income tax	**(9)**	(2)	>100	(46)
Other comprehensive income for the period	**85**	1 390	(94)	7 517
Total comprehensive income for the period	**20 632**	20 603	–	46 547
Attributable to				
Ordinary equityholders	**19 198**	19 362	(1)	44 074
Other equity instrument holders	**750**	547	37	1 119
Equityholders of the group	**19 948**	19 909	–	45 193
Non-controlling interests	**684**	694	(1)	1 354
Total comprehensive income for the period	**20 632**	20 603	–	46 547

* *Restated – refer to page 218 for more detail.*

Condensed consolidated statement of financial position – normalised

	As at 31 December		As at 30 June
R million	**2023**	2022*	2023*
ASSETS			
Cash and cash equivalents	**160 974**	146 691	175 304
Derivative financial instruments	**57 168**	64 730	85 956
Commodities	**13 327**	17 647	17 252
Investment securities	**430 926**	402 251	416 423
Advances	**1 601 558**	1 447 667	1 539 375
– Advances to customers**	**1 519 329**	1 368 927	1 455 422
– Marketable advances	**82 229**	78 740	83 953
Other assets	**14 265**	5 100	3 555
Current tax asset	**1 201**	1 559	925
Non-current assets and disposal groups held for sale	**150**	–	1 359
Insurance contract assets	**668**	243	555
Reinsurance contract assets	**723**	497	610
Investments in associates	**9 355**	8 950	10 400
Investments in joint ventures	**3 198**	2 896	3 057
Property and equipment	**22 036**	20 304	21 155
Intangible assets	**10 096**	9 362	10 277
Investment properties	**357**	378	353
Defined benefit post-employment asset	**24**	36	25
Deferred income tax asset	**6 914**	7 683	8 693
Total assets	**2 332 940**	2 135 994	2 295 274
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**12 366**	16 115	12 753
Derivative financial instruments	**48 283**	59 365	70 354
Creditors, accruals and provisions	**40 202**	38 892	43 263
Current tax liability	**978**	953	471
Deposits	**1 978 278**	1 793 318	1 923 103
Employee liabilities	**11 840**	11 859	17 074
Other liabilities	**6 449**	5 498	7 033
Policyholder liabilities under investment contracts	**7 014**	6 085	6 236
Insurance contract liabilities	**1 521**	1 412	1 392
Reinsurance contract liabilities	**110**	20	24
Tier 2 liabilities	**17 657**	20 384	16 869
Deferred income tax liability	**990**	864	1 033
Total liabilities	**2 125 688**	1 954 765	2 099 605
Equity			
Ordinary shares	**56**	56	56
Share premium	**8 056**	8 056	8 056
Reserves	**181 905**	158 965	173 339
Capital and reserves attributable to equityholders of the group	**190 017**	167 077	181 451
Other equity instruments and reserves	**12 665**	9 930	9 930
Non-controlling interests	**4 570**	4 222	4 288
Total equity	**207 252**	181 229	195 669
Total equities and liabilities	**2 332 940**	2 135 994	2 295 274

* *Restated – refer to page 216 for more detail.*

** *Included in advances to customers are assets under agreements to resell of R92 060 million (December 2022: R85 172 million; June 2023: R79 410 million).*

Flow of funds analysis – normalised

R million	**December 2023 vs June 2023** **6-month movement**	December 2022 vs June 2022* 6-month movement	June 2023 vs June 2022* 12-month movement
Sources of funds			
Capital account movement (including profit and reserves)	**11 583**	(341)	14 099
Working capital movement	**(15 420)**	3 891	14 644
Short trading positions and derivative financial instruments	**6 330**	(2 753)	(16 352)
Deposits and long-term liabilities	**55 963**	136 793	263 063
Total	**58 456**	137 590	275 454
(Outflow)/inflow in deployment of funds			
Advances	**(62 183)**	(113 343)	(205 051)
Investments	**3 900**	(1 221)	(4 592)
Cash and cash equivalents	**14 330**	(3 055)	(31 668)
Investment securities (e.g. liquid asset portfolio)	**(14 503)**	(19 971)	(34 143)
Total	**(58 456)**	(137 590)	(275 454)

* *Restated.*

Condensed consolidated statement of changes in equity – normalised

for the six months ended 31 December

	Ordinary share capital and ordinary equityholders' funds				
R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Restated balance as at 1 July 2022	56	8 056	**8 112**	514	(2 357)
Acquisition of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the period	–	–	**–**	–	–
Preference shares redeemed during the period	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Total comprehensive income for the period	–	–	**–**	3	123
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period	–	–	**–**	3	123
Balance as at 31 December 2022	56	8 056	**8 112**	517	(2 234)
Restated balance as at 1 July 2023	56	8 056	**8 112**	622	(3 095)
Acquisition of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the period	–	–	**–**	–	–
Additional Tier 1 capital redeemed during the period	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Total comprehensive income for the period	–	–	**–**	23	2 281
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period	–	–	**–**	23	2 281
Balance as at 31 December 2023	56	8 056	**8 112**	645	(814)

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

** *NCNR preference shares (redeemed in September 2022) and R12 665 million (December 2022: R9 930 million; June 2023: R9 930 million) of AT1 instruments.*

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

Ordinary share capital and ordinary equityholders' funds							
Share-based payment reserve	Foreign currency translation reserve	Other reserves*	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Other equity instruments and reserves****	**Non-controlling interests**	**Total equity**
44	4 766	1 341	153 222	**157 530**	**11 645**	**4 283**	**181 570**
–	–	1	–	**1**	**–**	**1**	**2**
–	–	–	–	**–**	**2 804**	**–**	**2 804**
–	–	–	–	**–**	**(4 519)**	**–**	**(4 519)**
7	–	46	(532) #	**(479)**	**–**	**– #**	**(479)**
–	–	–	(17 389)	**(17 389)**	**–**	**(651)**	**(18 040)**
–	–	–	–	**–**	**(547)**	**–**	**(547)**
–	–	–	(60)	**(60)**	**–**	**(105)**	**(165)**
–	1 103	145	17 988	**19 362**	**547**	**694**	**20 603**
–	–	–	17 988	**17 988**	**547**	**678**	**19 213**
–	1 103	145	–	**1 374**	**–**	**16**	**1 390**
51	5 869	1 533	153 229	**158 965**	**9 930**	**4 222**	**181 229**
27	12 769	1 709	161 307	**173 339**	**9 930**	**4 288**	**195 669**
–	–	–	–	**–**	**–**	**257**	**257**
–	–	–	–	**–**	**5 000**	**–**	**5 000**
–	–	–	–	**–**	**(2 265)**	**–**	**(2 265)**
19	–	114	174 #	**307**	**–**	**2 #**	**309**
–	–	–	(10 939)	**(10 939)**	**–**	**(661)**	**(11 600)**
–	–	–	–	**–**	**(750)**	**–**	**(750)**
–	–	–	–	**–**	**–**	**–**	**–**
–	(2 236)	33	19 097	**19 198**	**750**	**684**	**20 632**
–	–	–	19 097	**19 097**	**750**	**700**	**20 547**
–	(2 236)	33	–	**101**	**–**	**(16)**	**85**
46	10 533	1 856	169 639	**181 905**	**12 665**	**4 570**	**207 252**

The shape of these results continues to demonstrate the positive outcomes of strategic calls made by the group.

Once again, the pleasing credit performance stands out, with the credit loss ratio well below the mid point of the group's through-the-cycle range. This is a commendable result given the prevailing inflation and interest rate cycle, and has enabled continued advances growth as the group services the needs of customers through judicious and tactical origination.

The group saw further deposit franchise growth in the period, resulting from the focus on appropriate, competitive and convenient savings propositions for customers.

Despite some cyclical pressures and base effects arising from the comparative period, the disciplined deployment of financial resources has ensured that the group's normalised ROE remains well placed in its stated range.

ALAN PULLINGER
CEO

Introduction and group strategy

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

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

FirstRand's earnings remain tilted towards South Africa, 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 customer numbers, do more business with customers, and do this more efficiently. The group is also investing in building capital-light revenues in adjacent activities such as insurance, and investment and asset management.

In the broader Africa portfolio, FirstRand'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. The group's expansion strategy has been largely organic, complemented where possible by bolt-on acquisitions. 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 attractive risk-adjusted returns through the cycle.

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.

The group remains confident the UK business can grow at a higher rate than the South African franchise given its presence in large profit pools, and given that UK system growth is expected, in the medium term, to be stronger than current projections for South African GDP. The UK management team is executing on strategies to grow market share in core product sets where it has strong value propositions, modernise its platforms to achieve scale and efficiencies, and build a more diversified and sustainable funding franchise.

Operating environment

During the period under review, global inflationary pressures continued to gradually reduce. This, combined with expectations of slowing economic growth, allowed central banks to pause their hiking cycles and start signalling potential future interest rate cuts. These developments resulted in a slight improvement in risk sentiment towards emerging market economies and other risk assets.

In South Africa, household disposable income remained constrained due to elevated interest rates and inflation. This resulted in a slowdown in credit demand and supply (bank sector asset growth) across most of the major categories. Growth in both corporate lending and asset finance remained above average as private sector investment continued in renewable energy generation, machinery and equipment.

High-frequency employment data shows that job creation has been stronger than expected, moving above pre-pandemic levels by the end of the 2023 calendar year. Although most of these jobs can be attributed to lower-paying public work programmes, the creation of higher-paying jobs also took place in certain sectors benefiting from private power generation and related investment. After rising consistently during the previous financial year, household debt service ratios levelled off slightly above pre-pandemic levels, and house price growth remained slow across most market segments, albeit with notable differences across regions.

In the UK, the ongoing reduction in inflationary pressures resulted in a slight easing of the cost-of-living crisis, with the Bank of England (BoE) signalling an end to its rate-hiking cycle. Lingering inflationary pressures in certain goods and services markets have, however, been interpreted to mean that policy rates will remain at current levels for some time. As such, the outlook for households remains divided across those with sufficient savings to manage the increase in interest rates and those without sufficient savings to do so. This dynamic necessitated ongoing government fiscal support to households facing financial strain.

Within the broader Africa region where the group operates, the most noteworthy macroeconomic developments occurred in Ghana, Zambia and Nigeria. In Ghana and Zambia, negotiations with some sovereign debt holders continued whilst reforms associated with the International Monetary Fund (IMF) programmes of these countries were implemented. In Nigeria, the economic and financial market reform process started, resulting in significant macroeconomic and financial market adjustments. Most noteworthy was the significant currency weakness which added to inflationary pressures.

Financial performance

The 6% increase in the group's normalised earnings was driven by good topline growth, particularly net interest income (NII), which benefited from continued momentum in new business origination, ongoing excellent growth from the deposit franchise and the endowment benefit from the current rate cycle. The period-on-period growth in non-interest revenue (NIR) of 4% reflects the base created by a significant private equity realisation in the comparative period, fee reductions in the retail and commercial segments in the period under review, and a loss in the period under review (compared to a gain in the prior period) from the partial unwind of the UK operations' interest rate risk hedge. The underlying performances from the group's retail, commercial and corporate transactional franchises (measured by customer growth and volumes) remained strong.

The relative size and quality of its transactional franchise 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 judicious and tactical approach to lending, supporting its customer franchises whilst protecting the balance sheet and return profile. This remains a necessary balancing act given the operating environment, which is still characterised by high inflation and interest rates, combined with sluggish system growth and increased competition.

The overall credit performance continues to trend better than FirstRand's initial through-the-cycle (TTC) expectations, and is a direct outcome of the group's origination approach. This has resulted in a credit charge for the period under review well below the midpoint of the group's TTC range.

FirstRand delivered a normalised return on equity (ROE) of 20.6%, which is well placed in its target range of 18% to 22%. The 100 bps movement in the ROE compared to December 2022 (21.6%) was predominantly due to the 9 bps reduction in return on assets (ROA). This resulted from cyclically high retail credit impairments, the aforementioned partial unwind of the UK interest rate risk hedge due to the recent volatility in UK interest rates, and the high base from a private equity realisation in the prior period. Including the benefit from foreign currency movements in the capital deployed in the UK, ongoing capital generation also had a marginal impact.

The group produced R5.5 billion of economic profit or net income after cost of capital (NIACC), which is its key performance measure (December 2022: R6.1 billion). The reduction period-on-period was a result of a 40 bps increase in the cost of equity and the reduction in ROE. Total NAV increased 14%.

Given the high return profile, the group remained capital generative, with the Common Equity Tier 1 (CET1) ratio at 13.3% (December 2022: 13.2%). Taking into account this strong capital level, the board is comfortable to keep the dividend cover unchanged at 1.7 times. This translates into an interim dividend of 200 cents per share, an increase of 6%.

The following table provides an overview of the group's performance.

FIRSTRAND GROUP FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
NII	**42 771**	37 681	14	78 615
NIR*	**26 577**	25 534	4	52 393
Operating expenses	**(34 616)**	(31 782)	9	(67 320)
Impairment charge	**(6 404)**	(5 008)	28	(10 949)
Normalised earnings	**19 097**	17 988	6	36 634
NIACC	**5 492**	6 135	(10)	11 904
ROE (%)	**20.6**	21.6		21.1
Gross written insurance premium on group licences	**3 653**	3 121	17	6 507
Deposit franchise	**1 510 279**	1 354 658	11	1 442 610
Core lending advances	**1 562 752**	1 410 711	11	1 511 037
Credit loss ratio (%) – core lending advances	**0.83**	0.74		0.78
Stage 3/NPLs as a % of core lending advances	**3.98**	3.59		3.80

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

FirstRand's performance continues to reflect the consistent and disciplined execution on strategies designed to maximise shareholder value, tightly managed through the group's financial resource management (FRM) process.

FirstRand's diversified portfolio has allowed the group to capitalise on profitable growth opportunities across its chosen markets, sectors and segments. The respective performances of the operating businesses are unpacked in the table below.

SOURCES OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	**2023**	**% composition**	2022	% composition	% change	2023	% composition
FNB	**11 473**	**60**	10 964	61	5	21 700	59
WesBank	**988**	**5**	924	5	7	1 850	5
RMB	**4 475**	**23**	4 659	26	(4)	9 116	25
UK operations*	**1 648**	**9**	1 607	9	3	3 345	9
Centre*,**,#	**1 161**	**6**	293	2	>100	1 559	4
Other equity instrument holders	**(648)**	**(3)**	(459)	(3)	41	(936)	(2)
Normalised earnings	**19 097**	**100**	17 988	100	6	36 634	100

* *In the UK operations management view shown in the table above and on pages 41 to 44, MotoNovo's front and back books were included in the December 2022 and 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 48 to 59 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 period, the net endowment benefit, and the impact of accounting mismatches.*

Revenue and cost overview

Overall group NII increased 14%, driven by core lending advances growth (+11%), continued deposit gathering (+11%) and the capital endowment benefit (+12%), which incorporates the outcomes from the asset-liability management (ALM) strategy, unpacked in more detail below.

FirstRand's focus on growing liability-related NII played out strongly across all deposit franchises and remains a key underpin to its superior return profile.

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

On a rolling-six-month view, absolute advances growth in most SA and UK retail portfolios reduced relative to June 2023. Given customer affordability pressures and reduced demand, the previous momentum in SA residential mortgages has slowed, however, there has been a pick-up in unsecured lending with origination anchored to low-to-medium-risk customer cohorts. As expected, there was continued good growth in corporate advances.

On a period-on-period basis, new business origination showed healthy increases, with advances up 7% and 11% at FNB retail and WesBank, respectively. The increases in advances from FNB commercial (+9%), RMB (core +14%) and FNB broader Africa (9%) are also 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 4% decline in UK operations advances (in pound terms) reflects the challenging inflationary and interest rate environment, despite a resilient new business production from specialist buy-to-let. In rand terms, UK operations' advances increased 11% period-on-period due to the weakening of the rand.

Origination strategies, combined with the focus on growing 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 growth *vs* returns thesis.

Period-on-period movements in advances and deposits are unpacked by operating business and segment in the following table.

	Growth in advances %	Growth in deposits %
FNB	**8**	**12**
– Retail	**7**	**11**
– Commercial	**9**	**12**
– Broader Africa	**9**	**16**
WesBank	**11**	**n/a**
RMB*	**14**	**2**
UK operations**	**(4)**	**4**

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

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

Total transactional NII increased 5%, driven by growth in transactional credit product volumes, retail and commercial customer deposits, and deposit endowment.

FirstRand's approach to managing the endowment profile (the ALM strategy) is designed to optimise TTC 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 earn 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 period-on-period rate of growth in the group's endowment NII for the current financial period will not reflect the full extent of the rise in interest rates, 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 R17 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

	Six months ended 31 December			Year ended 30 June	**Cumulative additional endowment**
R billion	**2023**	2022	% change	2023	**NII***
Capital endowment	**0.3**	0.7	(57)	0.9	**10.1**
Deposit endowment	**(1.0)**	0.6	(>100)	0.2	**6.7**
Total	**(0.7)**	1.3	(>100)	1.1	**16.8**

* *Includes additional endowment NII from 1 July 2017 to 31 December 2023.*

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 period, which is characterised by higher rates.

In the period under review, there was an effective opportunity cost of R0.7 billion, compared to the R1.3 billion benefit in the prior period. This R2 billion swing had a negative impact of c. 5% on the period-on-period NII growth rate.

Group net interest margin (NIM) improved 9 bps period-on-period to 4.47% (December 2022: 4.38%), but has remained flat since June 2023. Lending margins continue to come under pressure from the competitive environment, origination strategies and mix change (a higher proportion of residential mortgages and CIB advances). NIM benefited from the performance of the deposit franchise (and the net endowment benefit).

Total group NIR (+4%) reflects a number of one-off positive and negative movements, such as:

- the partial unwind of the UK operations' interest rate risk hedge, which resulted in a loss of £10.8 million in the period under review, compared to a profit of £6.7 million in the prior period;
- the non-repeat of the Ghana sovereign debt provision; and
- the non-repeat of the out-sized Studio 88 private equity realisation.

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

The relatively muted growth in FNB's fee and commission income in the period under review was due to sub-inflation fee increases across both retail and commercial accounts. In addition, 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 period, FNB believes this is the correct outcome for customers, and retail and commercial are already seeing an increase in volumes. All of the above actions resulted in a R477 million reduction in fee and commission income in the period under review.

FNB's insurance activities continued to contribute strongly, with increases in new business annual premium equivalent (APE) of 8% in life and 16% in short-term. Gross written premiums on group licences increased 17%.

Total WesBank NIR (+4%) benefited from a strong rebound from the Toyota Financial Services (TFS) and Volkswagen Financial Services (VWFS) joint ventures.

RMB's total NIR growth (+9%) was achieved despite a mixed performance from its markets business and the base effect of the prior period realisation. Good growth in private equity annuity income (+15%) was further supported by two realisations, totalling R776 million – one in the investment banking business and one in private equity. In addition, knowledge-based fee income grew strongly (+25%) on the back of origination activities and advisory mandates.

Total group operating expenses were 9% higher, including a 9% increase in direct staff costs, driven by targeted and general salary increases, whilst headcount remained relatively flat.

At an operating business level, FNB grew costs below inflation (+5%), but this strong performance was offset by a significant increase in costs from RMB (+13%) due to elevated investment expenditure. Ongoing investment in Aldermore's platform, people and processes also contributed to cost growth of 11%.

The cost-to-income ratio decreased to 49.9% (December 2022: 50.3%). 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. This benefit at adoption on 1 July 2023 was 40 bps.

Credit performance

The group's credit performance was better than expected, with the credit loss ratio well below the midpoint of the TTC range of 80 bps – 110 bps, despite the prevailing macroeconomic environment. The overall credit loss ratio (CLR) increased to 83 bps (June 2023: 78 bps; December 2022: 74 bps), with increases across all portfolios except broader Africa and the UK operations.

This performance reflects 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, and was achieved despite the current pressures from high inflation and interest rates. However, given these pressures, balance sheet provision levels against the in-force book remained appropriate as new origination adapts to macros dynamically. Overall performing coverage on core lending advances decreased slightly to 1.67% (June 2023: 1.72%; December 2022: 1.72%), reflecting book growth, mix change to a higher proportion of secured advances, and the reduction in modelled macroeconomic forward-looking information (FLI) given the improved outlook.

Non-performing loans (NPLs) increased to R62.2 billion (June 2023: R 57.4 billion; December 2022: R50.7 billion), which represents 3.98% of core lending advances (June 2023: 3.80%; December 2022: 3.59%). This absolute increase was driven by increased flows into NPL off the back of advances growth and rising interest rates.

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended				December 2023 vs December 2022	June 2023 vs December 2022	December 2022 vs June 2022
	31 December	30 June	31 December	30 June			
R million	**2023**	2023	2022	2022	% change	% change	% change
Movement in balance sheet provisions							
Performing book provisions	**(13)**	1 658	964	(1 357)	(>100)	72	(>100)
NPL provision	**2 195**	1 198	(482)	(1 112)	(>100)	(>100)	(57)
— Provision movements	**2 195**	1 198	339	(1 112)	>100	>100	(>100)
— NPL release due to debt-to-equity restructure*	**–**	–	(821)	–	(100)	(100)	–
Credit provision increase/(decrease)	**2 182**	2 856	482	(2 469)	>100	>100	(>100)
Gross write-off and other	**6 372**	5 344	6 904	7 999	(8)	(23)	(14)
— Bad debts written off**	**6 069**	6 778	6 382	7 373	(5)	6	(13)
— Debt-to-equity restructure*	**–**	–	716	–	(100)	(100)	–
— Exchange rate and other	**303**	(1 434)	(194)	626	(>100)	>100	(>100)
Amounts recognised directly in income statement							
Modification loss	**356**	317	353	267	1	(10)	32
Interest suspended on stage 3 advances	**(1 548)**	(1 251)	(1 599)	(1 363)	(3)	(22)	17
Post write-off recoveries	**(958)**	(1 325)	(1 132)	(1 381)	(15)	17	(18)
Total impairment charge	**6 404**	5 941	5 008	3 053	28	19	64
Credit loss ratio (%) – core lending advances	**0.83**	0.81	0.74	0.47			
Credit loss ratio excluding UK operations (%) – core lending advances	**0.99**	0.91	0.75	0.45			

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

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

The overall impairment charge increased 28% to R6 404 million (December 2022: R5 008 million). Key drivers include:

- performing provisions declining R13 million despite advances growth:
  - overall stage 1 provision balances decreased R444 million as the impact of improvements in the macro outlook during the period under review resulted in releases in modelled FLI provisions;
  - stage 2 provisions increased R431 million, reflecting advances growth and expected origination strain, resulting in an increase in arrears and significant increase in credit risk (SICR) levels;
- coverage ratios remained largely similar to those in June 2023, benefiting from a decrease in UK operations' provisions, particularly from the structured and specialised finance book, as event-driven provisions were no longer required;
- stage 3 provisions increased as NPLs continued to increase, albeit in line with expectations and driven largely by the personal loans, card, VAF and residential mortgages portfolios. Coverage remained similar to June 2023 levels;
- a 5% reduction in bad debts written off as the average age of the overall NPL population decreased due to new inflows, partially offset by a 15% reduction in post write-off recoveries;
- the UK portfolio's impairment charge decreased, reflecting the impact of a stabilising macroeconomic outlook, allowing for the partial release of management overlays raised in the previous year; and
- RMB's impairment charge showed a R595 million period-on-period increase.

The previous table shows changes in impairments on a rolling six-month view, based on movements in the balance sheet. Impairments increased 28% period-on-period with the greatest impact from the NPL-related component, given the inflow into stage 3. Performing provisions benefited from the reduction in modelled FLI due to improvements in the macro outlook. Write-offs decreased, but so did post write-off recoveries.

CHANGE IN NPLs

	31 December 2023 vs 31 December 2022			31 December 2023 vs 30 June 2023		
	R million	**% change**	**Percentage point contribution to overall NPL increase**	R million	% change	Percentage point contribution to overall NPL decrease
Operational NPLs*	**6 903**	**23**	**14**	3 291	10	5
Other paying NPLs**	**2 668**	**30**	**5**	1 038	10	2
NPLs (excluding UK operations)	**9 571**	**23**	**19**	4 329	9	7
UK operations	**1 960**	**23**	**4**	479	5	1
Change in total group NPLs	**11 531**	**23**	**23**	4 808	8	8

* *Include debt-review and other core lending advances ≥90 days in arrears.*

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

Group NPL balances increased 23% period-on-period as a consequence of advances growth and the weak economic environment. This was in line with expectations.

SA retail NPLs increased 26% period-on-period to R36.9 billion (June 2023: R32.8 billion; December 2022: R29.3 billion) with increases across all portfolios, but most notably driven by residential mortgage NPLs (+R4.1 billion), personal loans NPLs (+R1.6 billion) and VAF NPLs (+R1.2 billion). Apart from origination strain related to book growth, these portfolios were significantly affected by inflationary and interest rate pressures. The absolute growth slowed during the period under review.

SA commercial NPLs remained similar to December 2022, driven by strain in the agric portfolio and benefiting from settlements and positive migrations.

The period-on-period increase of R1 billion in SA CIB portfolio NPLs was a result of the migration of certain high-value, highly secured exposures in both SA and in West Africa, due to the deterioration of economic and sovereign conditions. Since June 2023, NPLs have decreased due to the work-out and write-off of long-outstanding exposures.

The deterioration of macroeconomic conditions across the continent also had an impact on the broader Africa portfolio, with increasing levels of NPLs since December 2022, most notably in Namibia and Ghana. The NPL ratio decreased to 4.62% (December 2022: 4.83%; June 2023: 4.62%) given advances growth and further write-offs in Zambia. Post June 2023, the NPL ratio has remained flat as advances growth decelerated somewhat.

UK operations' NPLs increased 6% (in pound terms) period-on-period and 7% since June 2023, reflecting the impact of inflationary pressure and higher interest rates on credit performance. This, combined with the reduction in overall advances, resulted in an increase in the NPL ratio to 2.94% (June 2023: 2.72%; December 2022: 2.66%). The notice of sums in arrears (NOSIA) operational event continues to weigh on absolute NPL balances at MotoNovo. Remediation relating to the NOSIA event is tracking as expected.

NPL coverage decreased to 45.4% (December 2022: 49.0%) as a result of the reduction across all portfolios. Coverage remained similar to June 2023, benefiting from the UK operations, in particular the motor finance book.

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*

		Group		Bank**	
		As at 31 December			
%	Internal targets	**2023**	2022	**2023**	2022
CET1	11.0 – 12.0	**13.3**	13.2	**12.9**	12.6
Tier 1	>12.0	**14.1**	13.9	**14.1**	13.6
Total	>14.75#	**15.9**	16.0	**16.1**	16.1

* *Including unappropriated profits.*

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

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;
- an increase in the foreign currency translation reserve due to the rand's depreciation against hard currencies;
- successful capital optimisation strategies; and
- an increase in RWA mainly from credit risk, driven by higher volumes and rand depreciation. 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.

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 is expected to take place on a phased-in basis 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 continue to optimise its total loss-absorbing capacity by issuing a combination of capital and Flac instruments in the domestic and/or international markets.

The Corporation for Deposit Insurance (CoDI) was established as a legal entity in March 2023 and will be fully operational in April 2024. The group's impact assessments suggest an annual post-tax cost of R200 million to R230 million for a covered deposit balance of approximately R110 billion.

Capital allocation and returns

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

A summary of the capital allocated to the group's operating businesses is provided in the following table.

AVERAGE CAPITAL ALLOCATED

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022*	% change	2023*
FNB**	**56 890**	52 429	9	53 392
WesBank**	**9 025**	8 843	2	8 467
RMB	**47 039**	41 676	13	43 213
UK operations#	**34 389**	26 881	28	29 139
Centre†	**12 959**	10 824	20	10 703
Unallocated capital‡	**25 432**	25 707	(1)	28 633
FirstRand group	**185 734**	166 360	12	173 547

* *Restated – refer to pages 213 to 222 for more detail.*

** *Included in the average capital allocated to WesBank is a reduced operational risk capital allocation following the integration into FNB. There was a corresponding increase in FNB's allocated operational risk capital.*

Prior periods included the MotoNovo back book. UK operations' capital represents a quarterly average converted to rand using the period-end closing exchange rate.

† *Prior periods excluded 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.

ROE

	Six months ended 31 December		Year ended 30 June
%	**2023**	2022*	2023*
FNB	**40.3**	41.8	40.6
WesBank	**21.9**	20.9	21.8
RMB	**19.0**	22.4	21.1
UK operations**	**9.6**	11.9	11.6
Centre (including Group Treasury)	**2.7**	(0.9)	1.6
FirstRand group	**20.6**	21.6	21.1

* *Restated – refer to pages 68 to 70 and 213 to 222 for more detail.*

** *Prior periods 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 the resultant risk and enable business to operate efficiently and sustainably, the group seeks to optimise its funding composition, subject to structural liquidity constraints and prudential requirements. The group continues to pursue a deposit-led funding strategy that provides diversification and stability with an inherent liquidity risk offset.

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

The group's high-quality liquid assets (HQLA) portfolio provides a liquidity buffer against unexpected liquidity stress events or market disruptions, and serves to facilitate the changing liquidity requirements of its operating businesses. The HQLA portfolio has been constructed taking the group's funding composition, growth and liquidity risk appetite, as well as prudential requirements, into consideration. The composition and quantum of available HQLA are determined behaviourally by considering both the funding liquidity-at-risk and the market liquidity depth of these instruments. The portfolio is continually assessed and actively managed to ensure optimal composition, return and size.

The group remains well funded, with adequate liquidity buffers to meet both prudential liquidity requirements and internal risk targets. The group closely monitors market developments, key risk metrics and early warning indicators as part of its ongoing funding and liquidity management and planning.

PRUDENTIAL LIQUIDITY RATIOS

	Group*		Bank*	
	As at 31 December			
%	**2023**	2022	**2023**	2022
LCR				
Regulatory minimum	**100**	100	**100**	100
Actual	**119**	121	**123**	124
Average available HQLA (R billion)**	**432**	392	**372**	349
NSFR				
Regulatory minimum	**100**	100	**100**	100
Actual	**122**	120	**118**	117

* *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 135.*

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 significantly 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.

UK regulatory update

In January 2024, the UK's Financial Conduct Authority (FCA) announced that it was undertaking a review of the historical use of discretionary commission arrangements and sales by the mainstream lenders in the UK motor finance market. The FCA has exercised its powers under Section 166 of the Financial Services and Markets Act to appoint a skilled person to run the review process, and plans to set out next steps by the end of September 2024.

A team representing FirstRand, Aldermore and MotoNovo are currently cooperating fully with the FCA, and FirstRand shareholders may take note of the following:

- Most of the vehicle loans originated within the scope of the FCA review reside in FirstRand Bank's London branch in the form of the MotoNovo back book, which was not part of MotoNovo when Aldermore acquired the business from FirstRand in 2019.
- A smaller cohort of such loans resides in the MotoNovo front book as MotoNovo started to phase out discretionary commission models in 2020.
- It is important to note that not all loans originated through dealers in the review period used discretionary commission arrangements.
- Some claims have already been through the UK county courts. Where individual cases were tested in county court, there have been a significant number of positive outcomes for lenders as unfairness and/or customer detriment was not demonstrated. This has been the outcome for the majority of court cases.
- Given that the skilled person review has just commenced, and that the group continues to believe that MotoNovo's historical practices were compliant with the law and regulations in place, there remains considerable uncertainty and therefore no current requirement for a provision to be recognised. With the benefit of greater insight from its engagement with the skilled person, the FCA and the group's legal team, FirstRand is likely to be in a position by financial year end to update shareholders on any potential outcome.

Prospects

Looking ahead, global cyclical macroeconomic conditions should ease, particularly as central banks including the Fed and the BoE look to cut rates in the second half of calendar year 2024. This should allow the South African Reserve Bank (SARB) some room to cut the domestic repo rate.

However, in the second six months of FirstRand's financial year to June 2024, the macroeconomic environment in the jurisdictions where the group operates are expected to remain largely unchanged, characterised by high interest rates and persistent elevated inflation, resulting in continued affordability pressures, particularly for households.

Ongoing investments by South African businesses in energy capacity remains an underpin to corporate and commercial credit extension, and provides some upside for production capacity, GDP growth, and business and consumer confidence.

Against the above backdrop, the group anticipates softer overall advances growth and, given the current high base, deposit growth is also expected to slow, mainly driven by the retail segment as households draw down on savings. Commercial deposit gathering is expected to remain resilient.

Although fee reductions continue in the retail and commercial customer segments, the growth trajectory in NIR will benefit from stronger growth in fee and commission income relative to the prior period, supported by ongoing customer growth and activity. The first two months of the second half are already performing better than the comparative period.

The credit loss ratio is expected to remain well below the mid point of the group's TTC range. Operating expenses growth will be lower than in the first half.

The group therefore expects to generate earnings similar to the first half.

The ROE is also expected to be similar to the first half, as the cyclical pressures will remain for the rest of the financial year, and within the group's stated 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 1.7 times cover, representing a payout ratio of 58.8%.

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, other than the UK FCA review of the motor industry noted above.

Board changes

Changes to the directorate are outlined below.

Name	Position	Effective date
Resignation		
WR Jardine	Chairman and independent non-executive director	30 November 2023
RM Loubser	Independent non-executive director	30 November 2023
Appointment		
JP Burger	Chairman and independent non-executive director	1 December 2023

Change in auditors

Ernst & Young Incorporated (EY) 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 200.0 cents per ordinary share out of income reserves for the six months ended 31 December 2023.

Ordinary shares

	Six months ended 31 December	
Cents per share	**2023**	2022
Interim (declared 28 February 2024)	**200.0**	189.0

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

Last day to trade cum-dividend	Monday, 25 March 2024
Shares commence trading ex-dividend	Tuesday, 26 March 2024
Record date	Thursday, 28 March 2024
Payment date	Tuesday, 02 April 2024

Share certificates may not be dematerialised or rematerialised between Tuesday, 26 March 2024 and Thursday, 28 March 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 interim ordinary dividend net of 20% DWT at 40.0000 cents per share will be 160.0000 cents per share.

JP BURGER
CHAIRMAN

C LOW
COMPANY SECRETARY

AP PULLINGER
CEO

HS KELLAN
CFO

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;
- integrating WesBank's vehicle and asset finance offering;
- 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 – CashPlus) distribution channels in broader Africa.

FNB FINANCIAL HIGHLIGHTS

R million	Six months ended 31 December 2023	Six months ended 31 December 2022*	% change	Year ended 30 June 2023*
Normalised earnings	**11 473**	10 964	5	21 700
Normalised profit before tax	**16 468**	15 745	5	31 128
– South Africa	**14 699**	14 315	3	28 226
– Broader Africa	**1 769**	1 430	24	2 902
Total assets	**566 204**	527 650	7	547 664
Total liabilities	**545 095**	510 693	7	516 642
Performing advances	**507 327**	475 537	7	494 244
Stage 3/NPLs as a % of advances	**7.00**	6.22		6.59
Credit loss ratio (%) of average advances	**1.55**	1.28		1.32
ROE (%)	**40.3**	41.8		40.6
ROA (%)	**4.12**	4.24		4.12
Cost-to-income ratio (%)	**50.0**	51.0		52.1
Net advances margin (%)	**3.78**	3.90		3.91

* *Restated. Refer to pages 68 to 70.*

Overview of results

FNB delivered normalised profit before tax (PBT) growth of 5% and an ROE of 40.3% in the period under review.

FNB's NII growth of 9% period-on-period was mainly driven by the consistently strong performance from the deposit franchise, with deposits increasing 11% domestically and 16% in broader Africa. In addition, despite challenging macroeconomic conditions and the resultant pressure on customer affordability levels, FNB grew advances 8%. The current interest rate cycle resulted in a net endowment benefit, however, this was lower period-on-period given the impact of the group's ALM strategy.

The advances margin reduced to 3.78% (December 2022: 3.90%), mainly reflecting the origination mix, which continued to tilt to commercial and low to medium risk in retail. Deposit margins widened, driven by endowment on transactional accounts. This was, however, impacted by lower liquidity spreads, which reduced FNB's NII growth by one percentage point.

FNB's NIR was supported by growth in customer numbers, increased activity 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 premiums and a favourable claims experience in the life portfolio.

The relatively muted growth in fee and commission income in the period under review was due to sub-inflation fee increases across both retail and commercial accounts. In addition, 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 period, FNB believes this is the correct outcome for customers.

All of the above actions resulted in a R477 million reduction in fee and commission income in the period. Despite this, FNB delivered 5% growth in NIR.

Given the macroeconomic environment, with customers experiencing both inflationary and interest rate pressures, FNB's impairment charge showed some emerging strain, increasing 31%, with the credit loss ratio increasing to 155 bps (December 2022: 128 bps). This outcome is broadly in line with expectations given the group's origination strategies and economic outlook. The strain was most evident in the retail portfolios.

FNB delivered excellent cost management with expenses growing below inflation (+5%), resulting in positive jaws.

CHANNEL VOLUMES

Thousands of transactions	Six months ended 31 December 2023	Six months ended 31 December 2022*	% change	Year ended 30 June 2023
ATM/ADT*	**142 892**	143 858	(1)	285 132
Digital**	**401 050**	369 832	8	737 469
Card acquiring	**539 610**	486 972	11	968 928
Card issuing	**618 529**	569 841	9	1 132 203

* *Comparatives have been restated to reflect the inclusion of transactions by non-FNB card holders.*

** *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 split into personal and private segments based on relative income. Small and medium-sized enterprises (SMEs) 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 total active platform users (including eWallets) 5% period-on-period, with the active customer base (excluding eWallets) also increasing 5%.

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

ACTIVE CUSTOMERS AND PLATFORM USERS

Millions	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Retail	**8.45**	8.04	5	8.25
– Personal* (≤R600k)	**6.74**	6.46	4	6.58
– Private* (>R600k)	**1.71**	1.58	8	1.67
Commercial	**1.23**	1.20	3	1.21
Total SA customer base	**9.68**	9.24	5	9.46
FNB broader Africa	**2.13**	1.98	8	2.03
FNB active customers	**11.81**	11.22	5	11.49
eWallets**	**6.57**	6.36	3	6.13
Total platform users	**18.38**	17.58	5	17.62
FNB SA VSI	**2.99**	2.94	2	2.98

* *The income cut-off between the personal and private segments has been updated from R450k to R600k, resulting in the restatement of December 2022 and June 2023 figures.*

** *Represent all eWallets without another FNB relationship/product that had at least one transaction in the past six months. In addition, there are 1.83 million eWallets belonging to FNB customers. FNB customer eWallets represent 22% of the total 8.4 million eWallets.*

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

SEGMENT RESULTS

R million	Six months ended 31 December 2023	Six months ended 31 December 2022*	% change	Year ended 30 June 2023*
Normalised PBT				
Retail	**7 608**	7 456	2	14 799
Commercial	**7 091**	6 859	3	13 427
Broader Africa	**1 769**	1 430	24	2 902
Total FNB	**16 468**	15 745	5	31 128

* *Restated.* *Refer to pages 68 to 70.*

Retail's results were supported by NII growth, driven by the particularly strong performance of 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 PBT, 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 is 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 7% period-on-period, supported by residential mortgages (+6%) and unsecured lending (+10%).

Growth in unsecured lending, particularly card and FNB personal loans, gained some momentum, but was offset by the continued contraction of the DirectAxis personal loans book (down 4%) and the runoff of the Covid-19 relief book. Excluding these, FNB personal loan advances grew 18% and card advances 13%. A shift in new business origination to the Fusion product has resulted in lower overdraft advances growth over the period. Revolving facilities bounced back off a previously declining base, growing 29% period-on-period.

In addition, although the macros deteriorated more than had been anticipated, retail impairments increased broadly in line with expectations, given previous advances growth and the anticipated customer strain due to high interest rates and inflation. Retail impairments increased 33% period-on-period.

Commercial's performance reflects ongoing growth in advances (+9%) and deposits (+12%). Commercial advances continued to grow in accordance with FNB's consistent strategy of targeting specific customer cohorts, including agriculture and Islamic banking, as well as specialised finance lending focused on specific sectors and counterparties.

Commercial's NIR benefited from higher volumes, offset by fee give-backs and value proposition updates. Credit losses increased 63%, off a low base and in line with expectations given the origination strategy.

PBT in broader Africa increased 24%, driven by good NIR growth, underpinned by an 8% increase in the active customer base and higher transactional volumes with widening deposit margins.

The 18% increase in NII was supported by strong balance sheet growth and the positive endowment impact from the rate hiking cycle. Impairments remained benign across most portfolios while strain is evident in Namibia and Ghana. Broader Africa advances increased 9%, 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. Botswana and Eswatini were key drivers of growth. Whilst the Ghana business continued to experience economic headwinds, its performance was better than expected, with good core franchise growth.

Overall deposit growth of 16% was supported by innovative product offerings across all segments.

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

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Deposit growth		**Advances growth**	
Segments	**%**	**R million**	**%**	**R million**
Retail	**11**	**37 267**	**7**	**23 797**
– Personal* (≤R600k)	**2**	**1 680**	**9**	**5 752**
– Private* (>R600k)	**13**	**35 587**	**6**	**18 045**
Commercial	**12**	**49 003**	**9**	**9 537**
Broader Africa**	**16**	**9 488**	**9**	**5 107**
Total FNB	**12**	**95 758**	**8**	**38 441**

* *The income cut-off between the personal and private segments has been updated from R450k to R600k, resulting in the restatement of December 2022 and June 2023 figures.*

** *On a local currency basis deposit growth in broader Africa was 19% and advances 9%.*

Credit performance

FNB's credit impairment charge increased 31% to R4 177 million (December 2022: R3 192 million) and the credit loss ratio increased to 155 bps (December 2022: 128 bps).

This was driven by:

- strong growth in unsecured advances at higher coverage ratios, creating front-book strain;
- releases from FLI models based on the improving macro outlook which benefited performing coverage (with appropriate FLI stock remaining);
- flat arrears as SICR moderated;

- accelerated NPL formation on the back of the higher interest rates and origination strain; and
- a reduction in write-offs and post write-off recoveries period-on-period.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2023	2022	% change	Year ended 30 June 2023
Movement in balance sheet provisions				
Performing book provisions	**(209)**	193	(>100)	114
NPL provision	**1 324**	(93)	(>100)	459
Credit provision increase	**1 115**	100	>100	573
Gross write-off and other	**4 861**	5 118	(5)	9 895
– Bad debts written off*	**4 753**	5 220	(9)	10 139
– Exchange rate and other	**108**	(102)	(>100)	(244)
Amounts recognised directly in income statement				
Modification loss	**341**	325	5	616
Interest suspended on stage 3 advances	**(1 354)**	(1 425)	(5)	(2 524)
Post write-off recoveries	**(786)**	(926)	(15)	(1 816)
Total impairment charge	**4 177**	3 192	31	6 744

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

FNB's approach to provisioning remains appropriately prudent given the anticipated economic cycle. FLI improved, albeit marginally. The stress scenario was dropped from FLI models in June 2023, resulting in a downward impact on coverage ratios.

Arrears and SICR buckets flattened, whilst arrears rolling into NPLs accelerated. The current debt relief portfolio continued to perform better than expected, and outstanding specific debt-relief advances amounted to R823 million (December 2022: R1.5 billion). These factors resulted in overall performing coverage moderating downwards to 2.27% (December 2022: 2.49%).

The NPL ratio increased to 7.00% (2022: 6.22%). NPL formation was more prominent in residential mortgages and personal loans, but not out of line with expectations. Pleasingly, there remains no evidence of strain in commercial, which was a better outcome than expected. NPL coverage remains conservative at 47.1% (December 2022: 51.0%) 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 premium income and moderating claims 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	Six months ended 31 December 2023	2022	% change	Year ended 30 June 2023
Core life (including funeral)	**626**	577	8	1 208
Underwritten	**139**	139	–	281
Commercial	**178**	139	28	159
Standalone products	**943**	855	10	1 648
Credit life	**470**	458	3	921
FNB Life	**1 413**	1 313	8	2 569
FNB Short-term*	**306**	263	16	570

* *December 2022 and June 2023 figures have been restated to exclude cross-product intercompany policies.*

FNB Life's new business APE increased 8%, with premiums up 14%.

In the short-term insurance business, policies increased to c. 300k (up 9%) and new business APE grew 16%. Insurance service revenue (premiums) increased 53% period-on-period, 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 that advise clients on investment products, which supported the 21% growth in assets under management (AUM) period-on-period. Overall investment accounts grew 8% to 652k, with penetration of the FNB customer base at 9%, predominantly in the private segment (14% penetration).

Whilst share trading activity remained muted, the number of active share trading accounts increased 8% to 255k. NIR was up 5% 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

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
AUM	**78 876**	65 130	21	74 438
FNB Horizon series	**6 872**	6 380	8	6 655
Assets under advice	**77 267**	70 600	9	72 946
Assets under administration	**80 657**	68 997	17	75 033
Assets under execution	**92 474**	84 237	10	90 660
Total WIM assets	**336 146**	295 344	14	319 732

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 six months ended 31 December 2023 are outlined below.

- Since the launch on the FNB app, 5 million virtual cards have been activated and R50.1 billion in value transacted. The virtual card is key to facilitating more secure e-commerce transactions.
- Device payments (using Apple or Android) accounted for 80 million transactions worth R31 billion.
- Approximately 8.4 million eWallet users accounted for cash withdrawals of R27.3 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 4.1 million users at 31 December 2023, up 26% period-on-period.
- nav»Home has placed c. 47k families in homes and paid out R58 billion in loans since inception. FNB now originates 33% of home loans through this channel. Estate agent functionality was activated on the app in FY21 and 204 estate agents have been onboarded, with 2 017 current listings.
- At 31 December 2023, nav»Car had 983k vehicles loaded in the garage, and WesBank has financed R848 million in vehicle loans through this channel since inception. CarP2P had 373 active private listings at 31 December 2023.
- Commissionable e-commerce turnover and fulfilment on platform (i.e. electricity, mobile and digital vouchers sold) amounted to R9.5 billion (December 2022: R9.2 billion). Approximately three million customers use these services.
- eBucks travel sales increased to R583 million (December 2022: R450 million).
- Digitally active customers grew to 7.1 million (December 2022: 6.73 million). Digital includes mobile banking (USSD), online banking and the app.
- In December 2023, the banking app active transacting base exceeded 5.5 million customers, with a new monthly record of 130 million logins. Monthly app logins in December 2023 were 29% higher than in December 2022.
- Digital logins totalled 981 million, with online and mobile banking (USSD) logins of 89 million and 170 million, respectively. The app contributed 723 million logins.
- Total transactional volumes through digital interfaces included 78 million for online banking, 310 million (+14%) for the banking app and 12 million for mobile banking (USSD), highlighting the scalability of FNB's platform.
- In broader Africa, card transactions increased 18% from 48.6 million to 57.1 million and digital penetration increased from 40.3% to 48.3%.

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;
- integrating into the FNB platform to offer vehicle and asset-based finance 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 first half of the financial year, with industry sales growth up only 0.5% to 532 098 units year-on-year.

Market activity in the first 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, particularly for quality risk customers, increased, resulting in heightened margin pressure to secure deals.

Against this backdrop 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. Competitive pricing pressures continue to weigh on risk-based margins, particularly at point of sale in the dealer space, which comprises the majority of the financed vehicle transactions in the market.

Despite the industry challenges, the commercial and corporate portfolio delivered strong growth in advances, up 21% period-on-period, emanating from the asset-based finance portfolio. Retail VAF advances grew 7%. This resulted in overall advances growth of 11%. 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, VWFS and TFS, delivered good growth in advances as post-pandemic volumes normalised. Further benefits came from reduced write-offs, supported by strong collections.

WESBANK FINANCIAL HIGHLIGHTS

R million	Six months ended 31 December		% change	Year ended 30 June
	2023	2022*		2023*
Normalised earnings	**988**	924	7	1 850
Normalised profit before tax	**1 379**	1 271	8	2 438
Total assets	**172 127**	154 906	11	163 851
Performing advances	**163 369**	147 007	11	155 756
Stage 3/NPLs as a % of advances	**4.56**	4.28		4.44
Credit loss ratio (%) of average advances	**1.15**	1.01		1.12
ROE (%)	**21.9**	20.9		21.8
ROA (%)	**1.18**	1.23		1.19
Cost-to-income ratio (%)	**51.7**	53.1		52.7
Net interest margin (%)	**2.74**	2.65		2.80

** Restated. Refer to pages 68 to 70.*

Despite the industry and competitive pressures outlined above, WesBank delivered normalised PBT growth of 8% period-on-period and an ROE of 21.9%. The business performance benefited from the prior year's strong origination growth and sustained momentum in commercial in the period under review. This solid advances growth contributed to NII increasing 18%, with some offset from an increase in expected loss provisions across all stages.

Total NIR growth of 4% reflects:

- a strong rebound from the TFS and VWFS joint ventures;
- 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 period-on-period.

BREAKDOWN OF PRE-TAX PROFITS BY SEGMENT*

R million	Six months ended 31 December		% change	Year ended 30 June
	2023	2022**		2023**
Normalised PBT				
Retail VAF[#]	**978**	887	10	1 582
Corporate and commercial	**401**	384	4	856
Total WesBank	**1 379**	1 271	8	2 438

* *Refer to additional segmental disclosure on page 60.*

** *Restated. Refer to pages 68 to 70.*

[#] *Includes MotoVantage.*

Both customer segments performed well, with retail VAF PBT up 10% period-on-period, benefiting from the prior year growth in advances, as well as a significant improvement in the associates' performance as operating conditions related to manufacturing and parts logistics improved at the underlying original equipment manufacturers. Corporate and commercial produced a solid result with PBT up 4% period-on-period, off the back of strong advances growth of 21%, offset by increased provisions and higher operating costs as platform and business integration continued.

WesBank's credit performance was in line with expectations. The credit loss ratio increased to 1.15% (December 2022: 1.01%) as a function of the significant growth in new production in corporate and commercial, which resulted in higher stage 1 provisions. Overall performing coverage increased, whilst stage 3 coverage reduced due to newer inflows, better overall collections and curing in the period.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Movement in balance sheet provisions				
Performing book provisions	**81**	216	(63)	641
NPL provision	**270**	(215)	(>100)	(283)
Credit provision increase	**351**	1	>100	358
Gross write-off and other	**831**	1 039	(20)	1 954
– Bad debts written off*	**831**	1 039	(20)	1 954
Amounts recognised directly in income statement				
Modification loss	**15**	28	(46)	54
Interest suspended on stage 3 advances	**(114)**	(119)	(4)	(232)
Post write-off recoveries	**(122)**	(198)	(38)	(406)
Total impairment charge	**961**	751	28	1 728

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

The 28% increase in WesBank's credit impairment charge to R961 million (December 2022: R751 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 6%, driven by increased production volumes and interest rate strain on customers. Coverage increased to 12.06% (December 2022: 10.76%). Whilst there has been an increase in arrears, the majority of stage 2 remains modelled SICR.
- Performing coverage increased to 2.02% (December 2022: 1.90%), reflecting the impact of a weak macroeconomic environment and higher interest rates on customers' ability to service debt. Since June 2023, coverage decreased marginally as forward-looking macro assumptions improved, resulting in FLI releases.
- Stage 3 advances increased to 4.56% of total advances (December 2022: 4.28%). NPL coverage reduced to 46.8% (December 2022: 52.5%).
- WesBank's write-off policy remains prudent and the proactive management of NPLs continued, with write-offs decreasing 20% period-on-period. NPLs increased to R7.8 billion (December 2022: R6.6 billion).

Operating expenses increased 9% period-on-period, largely as a function of the continued investment in the fleet management and leasing business, and the additional cost of leveraging the frontline distribution capabilities of FNB commercial.

Pleasingly, operational leverage continues to improve as WesBank further integrates its operating model with FNB. WesBank's cost-to-income ratio further improved to 51.7% (December 2022: 53.1%).

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

RMB's strategy is to ensure delivery of 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 new business unit, treasury and trade solutions (refer below), 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

	Six months ended 31 December		%	Year ended 30 June
R million	**2023**	2022	change	2023
Normalised earnings	**4 475**	4 659	(4)	9 116
Normalised profit before tax	**6 228**	6 450	(3)	12 582
– South Africa	**4 342**	4 799	(10)	8 636
– Broader Africa*	**1 886**	1 651	14	3 946
Total assets	**761 120**	696 589	9	720 698
Total liabilities	**749 976**	687 867	9	706 772
Stage 3/NPLs as a % of core lending advances	**1.09**	0.99		1.23
– Lending	**0.97**	0.87		1.11
– Private equity**	**6.31**	6.97		6.76
Credit loss ratio (%) – core lending advances	**0.28**	0.01		0.14
ROE (%)	**19.0**	22.4		21.1
ROA (%)	**1.21**	1.41		1.36
Cost-to-income ratio (%)	**49.5**	47.9		49.7

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

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

RMB's normalised PBT reduced 3%, mainly driven by a R595 million period-on-period increase in credit impairments combined with elevated investment spend (+45%), and the base created in the previous period by a significant private equity realisation (c. R1.1 billion). NII (up 10%) benefited from 14% growth in total advances and increased endowment on deposits and custody balances. Advances margins have trended down partly as a result of competitive pricing. NIR increased 9% due to strong growth in knowledge-based fee income coupled with realisations in the principal investing (R508 million) and private equity (R268 million) portfolios.

RMB's elevated cost growth (+13%) resulted from additional investment in enablement capabilities, building capacity in jurisdictions such as the USA in support of the broader Africa strategy, a 45% increase in investment spend to modernise core platforms and enhance digital offerings to clients, as well as elevated levels of volume-linked operating expenses.

ROE trended down to 19.0% due to elevated capital levels, primarily as a result of strong book growth, coupled with the impact of lower earnings.

The South African portfolio's PBT (70% of overall RMB PBT) declined 10%, mainly impacted by the significant increase in credit provisions of R511 million, reflecting a combination of strong book growth, the negative migration of certain counters in the core lending portfolio, additional impairments raised against certain non-performing counters in both the core lending and private equity portfolios, and a mixed performance from the markets business. In addition, the prior period benefited from net credit provision releases.

The broader Africa portfolio (30% of overall RMB PBT) delivered a strong performance, growing PBT 14% (20% in constant currency terms). This was achieved despite the negative impact of significant local currency devaluations of 42% in Nigeria and 17% in Zambia, which resulted in foreign currency translation losses of >R100 million. Broader Africa NII increased 28%, driven by average advances growth of 41%, as well as continued primary-banked client acquisition, which underpinned average deposit growth of 16%. The markets business benefited from good performances in Nigeria and Zambia off the back of increased volatility and client flow volumes.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Movement in balance sheet provisions				
Performing book provisions	**359**	(3)	(>100)	78
NPL provision	**143**	(634)	(>100)	(574)
– Provision movements	**143**	187	(24)	247
– NPL release due to debt-to-equity restructure*	**–**	(821)	(100)	(821)
Credit provision increase/(decrease)	**502**	(637)	(>100)	(496)
Gross write-off and other*	**164**	697	(76)	1 134
– Bad debts written off**	**102**	–	–	469
– Debt-to-equity restructure	**–**	716	(100)	716
– Exchange rate and other	**62**	(19)	(>100)	(51)
Amounts recognised directly in income statement				
Interest suspended on stage 3 advances	**(41)**	(35)	17	(45)
Post write-off recoveries	**(5)**	–	–	(42)
Total	**620**	130	>100	656
Debt-to-equity restructure	**–**	(105)	(100)	(105)
Total impairment charge	**620**	25	>100	551

* *The movement in NPL provision and gross write-off excludes the impact of the debt-to-equity restructure. Refer to page 85 for more information.*

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

The credit quality of RMB's core lending portfolio remained resilient. As expected, a limited number of counters have migrated to NPL status in South Africa and broader Africa over the last 12 months. This reflects ongoing strain in specific sectors of the domestic economy given the worsening macro environment, and elevated sovereign risk in Ghana and Nigeria. As a result, RMB raised new impairments on the core lending portfolio as well as against a limited number of private equity counters during the period under review. The prior period charge reflected the benefit of a debt-to-equity restructure of a specific private equity counter which resulted in a net R105 million release.

RMB believes its consistent and prudent provisioning approach remains appropriate, with the performing book coverage ratio against core lending advances at 117 bps (June 2023: 119 bps; December 2022: 123 bps).

The financial and operational performance of the portfolio is unpacked below.

During the period under review, RMB took the decision to restructure its portfolio. RMB believes there is significant additional value which can be unlocked for clients through integrated solutions to optimise cash management and cash conversion cycles. As a result, three product capabilities – liquidity and investment, trade and working capital, and payments and collections – have been combined into a single business unit, treasury and trade solutions (TTS). These activities were previously reported within the performances of investment banking, markets and corporate transactional banking. The following table provides a period-on-period reconciliation.

RESTRUCTURING RECON – NORMALISED PBT

R million	Six months ended 31 December 2022 – New RMB structure					
Previous RMB structure	Investment banking	TTS	Markets	Private equity	Head office and other	Total
Banking	2 935	1 268	–	–	–	4 203
Markets	(6)	63	1 296	–	(35)	1 318
Private equity	–	–	–	1 282	–	1 282
Head office and other	–	–	–	–	(353)	(353)
RMB	2 929	1 331	1 296	1 282	(388)	6 450

R million	Year ended 30 June 2023 – New RMB structure					
Previous RMB structure	Investment banking	TTS	Markets	Private equity	Head office and other	Total
Banking	6 099	2 405	–	–	–	8 504
Markets	(39)	145	2 476	–	(32)	2 550
Private equity	–	–	–	2 026	–	2 026
Head office and other	–	–	–	–	(498)	(498)
RMB	6 060	2 550	2 476	2 026	(530)	12 582

BREAKDOWN OF PBT CONTRIBUTION

R million	Six months ended 31 December 2023	2022	% change	Year ended 30 June 2023
Investment banking	**3 309**	2 929	13	6 060
Treasury and trade solutions	**1 348**	1 331	1	2 550
Markets	**1 020**	1 296	(21)	2 476
Private equity	**654**	1 282	(49)	2 026
Other*	**(103)**	(388)	(73)	(530)
Total RMB	**6 228**	6 450	(3)	12 582

* *Other includes Ashburton Investments, and support and head office activities.*

Investment banking

Investment banking delivered PBT growth of 13%. This reflects strong new business origination resulting in a 17% increase in average advances, supporting NII growth. Margins have come under pressure due to competitive pricing.

PBT was supported by strong growth in advisory, structuring and commitment fee income, benefiting from new business origination and increased market activity. The principal investments portfolio delivered an excellent performance, with strong annuity income growth and a realisation of R508 million, despite the impact of impairments taken to de-risk specific exposures. The business has retained prudent provisioning levels given the constrained macro environment.

TTS

TTS produced revenue growth of 10% period-on-period, benefiting from strong average advances growth of 19%, driven by demand for structured lending and general banking facilities from clients. The broader Africa activities delivered PBT growth of 18%, underpinned by average advances growth of 29% and average deposit growth of 16%, as the business continues to attract new clients. The elevated rate cycle across most jurisdictions also contributed positively. The SA business achieved satisfactory normalised average deposit growth of 6% given higher operational balances from new primary-banked clients, as well as increasing levels of cross-sell.

NIR growth of 12% was driven by trade and working capital NIR (+20%), in turn driven by structuring and arranging fees on lending activities and increased guarantee fees. The payments business generated good NIR growth, reflecting an increase in volumes across most products. Margins remained under pressure given competitive pricing and increased transaction and merchant services costs.

The overall PBT performance of TTS (+1%) was negatively impacted by increased credit provisions due to strong book growth. Elevated platform investment spend (+42%) and volume-related expenses further reduced PBT growth.

Markets

Markets' PBT decreased 21% period-on-period, as a large portion of RMB's investment spend resulted from geographic diversification and platform build strategies in the business. The underlying operational performance presents a mixed picture, unpacked in detail below.

The SA portfolio's gross income increased 5%, with varying performances across asset classes.

- The activities that performed well included fixed income, foreign exchange and commodities, collectively up 9% – driven by increased market volatility in interest rates, foreign exchange (in particular rand and naira), and the gold price, leading to increased client execution volumes.
- The underperforming activities included equities, which declined 39%, predominantly due to the equities business experiencing lower trade volumes and corporate action activity, as well as a 25% reduction in structured credit activities due to challenging macros across broader Africa.

Global securities services' income increased 8% benefiting from higher margins off the back of higher rates, coupled with growth in cash collateral and custody balances.

Broader Africa markets activities' gross income reduced 3%, reflecting significant headwinds in dollar liquidity, increased sovereign risk in most countries and the impact of the naira devaluation (c. R150 million impact).

Private equity

Private equity posted gross annuity income growth of 15%, supported by a resilient operational performance from portfolio companies. The overall period-on-period reduction in profit of 49% reflects the non-repeat of the large realisation in the comparative period, which generated c. R1.1 billion in gross income (and net earnings of c. R800 million), offset by the benefit of a smaller R268 million gross income realisation in the current period. The period under review provided limited new investment opportunities with c. R300 million deployed, although several new investment opportunities are in the process of finalisation. The ongoing quality and diversity of the portfolio is reflected in the unrealised value of the portfolio of R6.0 billion, despite the material realisation in the comparative period (June 2023: R5.7 billion; December 2022: R5.2 billion).

Ashburton Investments (included in other)

Ashburton Investments recorded steady new inflows, although at lower levels than in the comparative period, reflecting a more constrained macro environment. AUM increased 11% period-on-period to R130.4 billion, with South Africa contributing R3.8 billion to new flows, primarily from the fixed income and indexation portfolios.

UK operations

Aldermore

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'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 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.

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 and believes it can scale over time.

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

- **Property finance**
  - Grow profitably in existing markets and new subsegments.
  - 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 (MotoNovo)**
  - Drive core market growth and efficiency through continued modernisation.
  - Scale and diversify through targeting adjacent markets and customer groups.
- **Savings**
  - Diversify funding sources and distribution mix across retail, SME and corporate segments.
  - Optimise cost of funds and liquidity profile.

UK OPERATIONS FINANCIAL HIGHLIGHTS

£ million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Normalised earnings	**71**	79	(10)	158
Normalised profit before tax	**105**	110	(5)	215
Total assets*	**20 199**	19 881	2	19 943
Total liabilities*	**18 600**	18 422	1	18 356
Stage 3/NPLs as a % of advances	**2.94**	2.66		2.72
Credit loss ratio (%) of average advances	**0.33**	0.67		0.59
ROE (%)	**9.6**	11.9		11.6
Aldermore Bank ROE** (%) – based on operational performance	**13.0**	12.8		12.7
ROA (%)	**0.70**	0.82		0.82
Cost-to-income ratio (%)	**54.2**	46.5		50.8

* *Restated – refer to pages 68 to 70 for more detail.*

** *Based on operational performance, excluding strategic technology spend and fair value movements. Refer to the table on page 43.*

Performance overview

The UK operations delivered an ROE of 9.6%, whilst normalised PBT declined 5%.

The underlying operational PBT performance (which excludes fair value movements and strategic technology spend) was up 16%, and was characterised by a resilient net interest margin, supported by FRM discipline and a lower impairment charge, which more than offset the impact of inflationary pressures and lower net lending.

As expected, normalised profits were adversely impacted by the partial unwind of prior period accounting profits on interest rate hedging instruments, as well as costs incurred from the current technology investment programme – part of a multi-year strategy to modernise operating platforms, improve efficiencies and position the business to deliver on its long-term growth ambition.

Based on the underlying operational performance (excluding fair value movements and strategic technology spend) Aldermore Bank delivered PBT growth of 17% and an ROE of 13.0%. It remains well capitalised with a CET1 ratio of 18.5%.

Overall UK operations advances reduced 4% to £15.3 billion (December 2022: £15.9 billion). This reflected muted domestic markets and the focus on balancing returns with portfolio growth.

- Property finance advances reduced 1% period-on-period, with growth in the buy-to-let portfolio more than offset by the impact of a subdued owner-occupier market, given the impact of higher mortgage rates and cost-of-living pressures on buyer sentiment.
- Structured and specialist finance advances reduced 3% period-on-period to £3.6 billion. This reflects the impact of a slowdown in commercial real estate activity, timing of invoice finance deals and the decision to sell the group's working capital finance business, which represented c. £41 million in advances in the comparative period.
- Motor finance front-book advances reduced 5% period-on-period to £4.1 billion, reflecting the impact of a more muted market and increased repayments and redemptions from a maturing portfolio.

Deposits increased 4% to £15.9 billion, with growth in the business and corporate franchises more than offsetting a modest reduction in personal savings balances.

- Personal savings contracted 1% period-on-period, largely due to the market turmoil resulting from the Silicon Valley Bank collapse and a focus on balance sheet optimisation.
- Business savings and corporate treasury balances grew 16% period-on-period, benefiting from customers seeking to diversify their liquidity holdings on the back of the collapse of Silicon Valley Bank and Credit Suisse, as well as an ongoing focus on client engagement.

Deposits represent 89% of total funding (December 2022: 86%), resulting in a loan-to-deposit ratio of 96% (December 2022: 104%).

Slower lending and pressure on margins were largely offset by pricing discipline and a focus on optimising the UK operations' funding costs in response to higher interest rates. This resulted in a modest period-on-period reduction in NIM of 7 bps to 2.99%.

Fair value losses totalled £10.8 million (December 2022: £6.7 million profit; June 2023: £25.8 million profit). These losses reflect the partial unwind of profits recognised in previous periods in respect of instruments used by Aldermore to hedge interest rate risk. These profits were driven by the magnitude and velocity of interest rate increases in the prior period, and were expected to unwind across subsequent accounting periods.

ANALYSIS OF IMPAIRMENT CHARGE

£ million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Movement in balance sheet provisions				
Performing book provisions	**(6.4)**	28.8	(>100)	54.4
NPL provision	**20.2**	18.8	7	20.9
Credit provision (decrease)/increase	**13.8**	47.6	(71)	75.3
Gross write-off and other	**14.4**	6.3	>100	26.4
– Bad debts written off*	**14.4**	6.3	>100	26.4
Amounts recognised directly in income statement				
Interest suspended on stage 3 advances	**(1.7)**	(1.0)	70	(2.3)
Post write-off recoveries	**(1.4)**	(0.4)	>100	(9.0)
Total impairment charge	**25.1**	52.5	(52)	90.4

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

The UK operations impairment charge reduced 52% to £25.1 million (December 2022: £52.5 million), reflecting a more stable macroeconomic outlook, with observed arrears increasing broadly in line with expectation, amid higher interest rates and cost-of-living pressures. The UK operations impairment coverage ratio remains robust at 2.22% (December 2022: 2.09%).

The key credit metrics below reflect the factors referenced above:

- The credit loss ratio improved to 33 bps (December 2022: 67 bps).
- NPLs as a percentage of advances increased to 2.94% from 2.66% due to higher arrears balances, broadly in line with expectations given the cost-of-living pressures and ongoing NOSIA remediation. NPL coverage decreased to 34.4% (December 2022: 39.5%), driven by the removal of MotoNovo's back book NPLs (which had high coverage) as well as higher new inflows. Motor finance NPLs are expected to remain elevated until the NOSIA remediation process is finalised.
- Performing coverage increased to 1.24% (December 2022: 1.07%) as the book contracted, despite provision releases.

Operating expenses increased 11% to £161.2 million (December 2022: £145.1 million), reflecting the impact of inflationary pressures as well as increased change and strategic technology investment spend, as the business continues to invest in its platform and propositions to drive long-term growth.

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

£ million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Operational PBT				
Property finance	**53**	55	(4)	98
Structured and specialist finance	**48**	57	(16)	109
Central functions	**14**	(14)	(>100)	(7)
Aldermore Bank operational	**115**	98	17	200
Motor finance (excluding fair value hedge movements)*	**18**	17	6	24
Operational performance	**133**	115	16	224
Strategic technology spend	**(17)**	(12)	42	(35)
Fair value hedge movement*	**(11)**	7	(>100)	26
Total UK operations PBT*	**105**	110	(5)	215

* *£3.0 million of the fair value hedge loss relates to motor finance (December 2022: £1.9 million profit; June 2023: £9.5 million profit).*

Business unit performance highlights

Property finance

- Property finance traded well in a challenging market, leveraging Aldermore's strength in the specialist buy-to-let market, to offset most of the impact of a subdued owner-occupier market. Buy-to-let balances increased 5% period-on-period to £5.5 billion (December 2022: £5.3 billion).
- PBT declined to £53 million period-on-period (December 2022: £55 million), reflecting more muted markets (which impacted balance sheet growth) and price-led competitive pressures, preventing the full transmission of higher funding costs. This was partially offset by a lower impairment charge, as a more stable macroeconomic outlook enabled the partial release of event-related overlays raised in the prior financial year, given the uncertainties.
- Whilst higher interest rates continue to weigh on buyer sentiment, activity in the UK housing market is expected to recover through the remainder of the financial year, creating pockets of opportunity to drive portfolio growth.

Structured and specialist finance

- New business origination reduced to £0.8 billion (December 2022: £1.0 billion) reflecting the weak market, and increased FRM discipline, with a focus on more profitable, larger ticket-size deal flow.
- PBT declined to £48 million (December 2022: £57 million) with the impact of margin pressures (from the transmission of higher funding costs) and a contracting balance sheet partially offset by a lower impairment charge.
- The business is focusing on opportunities for growth in asset finance (including construction and agriculture) and in commercial real estate as markets begin to recover.

Central functions (including savings)

- Personal savings balances reduced by £0.1 billion to £10.4 billion, with the business remaining agile on pricing to protect balances whilst optimising funding costs in a higher interest rate environment.
- Business savings balances increased 18% period-on-period to £3.2 billion (December 2022: £2.7 billion) and corporate treasury balances increased 14% period-on-period to £2.3 billion (December 2022: £2.0 billion), as Aldermore continues its focus on growing and diversifying its funding base.
- Demand for fixed-rate products is expected to slow through 2024 as interest rates begin to fall, with the business focused on introducing new and improved products to protect and grow share in this segment.
- Central functions benefited from wider margins as the savings franchise transmitted appropriate funding costs to the lending franchises, as well as improved yields on treasury assets held centrally. This resulted in a profit of £14 million in the current period compared to a £14 million loss in the comparative period.

Motor finance (MotoNovo)

- New business origination totalled £0.7 billion (December 2022: £1.0 billion), as the used-car market faced inflationary and cost-of-living pressures. Operational PBT (excluding the fair value hedge) improved to £18 million (December 2022: £17 million).
- The PBT impact of the NOSIA operational event reduced modestly period-on-period as remediation activity continues to progress.

SEGMENT ANALYSIS OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	**2023**	**% composition**	2022*	% composition	% change	2023*	% composition
Retail	**7 005**	**37**	6 600	37	6	13 110	36
– FNB**	**6 297**		5 956			11 898	
– WesBank	**708**		644			1 212	
Commercial	**5 456**	**28**	5 288	29	3	10 440	28
– FNB	**5 176**		5 008			9 802	
– WesBank	**280**		280			638	
Corporate and investment banking	**4 475**	**23**	4 659	26	(4)	9 116	25
– RMB	**4 475**		4 659			9 116	
UK operations#	**1 648**	**9**	1 607	9	3	3 345	9
– Aldermore#,†	**1 444**		1 363			2 878	
– MotoNovo#	**204**		244			467	
Other	**513**	**3**	(166)	(1)	(>100)	623	2
– Centre#,†,‡	**1 161**		293			1 559	
– Other equity instrument holders	**(648)**		(459)			(936)	
Normalised earnings	**19 097**	**100**	17 988	100	6	36 634	100

* *Restated. Refer to pages 68 to 70.*

** *Includes FNB broader Africa.*

\# *In the UK operations management view, shown in the table above and on pages 41 to 44, MotoNovo's front and back books were included in the December 2022 and 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 48 to 59 and the statutory view for Aldermore Group.*

† *After the coupons on internal AT1 instruments of R102 million (£4 million) (December 2022: R88 million and £4 million; June 2023: R183 million and £8 million).*

‡ *Includes Group Treasury.*

segmental
reporting

Segment report

for the six months ended 31 December 2023

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa	**Total FNB**
Net interest income before impairment of advances	2 331	2 163	4 217	3 985	**12 696**	7 740	2 853	**23 289**
Impairment charge	(310)	(912)	(2 160)	(309)	**(3 691)**	(270)	(216)	**(4 177)**
Net interest income after impairment of advances	2 021	1 251	2 057	3 676	**9 005**	7 470	2 637	**19 112**
Non-interest revenue	30	2 222	512	8 167	**10 931**	5 584	2 725	**19 240**
Income from operations	2 051	3 473	2 569	11 843	**19 936**	13 054	5 362	**38 352**
Operating expenses	(906)	(1 604)	(1 290)	(8 055)	**(11 855)**	(5 933)	(3 477)	**(21 265)**
Net income from operations	1 145	1 869	1 279	3 788	**8 081**	7 121	1 885	**17 087**
Share of profit of associates and joint ventures after tax	–	–	–	12	**12**	–	–	**12**
Income before indirect tax	1 145	1 869	1 279	3 800	**8 093**	7 121	1 885	**17 099**
Indirect tax	(7)	(13)	(31)	(434)	**(485)**	(30)	(116)	**(631)**
Profit before tax	1 138	1 856	1 248	3 366	**7 608**	7 091	1 769	**16 468**
Income tax expense	(307)	(501)	(413)	(909)	**(2 130)**	(1 915)	(526)	**(4 571)**
Profit for the period	831	1 355	835	2 457	**5 478**	5 176	1 243	**11 897**
Attributable to								
Ordinary equityholders	831	1 355	835	2 457	**5 478**	5 176	819	**11 473**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	424	**424**
Profit for the period	831	1 355	835	2 457	**5 478**	5 176	1 243	**11 897**
Attributable earnings to ordinary equityholders	831	1 355	835	2 457	**5 478**	5 176	819	**11 473**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	831	1 355	835	2 457	**5 478**	5 176	819	**11 473**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity related	–	–	–	–	**–**	–	–	**–**
Normalised earnings	831	1 355	835	2 457	**5 478**	5 176	819	**11 473**

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

* *Refer to additional segmental disclosure on page 60.*

** *Refer to page 61 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 now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023.*

Centre represents group-wide functions.

	Retail and commercial		Corporate and institutional					
	WesBank*	**Retail and commercial**	**RMB**	**Aldermore****	Centre (including Group Treasury) and other#	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
	2 891	**26 180**	**5 985**	**7 057**	3 549	**42 771**	(1 261)	**41 510**
	(961)	**(5 138)**	**(620)**	**(588)**	(58)	**(6 404)**	–	**(6 404)**
	1 930	**21 042**	**5 365**	**6 469**	3 491	**36 367**	(1 261)	**35 106**
	1 827	**21 067**	**7 125**	**(98)**	(2 270)	**25 824**	1 908	**27 732**
	3 757	**42 109**	**12 490**	**6 371**	1 221	**62 191**	647	**62 838**
	(2 544)	**(23 809)**	**(6 854)**	**(3 775)**	(178)	**(34 616)**	(205)	**(34 821)**
	1 213	**18 300**	**5 636**	**2 596**	1 043	**27 575**	442	**28 017**
	201	**213**	**744**	**–**	(204)	**753**	(2)	**751**
	1 414	**18 513**	**6 380**	**2 596**	839	**28 328**	440	**28 768**
	(35)	**(666)**	**(152)**	**(146)**	(8)	**(972)**	–	**(972)**
	1 379	**17 847**	**6 228**	**2 450**	831	**27 356**	440	**27 796**
	(385)	**(4 956)**	**(1 629)**	**(700)**	476	**(6 809)**	(28)	**(6 837)**
	994	**12 891**	**4 599**	**1 750**	1 307	**20 547**	412	**20 959**
	988	**12 461**	**4 475**	**1 648**	513	**19 097**	412	**19 509**
	–	**–**	**–**	**102**	648	**750**	–	**750**
	6	**430**	**124**	**–**	146	**700**	–	**700**
	994	**12 891**	**4 599**	**1 750**	1 307	**20 547**	412	**20 959**
	988	**12 461**	**4 475**	**1 648**	513	**19 097**	412	**19 509**
	–	**–**	**–**	**–**	–	**–**	(374)	**(374)**
	988	**12 461**	**4 475**	**1 648**	513	**19 097**	38	**19 135**
	–	**–**	**–**	**–**	–	**–**	7	**7**
	–	**–**	**–**	**–**	–	**–**	(45)	**(45)**
	–	**–**	**–**	**–**	–	**–**	–	**–**
	988	**12 461**	**4 475**	**1 648**	513	**19 097**	–	**19 097**

Segment report

for the six months ended 31 December 2023

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa	**Total FNB**
Cost-to-income ratio (%)	38.4	36.6	27.3	66.2	**50.2**	44.5	62.3	**50.0**
Diversity ratio (%)	1.3	50.7	10.8	67.2	**46.3**	41.9	48.9	**45.3**
Credit loss ratio (%) – core lending advances	0.24	4.80	8.47	8.27	**2.05**	0.46	0.73	**1.55**
Stage 3/NPLs as a % of core lending advances	6.04	11.59	16.44	12.93	**8.26**	3.71	5.97	**7.00**
Consolidated income statement includes								
Depreciation	(1)	(11)	(10)	(1 114)	**(1 136)**	(127)	(213)	**(1 476)**
Amortisation	–	–	–	(14)	**(14)**	1	(5)	**(18)**
Net impairment charges	–	–	–	(26)	**(26)**	–	2	**(24)**
Consolidated statement of financial position includes								
Advances (before impairments)	266 070	38 882	51 913	7 540	**364 405**	120 399	60 700	**545 504**
Core lending advances	266 070	38 882	51 913	7 540	**364 405**	120 399	60 700	**545 504**
– Other core lending advances (AC and FV)	266 070	38 882	51 913	7 540	**364 405**	120 399	60 700	**545 504**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
Assets under agreements to resell	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	16 068	4 507	8 535	975	**30 085**	4 467	3 625	**38 177**
Investments in associates	–	–	–	493	**493**	–	–	**493**
Investments in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	584	11 107	40	377 356	**389 087**	450 056	67 517	**906 660**
Total assets	259 503	34 092	42 270	42 390	**378 255**	123 057	64 892	**566 204**
Total liabilities[†]	259 411	33 141	41 993	28 703	**363 248**	118 900	62 947	**545 095**
Capital expenditure	–	32	4	1 391	**1 427**	385	365	**2 177**

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

* *Refer to additional segmental disclosure on page 60.*

** *Refer to page 61 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 now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023*

\# *Centre represents group-wide functions.*

† *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional					
WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
51.7	50.2	49.5	54.2	(>100)	49.9		49.7
41.2	44.8	56.8	(1.4)	>100	38.3		40.7
1.15	1.46	0.28	0.32	0.42	0.83		0.83
4.56	6.42	1.09	2.94	2.47	3.98		3.98
(357)	(1 833)	(85)	(122)	(10)	(2 050)	–	(2 050)
(6)	(24)	(24)	–	(269)	(317)	–	(317)
(16)	(40)	(1)	–	12	(29)	50	21
171 171	716 675	542 420	361 211	34 506	1 654 812	–	1 654 812
171 171	716 675	457 656	361 211	27 210	1 562 752	–	1 562 752
168 859	714 363	457 656	338 040	27 210	1 537 269	–	1 537 269
2 312	2 312	–	23 171	–	25 483	–	25 483
–	–	84 764	–	7 296	92 060	–	92 060
7 802	45 979	4 968	10 621	672	62 240	–	62 240
2 952	3 445	4 653	–	1 257	9 355	–	9 355
11	11	3 203	–	(16)	3 198	46	3 244
71	906 731	326 315	421 821	323 411	1 978 278	–	1 978 278
172 127	738 331	761 120	476 177	357 312	2 332 940	2 568	2 335 508
170 546	715 641	749 976	438 441	221 630	2 125 688	–	2 125 688
896	3 073	201	87	57	3 418	–	3 418

Segment report

for the six months ended 31 December 2022

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other**	**Retail***	Commercial*	FNB broader Africa	**Total FNB***
Net interest income before impairment of advances	2 376	1 802	3 565	3 777	**11 520**	7 418	2 423	**21 361**
Impairment charge	(152)	(658)	(1 572)	(396)	**(2 778)**	(166)	(248)	**(3 192)**
Net interest income after impairment of advances	2 224	1 144	1 993	3 381	**8 742**	7 252	2 175	**18 169**
Non-interest revenue	38	1 890	513	8 047	**10 488**	5 350	2 430	**18 268**
Income from operations	2 262	3 034	2 506	11 428	**19 230**	12 602	4 605	**36 437**
Operating expenses	(860)	(1 481)	(1 345)	(7 751)	**(11 437)**	(5 719)	(3 082)	**(20 238)**
Net income from operations	1 402	1 553	1 161	3 677	**7 793**	6 883	1 523	**16 199**
Share of profit of associates and joint ventures after tax	–	–	38	15	**53**	–	–	**53**
Income before indirect tax	1 402	1 553	1 199	3 692	**7 846**	6 883	1 523	**16 252**
Indirect tax	(6)	(18)	(33)	(333)	**(390)**	(24)	(93)	**(507)**
Profit before tax	1 396	1 535	1 166	3 359	**7 456**	6 859	1 430	**15 745**
Income tax expense	(377)	(414)	(315)	(902)	**(2 008)**	(1 851)	(515)	**(4 374)**
Profit for the period	1 019	1 121	851	2 457	**5 448**	5 008	915	**11 371**
Attributable to								
Ordinary equityholders	1 019	1 121	851	2 457	**5 448**	5 008	508	**10 964**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	407	**407**
Profit for the period	1 019	1 121	851	2 457	**5 448**	5 008	915	**11 371**
Attributable earnings to ordinary equityholders	1 019	1 121	851	2 457	**5 448**	5 008	508	**10 964**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 019	1 121	851	2 457	**5 448**	5 008	508	**10 964**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity related	–	–	–	–	**–**	–	–	**–**
Normalised earnings	1 019	1 121	851	2 457	**5 448**	5 008	508	**10 964**

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

* *Restated. Refer to pages 68 to 70.*

** *Refer to additional segmental disclosure on page 60.*

Refer to page 62 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 now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023

† *Centre represents group-wide functions.*

Retail and commercial		Corporate and institutional					
WesBank*, **	**Retail and commercial***	**RMB**	**Aldermore#**	Centre (including Group Treasury) and other*,†	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
2 450	**23 811**	**5 458**	**6 071**	2 341	**37 681**	(1 022)	**36 659**
(751)	**(3 943)**	**(25)**	**(1 110)**	70	**(5 008)**	–	**(5 008)**
1 699	**19 868**	**5 433**	**4 961**	2 411	**32 673**	(1 022)	**31 651**
1 809	**20 077**	**7 675**	**348**	(2 125)	**25 975**	1 164	**27 139**
3 508	**39 945**	**13 108**	**5 309**	286	**58 648**	142	**58 790**
(2 332)	**(22 570)**	**(6 067)**	**(2 948)**	(197)	**(31 782)**	(187)	**(31 969)**
1 176	**17 375**	**7 041**	**2 361**	89	**26 866**	(45)	**26 821**
135	**188**	**(480)**	**11**	(160)	**(441)**	1	**(440)**
1 311	**17 563**	**6 561**	**2 372**	(71)	**26 425**	(44)	**26 381**
(40)	**(547)**	**(111)**	**(96)**	(44)	**(798)**	–	**(798)**
1 271	**17 016**	**6 450**	**2 276**	(115)	**25 627**	(44)	**25 583**
(343)	**(4 717)**	**(1 680)**	**(552)**	535	**(6 414)**	(23)	**(6 437)**
928	**12 299**	**4 770**	**1 724**	420	**19 213**	(67)	**19 146**
924	**11 888**	**4 659**	**1 636**	(195)	**17 988**	(67)	**17 921**
–	**–**	**–**	**88**	459	**547**	–	**547**
4	**411**	**111**	**–**	156	**678**	–	**678**
928	**12 299**	**4 770**	**1 724**	420	**19 213**	(67)	**19 146**
924	**11 888**	**4 659**	**1 636**	(195)	**17 988**	(67)	**17 921**
–	**–**	**–**	**–**	–	**–**	111	**111**
924	**11 888**	**4 659**	**1 636**	(195)	**17 988**	44	**18 032**
–	**–**	**–**	**–**	–	**–**	(13)	**(13)**
–	**–**	**–**	**–**	–	**–**	(48)	**(48)**
–	**–**	**–**	**–**	–	**–**	17	**17**
924	**11 888**	**4 659**	**1 636**	(195)	**17 988**	–	**17 988**

Segment report

for the six months ended 31 December 2022

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other*	**Retail***	Commercial*	FNB broader Africa	**Total FNB***
Cost-to-income ratio (%)	35.6	40.1	32.7	65.5	**51.8**	44.8	63.5	**51.0**
Diversity ratio (%)	1.6	51.2	13.4	68.1	**47.8**	41.9	50.1	**46.2**
Credit loss ratio (%) – core lending advances	0.12	3.92	6.71	10.18	**1.66**	0.30	0.91	**1.28**
Stage 3/NPLs as a % of core lending advances	4.74	10.74	14.77	14.57	**6.95**	4.00	6.15	**6.22**
Consolidated income statement includes								
Depreciation	(1)	(3)	(7)	(1 048)	**(1 059)**	(118)	(199)	**(1 376)**
Amortisation	–	–	–	(31)	**(31)**	–	(16)	**(47)**
Net impairment charges	–	–	–	(26)	**(26)**	–	(1)	**(27)**
Consolidated statement of financial position includes								
Advances (before impairments)	251 517	34 387	47 056	7 648	**340 608**	110 862	55 593	**507 063**
Core lending advances	251 517	34 387	47 056	7 648	**340 608**	110 862	55 593	**507 063**
– Other core lending advances (AC and FV)	251 517	34 387	47 056	7 648	**340 608**	110 862	55 593	**507 063**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
Assets under agreements to resell	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	11 919	3 693	6 950	1 114	**23 676**	4 430	3 420	**31 526**
Investment in associates	–	–	354	468	**822**	–	–	**822**
Investment in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	615	9 831	40	341 334	**351 820**	401 053	58 029	**810 902**
Total assets	247 378	30 080	38 900	40 864	**357 222**	112 050	58 378	**527 650**
Total liabilities‡	247 209	29 599	39 068	29 271	**345 147**	108 794	56 752	**510 693**
Capital expenditure	–	30	9	1 356	**1 395**	165	360	**1 920**

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

* *Restated. Refer to pages 68 to 70.*

** *Refer to additional segmental disclosure on page 60.*

\# *Refer to page 62 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, effective 1 July 2023 the back book is no longer reported in the additional analysis of UK operations. The prior period information in UK operations remains unchanged and includes the MotoNovo back book, included within Centre and other for segmental reporting.*

† *Centre represents group-wide functions.*

‡ *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional					
WesBank*,**	**Retail and commercial***	**RMB**	**Aldermore#**	Centre (including Group Treasury) and other*,†	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
53.1	**51.2**	**47.9**	**45.8**	>100	**50.3**		**50.5**
44.2	**46.0**	**56.9**	**5.6**	(>100)	**40.4**		**42.1**
1.01	**1.22**	**0.01**	**0.72**	(0.49)	**0.74**		**0.74**
4.28	**5.77**	**0.99**	**2.44**	2.86	**3.59**		**3.59**
(401)	**(1 777)**	**(71)**	**(97)**	(11)	**(1 956)**	–	**(1 956)**
(13)	**(60)**	**(43)**	**(3)**	(226)	**(332)**	–	**(332)**
24	**(3)**	**(6)**	**–**	49	**40**	(121)	**(81)**
153 574	**660 637**	**475 482**	**322 256**	37 508	**1 495 883**	–	**1 495 883**
153 574	**660 637**	**400 151**	**322 256**	27 667	**1 410 711**	–	**1 410 711**
148 994	**656 057**	**400 151**	**297 438**	26 723	**1 380 369**	–	**1 380 369**
4 580	**4 580**	**–**	**24 818**	944	**30 342**	–	**30 342**
–	**–**	**75 331**	**–**	9 841	**85 172**	–	**85 172**
6 567	**38 093**	**3 955**	**7 869**	792	**50 709**	–	**50 709**
2 822	**3 644**	**3 874**	**130**	1 302	**8 950**	–	**8 950**
14	**14**	**2 899**	**–**	(17)	**2 896**	55	**2 951**
11	**810 913**	**318 665**	**356 930**	306 810	**1 793 318**	–	**1 793 318**
154 906	**682 556**	**696 589**	**404 202**	352 647	**2 135 994**	(141)	**2 135 853**
152 710	**663 403**	**687 867**	**374 423**	229 072	**1 954 765**	–	**1 954 765**
648	**2 568**	**406**	**46**	(2)	**3 018**	–	**3 018**

Segment report

for the year ended 30 June 2023

R million	Retail and commercial							
	FNB							
	Retail							
	Residential mortgages	Card	Total personal loans	Retail other*	**Retail***	Commercial*	FNB broader Africa	**Total FNB***
Net interest income before impairment of advances	4 696	3 771	7 539	7 987	**23 993**	15 100	5 139	**44 232**
Impairment charge	(452)	(1 516)	(3 688)	(102)	**(5 758)**	(615)	(371)	**(6 744)**
Net interest income after impairment of advances	4 244	2 255	3 851	7 885	**18 235**	14 485	4 768	**37 488**
Non-interest revenue	88	3 807	948	16 214	**21 057**	10 753	4 917	**36 727**
Income from operations	4 332	6 062	4 799	24 099	**39 292**	25 238	9 685	**74 215**
Operating expenses	(1 720)	(3 095)	(2 627)	(16 484)	**(23 926)**	(11 746)	(6 578)	**(42 250)**
Net income from operations	2 612	2 967	2 172	7 615	**15 366**	13 492	3 107	**31 965**
Share of profit of associates and joint ventures after tax	–	–	53	32	**85**	–	–	**85**
Income before indirect tax	2 612	2 967	2 225	7 647	**15 451**	13 492	3 107	**32 050**
Indirect tax	(14)	(27)	(61)	(550)	**(652)**	(65)	(205)	**(922)**
Profit before tax	2 598	2 940	2 164	7 097	**14 799**	13 427	2 902	**31 128**
Income tax expense	(701)	(794)	(584)	(1 916)	**(3 995)**	(3 625)	(1 003)	**(8 623)**
Profit for the period	1 897	2 146	1 580	5 181	**10 804**	9 802	1 899	**22 505**
Attributable to								
Ordinary equityholders	1 897	2 146	1 580	5 181	**10 804**	9 802	1 094	**21 700**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	805	**805**
Profit for the year	1 897	2 146	1 580	5 181	**10 804**	9 802	1 899	**22 505**
Attributable earnings to ordinary equityholders	1 897	2 146	1 580	5 181	**10 804**	9 802	1 094	**21 700**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 897	2 146	1 580	5 181	**10 804**	9 802	1 094	**21 700**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity related	–	–	–	–	**–**	–	–	**–**
Normalised earnings	1 897	2 146	1 580	5 181	**10 804**	9 802	1 094	**21 700**

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

* *Restated. Refer to pages 68 to 70.*

** *Refer to additional segmental disclosure on page 60.*

Refer to page 63 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 now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023

† *Centre represents group-wide functions.*

Retail and commercial		Corporate and institutional					
WesBank*,**	**Retail and commercial**	**RMB**	**Aldermore#**	Centre (including Group Treasury) and other*,†	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
5 098	49 330	**11 315**	**13 236**	4 734	**78 615**	(2 179)	**76 436**
(1 728)	(8 472)	**(551)**	**(2 415)**	489	**(10 949)**	–	**(10 949)**
3 370	40 858	**10 764**	**10 821**	5 223	**67 666**	(2 179)	**65 487**
3 504	40 231	**14 700**	**1 357**	(4 388)	**51 900**	1 944	**53 844**
6 874	81 089	**25 464**	**12 178**	835	**119 566**	(235)	**119 331**
(4 710)	(46 960)	**(13 176)**	**(7 032)**	(152)	**(67 320)**	(109)	**(67 429)**
2 164	34 129	**12 288**	**5 146**	683	**52 246**	(344)	**51 902**
327	412	**520**	**11**	(450)	**493**	(6)	**487**
2 491	34 541	**12 808**	**5 157**	233	**52 739**	(350)	**52 389**
(53)	(975)	**(226)**	**(383)**	44	**(1 540)**	–	**(1 540)**
2 438	33 566	**12 582**	**4 774**	277	**51 199**	(350)	**50 849**
(576)	(9 199)	**(3 261)**	**(1 101)**	1 392	**(12 169)**	(3)	**(12 172)**
1 862	24 367	**9 321**	**3 673**	1 669	**39 030**	(353)	**38 677**
1 850	23 550	**9 116**	**3 490**	478	**36 634**	(303)	**36 331**
–	–	**–**	**183**	936	**1 119**	–	**1 119**
12	817	**205**	**–**	255	**1 277**	(50)	**1 227**
1 862	24 367	**9 321**	**3 673**	1 669	**39 030**	(353)	**38 677**
1 850	23 550	**9 116**	**3 490**	478	**36 634**	(303)	**36 331**
–	–	**–**	**–**	–	**–**	369	**369**
1 850	23 550	**9 116**	**3 490**	478	**36 634**	66	**36 700**
–	–	**–**	**–**	–	**–**	17	**17**
–	–	**–**	**–**	–	**–**	(98)	**(98)**
–	–	**–**	**–**	–	**–**	15	**15**
1 850	23 550	**9 116**	**3 490**	478	**36 634**	–	**36 634**

Segment report

for the year ended 30 June 2023

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other*	**Retail***	Commercial*	FNB broader Africa	**Total FNB***
Cost-to-income ratio (%)	36.0	40.8	30.8	68.0	**53.0**	45.4	65.4	**52.1**
Diversity ratio (%)	1.8	50.2	11.7	67.0	**46.8**	41.6	48.9	**45.4**
Credit loss ratio (%) – core lending advances	0.18	4.33	7.63	1.33	**1.68**	0.55	0.67	**1.32**
Stage 3/NPLs as a % of core lending advances	5.42	10.92	15.07	12.48	**7.51**	4.10	6.01	**6.59**
Consolidated income statement includes								
Depreciation	(3)	(6)	(17)	(2 151)	**(2 177)**	(248)	(405)	**(2 830)**
Amortisation	–	–	–	(44)	**(44)**	3	(20)	**(61)**
Net impairment charges	–	–	–	(63)	**(63)**	(111)	(4)	**(178)**
Consolidated statement of financial position includes								
Advances (before impairments)	259 635	37 149	50 072	7 406	**354 262**	116 448	58 418	**529 128**
Core lending advances	259 635	37 149	50 072	7 406	**354 262**	116 448	58 418	**529 128**
– Other core lending advances (AC and FV)	259 635	37 149	50 072	7 406	**354 262**	116 448	58 418	**529 128**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
Assets under agreements to resell	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	14 073	4 057	7 547	924	**26 601**	4 773	3 510	**34 884**
Investments in associates	–	–	–	481	**481**	–	–	**481**
Investments in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	564	10 629	53	355 600	**366 846**	421 378	65 413	**853 637**
Total assets	255 335	32 592	41 460	39 112	**368 499**	117 107	62 058	**547 664**
Total liabilities‡	255 015	31 352	41 420	20 706	**348 493**	110 007	58 142	**516 642**
Capital expenditure	–	114	14	2 915	**3 043**	321	709	**4 073**

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

* *Restated. Refer to pages 68 to 70.*

** *Refer to additional segmental disclosure on page 60.*

Refer to page 63 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 now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023

† *Centre represents group-wide functions.*

‡ *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional					
WesBank[*,]**	**Retail and commercial**	**RMB**	**Aldermore[#]**	Centre (including Group Treasury) and other[*,†]	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
52.7	**52.2**	**49.7**	**48.2**	(>100)	**51.4**		**51.6**
42.9	**45.2**	**57.4**	**9.4**	>100	**40.0**		**41.5**
1.12	**1.28**	**0.14**	**0.72**	(1.69)	**0.78**		**0.78**
4.44	**6.09**	**1.23**	**2.48**	3.27	**3.80**		**3.80**
(817)	**(3 647)**	**(172)**	**(202)**	(20)	**(4 041)**	–	**(4 041)**
(20)	**(81)**	**(81)**	**(4)**	(491)	**(657)**	–	**(657)**
10	**(168)**	**(8)**	**–**	215	**39**	(403)	**(364)**
162 991	**692 119**	**484 649**	**371 150**	42 529	**1 590 447**	–	**1 590 447**
162 991	**692 119**	**419 644**	**371 150**	28 124	**1 511 037**	**–**	**1 511 037**
159 645	**688 773**	**419 644**	**336 602**	28 124	**1 473 143**	–	**1 473 143**
3 346	**3 346**	**–**	**34 548**	–	**37 894**	–	**37 894**
–	**–**	**65 005**	**–**	14 405	**79 410**	–	**79 410**
7 235	**42 119**	**5 171**	**9 222**	920	**57 432**	–	**57 432**
2 810	**3 291**	**4 626**	**–**	2 483	**10 400**	–	**10 400**
6	**6**	**3 067**	**–**	(16)	**3 057**	48	**3 105**
67	**853 704**	**306 561**	**415 962**	346 876	**1 923 103**	–	**1 923 103**
163 851	**711 515**	**720 698**	**477 424**	385 637	**2 295 274**	2 765	**2 298 039**
161 018	**677 660**	**706 772**	**440 574**	274 599	**2 099 605**	–	**2 099 605**
1 383	**5 456**	**665**	**120**	40	**6 281**	–	**6 281**

Additional segmental disclosure – WesBank

	Six months ended 31 December 2023		
R million	**Retail**	**Corporate and commercial**	**Total WesBank**
NII before impairment of advances	**2 219**	**672**	**2 891**
Impairment of advances	**(834)**	**(127)**	**(961)**
Normalised profit before tax	**978**	**401**	**1 379**
Normalised earnings	**708**	**280**	**988**
Core advances	**111 408**	**59 763**	**171 171**
Stage 3/NPLs	**6 820**	**982**	**7 802**
Advances margin (%)	**3.01**	**2.19**	**2.74**
Stage 3/NPLs as a % of advances	**6.12**	**1.64**	**4.56**
Credit loss ratio (%) of average advances	**1.52**	**0.45**	**1.15**

	Six months ended 31 December 2022		
R million	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	1 884	566	2 450
Impairment of advances	(672)	(79)	(751)
Normalised profit before tax	887	384	1 271
Normalised earnings	644	280	924
Core advances	104 222	49 352	153 574
Stage 3/NPLs	5 634	933	6 567
Advances margin (%)	2.90	2.14	2.65
Stage 3/NPLs as a % of advances	5.41	1.89	4.28
Credit loss ratio (%) of average advances	1.32	0.33	1.01

	Year ended 30 June 2023		
R million	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 strategic 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 include 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 period information in UK operations has not been restated.

	Six months ended 31 December 2023					
£ million	Structured and specialist finance	Property finance	Central functions	**Aldermore**	Motor finance**	**Total UK operations**
Net interest income before impairment of advances	66	58	96	**220**	81	**301**
Impairment charge	(7)	4	–	**(3)**	(22)	**(25)**
Net interest income after impairment of advances	59	62	96	**217**	59	**276**
Non-interest revenue (including fair value hedges)	3	(1)	(6)	**(4)**	–	**(4)**
Income from operations	62	61	90	**213**	59	**272**
Operating expenses	(13)	(8)	(93)	**(114)**	(47)	**(161)**
Net income/(loss) from operations	49	53	(3)	**99**	12	**111**
Share of profit of associates and joint ventures after tax	–	–	–	**–**	–	**–**
Income/(loss) before indirect tax	49	53	(3)	**99**	12	**111**
Indirect tax	(1)	–	(8)	**(9)**	3	**(6)**
Profit/(loss) before tax	48	53	(11)	**90**	15	**105**
Income tax expense	–	–	(25)*	**(25)**	(5)	**(30)**
Profit/(loss) for the period	48	53	(36)	**65**	10	**75**
Attributable to						
Ordinary equityholders	48	53	(38)	**63**	8	**71**
Other equity instrument holders	–	–	2	**2**	2	**4**
Profit/(loss) for the period	48	53	(36)	**65**	10	**75**
Consolidated statement of financial position includes						
Cash and cash equivalents	–	–	2 328	**2 328**	76	**2 404**
Derivative financial instruments	–	–	383	**383**	6	**389**
Investment securities	–	–	2 361	**2 361**	–	**2 361**
Advances	3 555	7 509	–	**11 064**	3 919	**14 983**
– Gross core lending advances	3 631	7 593	–	**11 224**	4 099	**15 323**
– Impairment of advances	(76)	(84)	–	**(160)**	(180)	**(340)**
Other assets	2	–	(240)	**(238)**	300	**62**
Total assets	3 557	7 509	4 832	**15 898**	4 301	**20 199**
Derivative financial instruments	–	–	114	**114**	–	**114**
Total deposits	–	–	17 487	**17 487**	407	**17 894**
Other liabilities	3 509	7 457	(14 095)	**(3 129)**	3 721	**592**
Total liabilities	3 509	7 457	3 506	**14 472**	4 128	**18 600**
Stage 3/NPLs	70	259	–	**329**	122	**451**
Stage 3/NPLs as a % of advances	1.91	3.42	–	**2.93**	2.97	**2.94**
Credit loss ratio (%) of average advances	0.39	(0.10)	–	**0.05**	1.04	**0.33**
Advances margin (%)	3.71	1.54	–	**3.96**	3.83	**3.92**

* *Tax expense reflected in central functions.*
** *Excludes MotoNovo back book.*

Additional segmental disclosure – UK operations continued

	Six months ended 31 December 2022					
£ million	Structured and specialist finance	Property finance	Central functions	**Aldermore**	Motor finance (total MotoNovo)	**Total UK operations**
Net interest income before impairment of advances	76	74	61	**211**	88	**299**
Impairment charge	(14)	(12)	–	**(26)**	(27)	**(53)**
Net interest income after impairment of advances	62	62	61	**185**	61	**246**
Non-interest revenue (including fair value hedges)	4	1	6	**11**	1	**12**
Income from operations	66	63	67	**196**	62	**258**
Operating expenses	(13)	(8)	(83)	**(104)**	(41)	**(145)**
Net income/(loss) from operations	53	55	(16)	**92**	21	**113**
Share of profit of associates and joint ventures after tax	–	–	1	**1**	–	**1**
Income/(loss) before indirect tax	53	55	(15)	**93**	21	**114**
Indirect tax	4	–	(6)	**(2)**	(2)	**(4)**
Profit/(loss) before tax	57	55	(21)	**91**	19	**110**
Income tax expense	–	–	(22) *	**(22)**	(5)	**(27)**
Profit/(loss) for the period	57	55	(43)	**69**	14	**83**
Attributable to						
Ordinary equityholders	57	55	(45)	**67**	12	**79**
Other equity instrument holders	–	–	2	**2**	2	**4**
Profit/(loss) for the period	57	55	(43)	**69**	14	**83**
Consolidated statement of financial position includes						
Cash and cash equivalents	–	–	1 691	**1 691**	92	**1 783**
Derivative financial instruments	–	–	502	**502**	34	**536**
Investment securities	–	–	2 200	**2 200**	–	**2 200**
Advances	3 661	7 628	–	**11 289**	4 271	**15 560**
– Gross core lending advances	3 729	7 700	–	**11 429**	4 464	**15 893**
– Impairment of advances	(68)	(72)	–	**(140)**	(193)	**(333)**
Other assets**	3	(1)	(387)	**(385)**	187	**(198)**
Total assets**	3 664	7 627	4 006	**15 297**	4 584	**19 881**
Derivative financial instruments	–	–	38	**38**	–	**38**
Total deposits	–	–	16 604	**16 604**	844	**17 448**
Other liabilities**	3 607	7 573	(13 832)	**(2 652)**	3 588	**936**
Total liabilities**	3 607	7 573	2 810	**13 990**	4 432	**18 422**
Stage 3/NPLs	55	237	–	**292**	132	**424**
Stage 3/NPLs as a % of advances	1.46	3.08	–	**2.55**	2.94	**2.66**
Credit loss ratio (%) of average advances	0.75	0.31	–	**0.46**	1.21	**0.67**
Advances margin (%)	4.10	1.95	–	**3.74**	3.97	**3.81**

* *Tax expense reflected in central functions.*

** *Restated – refer to page 153 for more detail.*

Additional segmental disclosure – UK operations continued

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

* *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

	Strategy view			In-country			Cross-border		
	Six months ended 31 December		Year ended 30 June	Six months ended 31 December		Year ended 30 June	Six months ended 31 December		Year ended 30 June
R million	**2023**	2022	2023	**2023**	2022	2023	**2023**	2022	2023
Normalised earnings*	**2 464**	1 481	4 141	**1 687**	882	2 443	**777**	599	1 698
Normalised profit before tax*	**4 258**	3 110	7 471	**3 194**	2 279	5 145	**1 064**	831	2 326
Impairment of advances	**544**	471	713	**237**	260	474	**307**	211	239
Core lending advances**	**172 829**	146 895	152 922	**78 794**	71 451	76 804	**94 035**	75 444	76 118
Stage 3/NPLs as a % of core lending advances**	**3.29**	2.68	3.65	**4.62**	4.81	4.62	**2.18**	0.66	2.68
Credit loss ratio (%) of average core lending advances**	**0.65**	0.72	0.50	**0.60**	0.74	0.66	**0.69**	0.69	0.34
Cost-to income ratio (%)	**51.1**	55.1	53.1	**55.5**	59.8	58.5	**34.4**	35.9	33.2
ROE (%)	**23.7**	15.2	20.9	**24.1**	12.4	17.3	**22.9**	23.2	29.4

* *The prior period's in-country results were impacted by the R498 million provision for the Ghana sovereign debt restructure that was recognised in the Centre.*

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

FNB BROADER AFRICA FINANCIAL HIGHLIGHTS

	Six months ended 31 December		%	Year ended 30 June
R million	**2023**	2022	change	2023
Profit before tax	**1 769**	1 430	24	2 902
Total advances*	**60 700**	55 593	9	58 418
Total deposits**	**67 517**	58 029	16	65 413
Credit loss ratio (%) – core lending advances	**0.73**	0.91		0.67
ROA (%)	**2.58**	1.78		1.86
Cost-to-income ratio (%)	**62.3**	63.5		65.4

* *Up 9% in constant currency terms.*

** *Up 19% in constant currency terms.*

RMB BROADER AFRICA STRATEGY FINANCIAL HIGHLIGHTS

	Six months ended 31 December		%	Year ended 30 June
R million	**2023**	2022	change	2023
Profit before tax	**1 886**	1 651	14	3 946
Total advances*	**112 129**	91 302	23	94 504
Total deposits**	**33 144**	26 256	26	29 570
Credit loss ratio (%) – core lending advances	**0.62**	0.64		0.42
ROA (%)	**2.28**	2.95		3.11
Cost-to-income ratio (%)	**42.8**	43.0		41.6

* *Up 19% in constant currency terms.*

** *Up 29% in constant currency terms.*

Additional segmental disclosure – insurance activities

TOTAL INSURANCE PBT

R million	Six months ended 31 December 2023	Six months ended 31 December 2022*	% change	Year ended 30 June 2023*
FNB	**1 377**	1 203	14	2 792
Credit life	**686**	546	26	1 554
Core life (including funeral)	**519**	391	33	890
Underwritten	**(57)**	(45)	27	(127)
Commercial	**19**	(4)	>100	14
Short-term insurance	**(50)**	(69)	(28)	(205)
Other participation agreements**	**260**	384	(32)	666
WesBank	**124**	166	(25)	295
Value-added products and services (VAPS)[#] and retail VAF credit life	**124**	166	(25)	295
Broader Africa and other[†]	**139**	130	7	245
Total	**1 640**	1 499	9	3 332

* *Restated. Refer to pages 213 to 222.*

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

[#] *MotoVantage provides VAPS products.*

[†] *Other includes UK operations.*

GROSS WRITTEN PREMIUMS ON GROUP LICENCES

R million	Six months ended 31 December 2023	Six months ended 31 December 2022*	% change	Year ended 30 June 2023*
Total life premiums	**3 202**	2 801	14	5 802
Credit life	**1 158**	1 003	15	2 091
Core life (including funeral)	**1 565**	1 404	11	2 881
Underwritten	**339**	287	18	598
Commercial	**140**	107	31	232
Total short-term premiums	**380**	249	53	556
Personal lines	**339**	216	57	486
Commercial	**41**	33	24	70
Broader Africa	**71**	71	–	149
Total gross written premiums**	**3 653**	3 121	17	6 507

* *Restated. Refer to pages 213 to 222.*

** *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.*

Additional segmental disclosure – insurance activities continued

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	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Core life (including funeral)	**626**	577	8	1 208
Underwritten	**139**	139	–	281
Commercial	**178**	139	28	159
Standalone products	**943**	855	10	1 648
Credit life	**470**	458	3	921
FNB Life	**1 413**	1 313	8	2 569

FNB SHORT-TERM INSURANCE

Key performance indicators	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
In-force APE (R million)*	**825**	639	29	747
Number of in-force policies (thousands)	**300**	275	9	278
New business APE (R million)*	**306**	263	16	570

* *December 2022 and June 2023 figures have been restated to exclude cross-product intercompany policies.*

NUMBER OF LIFE POLICIES

Thousands	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Credit life	**2 471**	2 410	3	2 467
Core life (including funeral)	**1 792**	1 740	3	1 763
Underwritten	**193**	178	8	183
Commercial	**48**	34	41	39
Total	**4 504**	4 362	3	4 452

FNB LIFE IN-FORCE APE

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Credit life	**2 423**	2 091	16	2 299
Core life (including funeral)	**3 679**	3 288	12	3 494
Underwritten	**780**	699	12	728
Commercial	**304**	237	28	270
Total	**7 186**	6 315	14	6 791

WesBank insurance activities

NUMBER OF POLICIES AND GROSS WRITTEN PREMIUM

	MotoVantage (VAPS)				Retail (credit life)			
	Six months ended 31 December			Year ended 30 June	Six months ended 31 December			Year ended 30 June
	2023	2022	% change	2023	**2023**	2022	% change	2023
Number of policies (thousands)	**535**	590	(9)	551	**23**	30	(23)	26
Gross written premium (R million)	**627**	663	(5)	1 292	**31**	35	(11)	66

Additional segmental disclosure – investment management activities

TOTAL ASSETS UNDER MANAGEMENT

	As at 31 December			As at 30 June
R million	**2023**	2022	% change	2023
Multi-asset and equity	**25 426**	22 257	14	27 820
Structured products and indexation	**8 743**	12 184	(28)	11 990
Alternatives	**38 078**	39 675	(4)	37 414
Fixed income	**70 042**	56 623	24	64 905
Private client portfolios	**74 506**	61 225	22	70 363
Total group AUM	**216 795**	191 964	13	212 492

REVENUE BY TYPE

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
Investment management fees	**369**	323	14	675
Advice fees	**116**	131	(11)	249
Trust and estate income	**155**	135	15	311
Brokerage income	**51**	58	(12)	116
Administration and other income	**69**	78	(12)	148
Net interest income	**90**	74	22	142
Total revenue	**850**	799	6	1 641

Additional information on internal restructures and adoption of IFRS 17

The segmental disclosure has been updated for the following:

- IFRS 17 adoption – refer to pages 213 to 222 for more detail.
- The Centre cost allocation model was refined during the current period, this resulted in restatements of the December 2022 and June 2023 numbers, in certain segments, with no impact at a group level.
- Restatement of Aldermore's total assets and total liabilities – refer to page 153 for more detail.

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

	Six months ended 31 December 2022				Year ended 30 June 2023			
R million	As reported	Cost allocation	IFRS 17	Restated	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	38	–	–	38	88	–	–	88
Card	1 890	–	–	1 890	3 807	–	–	3 807
Personal loans	513	–	–	513	948	–	–	948
Retail other	8 773	–	(726)	8 047	17 722	–	(1 508)	16 214
FNB Commercial	5 405	–	(55)	5 350	10 840	–	(87)	10 753
Total FNB SA	16 619	–	(781)	15 838	33 405	–	(1 595)	31 810
Broader Africa	2 430	–	–	2 430	4 917	–	–	4 917
Total FNB	19 049	–	(781)	18 268	38 322	–	(1 595)	36 727
WesBank	1 809	–	–	1 809	3 504	–	–	3 504
Total R&C	20 858	–	(781)	20 077	41 826	–	(1 595)	40 231
RMB	7 675	–	–	7 675	14 700	–	–	14 700
Aldermore	348	–	–	348	1 357	–	–	1 357
Centre	(2 083)	–	(42)	(2 125)	(4 513)	–	125	(4 388)
Total group	26 798	–	(823)	25 975	53 370	–	(1 470)	51 900

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

	Six months ended 31 December 2022				Year ended 30 June 2023			
R million	As reported	Cost allocation	IFRS 17	Restated	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	853	7	–	860	1 706	14	–	1 720
Card	1 477	4	–	1 481	3 087	8	–	3 095
Personal loans	1 338	7	–	1 345	2 614	13	–	2 627
Retail other	8 334	40	(623)	7 751	17 704	81	(1 301)	16 484
FNB Commercial	5 730	28	(39)	5 719	11 769	56	(79)	11 746
Total FNB SA	17 732	86	(662)	17 156	36 880	172	(1 380)	35 672
Broader Africa	3 082	–	–	3 082	6 578	–	–	6 578
Total FNB	20 814	86	(662)	20 238	43 458	172	(1 380)	42 250
WesBank	2 325	7	–	2 332	4 697	13	–	4 710
Total R&C	23 139	93	(662)	22 570	48 155	185	(1 380)	46 960
RMB	6 042	25	–	6 067	13 126	50	–	13 176
Aldermore	2 948	–	–	2 948	7 032	–	–	7 032
Centre	369	(118)	(54)	197	327	(235)	60	152
Total group	32 498	–	(716)	31 782	68 640	–	(1 320)	67 320

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

	Six months ended 31 December 2022				Year ended 30 June 2023			
R million	As reported	Cost allocation	IFRS 17	Restated	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	1 024	(5)	–	1 019	1 907	(10)	–	1 897
Card	1 124	(3)	–	1 121	2 152	(6)	–	2 146
Personal loans	856	(5)	–	851	1 589	(9)	–	1 580
Retail other	2 528	(30)	(41)	2 457	5 325	(59)	(85)	5 181
FNB Commercial	5 037	(20)	(9)	5 008	9 848	(41)	(5)	9 802
Total FNB SA	10 569	(63)	(50)	10 456	20 821	(125)	(90)	20 606
Broader Africa	508	–	–	508	1 094	–	–	1 094
Total FNB	11 077	(63)	(50)	10 964	21 915	(125)	(90)	21 700
WesBank	929	(5)	–	924	1 859	(9)	–	1 850
Total R&C	12 006	(68)	(50)	11 888	23 774	(134)	(90)	23 550
RMB	4 677	(18)	–	4 659	9 152	(36)	–	9 116
Aldermore	1 636	–	–	1 636	3 490	–	–	3 490
Centre	(272)	86	(9)	(195)	253	170	55	478
Total group	18 047	–	(59)	17 988	36 669	–	(35)	36 634

Additional information on internal restructures and adoption of IFRS 17 continued

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

	Six months ended 31 December 2022				Year ended 30 June 2023			
R million	As reported	Fair value hedge	IFRS 17	Restated	As reported	Fair value hedge	IFRS 17	Restated
Residential mortgages	247 378	–	–	247 378	255 335	–	–	255 335
Card	30 080	–	–	30 080	32 592	–	–	32 592
Personal loans	38 900	–	–	38 900	41 460	–	–	41 460
Retail other	40 580	–	284	40 864	38 550	–	562	39 112
FNB Commercial	112 141	–	(91)	112 050	117 157	–	(50)	117 107
Total FNB SA	469 079	–	193	469 272	485 094	–	512	485 606
Broader Africa	58 378	–	–	58 378	62 058	–	–	62 058
Total FNB	527 457	–	193	527 650	547 152	–	512	547 664
WesBank	154 906	–	–	154 906	163 851	–	–	163 851
Total R&C	682 363	–	193	682 556	711 003	–	512	711 515
RMB	696 589	–	–	696 589	720 698	–	–	720 698
Aldermore	411 394	(7 192)	–	404 202	477 424	–	–	477 424
Centre	352 785	–	(138)	352 647	385 720	–	(83)	385 637
Total group	2 143 131	(7 192)	55	2 135 994	2 294 845	–	429	2 295 274

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

	Six months ended 31 December 2022				Year ended 30 June 2023			
R million	As reported	Cost allocation and fair value hedge	IFRS 17	Restated	As reported	Cost allocation and fair value hedge	IFRS 17	Restated
Residential mortgages	247 202	7	–	247 209	255 001	14	–	255 015
Card	29 595	4	–	29 599	31 344	8	–	31 352
Personal loans	39 061	7	–	39 068	41 407	13	–	41 420
Retail other	29 694	40	(463)	29 271	20 455	81	170	20 706
FNB Commercial	108 852	28	(86)	108 794	109 909	56	42	110 007
Total FNB SA	454 404	86	(549)	453 941	458 116	172	212	458 500
Broader Africa	56 752	–	–	56 752	58 142	–	–	58 142
Total FNB	511 156	86	(549)	510 693	516 258	172	212	516 642
WesBank	152 703	7	–	152 710	161 005	13	–	161 018
Total R&C	663 859	93	(549)	663 403	677 263	185	212	677 660
RMB	687 842	25	–	687 867	706 722	50	–	706 772
Aldermore	381 615	(7 192)	–	374 423	440 574	–	–	440 574
Centre	229 305	(118)	(115)	229 072	275 370	(235)	(536)	274 599
Total group	1 962 621	(7 192)	(664)	1 954 765	2 099 929	–	(324)	2 099 605

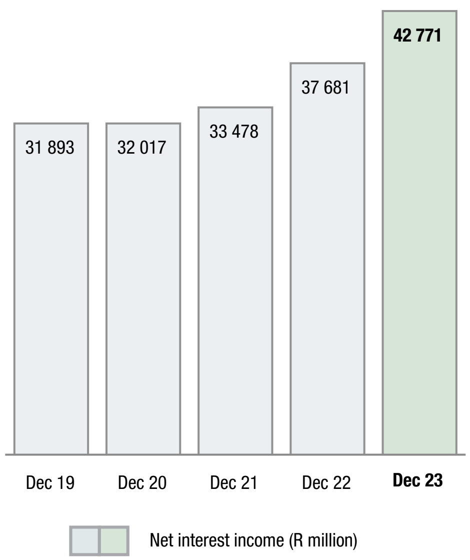
analysis
of results

Net interest income (before impairment of advances)

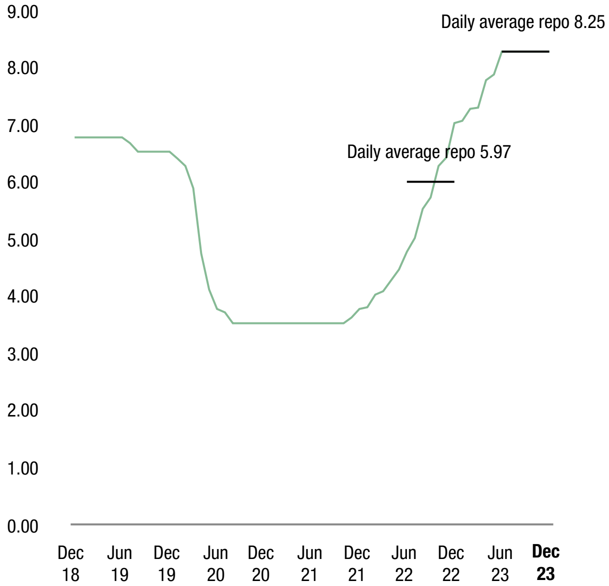
Net interest income (before impairment of advances) – up 14%

Net interest income
(R million)

NII CAGR 8%



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. R293 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, Aldermore developed an ALM investment strategy. The average endowment book for the period was c. £455 million (based on the updated endowment methodology).

MARGIN CASCADE TABLE

Percentage of average interest-earning banking assets (%)	Six months ended 31 December				Year ended 30 June
	2023			2022	2023
	Average interest-earning assets (R million)	**NII (R million)**	NIM (%)	NIM (%)	NIM (%)
Opening normalised margin including UK operations	**1 706 221**	**37 681**	4.38	4.37	4.40
Impact of UK operations on margin	**(393 865)**	**(6 072)**	0.40	0.46	0.40
Opening normalised margin excluding UK operations	**1 312 356**	**31 609**	**4.78**	4.83	4.80
Asset growth	**116 777**	**2 814**			
Balances with central banks	**5 462**				
Cash and cash equivalents	**(14 684)**				
Liquid assets	**7 949**				
Loans and advances	**118 050**				
Lending interest-earning assets		**(412)**	(0.06)	(0.19)	(0.16)
Asset pricing		**(589)**	(0.08)	(0.10)	(0.12)
Change in advances mix and other		**177**	0.02	(0.09)	(0.04)
Liabilities		**486**	0.07	0.12	0.09
Deposit pricing and endowment		**(375)**	(0.05)	0.10	0.06
Change in deposit mix and volume		**861**	0.12	0.02	0.03
Capital endowment (including ALM strategies)		**617**	0.09	0.07	0.07
Group Treasury, Centre and other activities		**170**	0.02	(0.12)	0.01
FNB broader Africa		**430**	0.06	0.07	0.09
Closing normalised margin excluding UK operations	**1 429 133**	**35 714**	**4.96**	4.78	4.90
Impact of UK operations on margin	**467 557**	**7 057**	(0.49)	(0.40)	(0.43)
Motor finance	**100 294**	**1 891**	(0.07)	(0.07)	(0.10)
Aldermore bank	**367 263**	**5 166**	(0.42)	(0.33)	(0.33)
Closing normalised margin including UK operations	**1 896 690**	**42 771**	**4.47**	4.38	4.47

Net interest income (before impairment of advances) continued

ACTIVITY ANALYSIS OF NET INTEREST INCOME BEFORE IMPAIRMENT OF ADVANCES

R million	Six months ended 31 December			Year ended 30 June
Net interest income	**2023**	2022	% change	2023
Lending	**13 767**	12 636	9	25 825
Transactional*	**10 254**	9 752	5	20 022
Investment deposits	**2 121**	2 021	5	4 234
Capital endowment (including ALM strategies)	**5 685**	5 073	12	9 891
Group Treasury, Centre and other**	**1 034**	(296)	(>100)	286
FNB broader Africa	**2 853**	2 423	18	5 139
Total NII excluding UK operations	**35 714**	31 609	13	65 397
UK operations	**7 057**	6 072	16	13 219
– Motor finance	**1 891**	1 790	6	3 660
– Aldermore bank	**5 166**	4 282	21	9 559
Total NII including UK operations	**42 771**	37 681	14	78 616

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

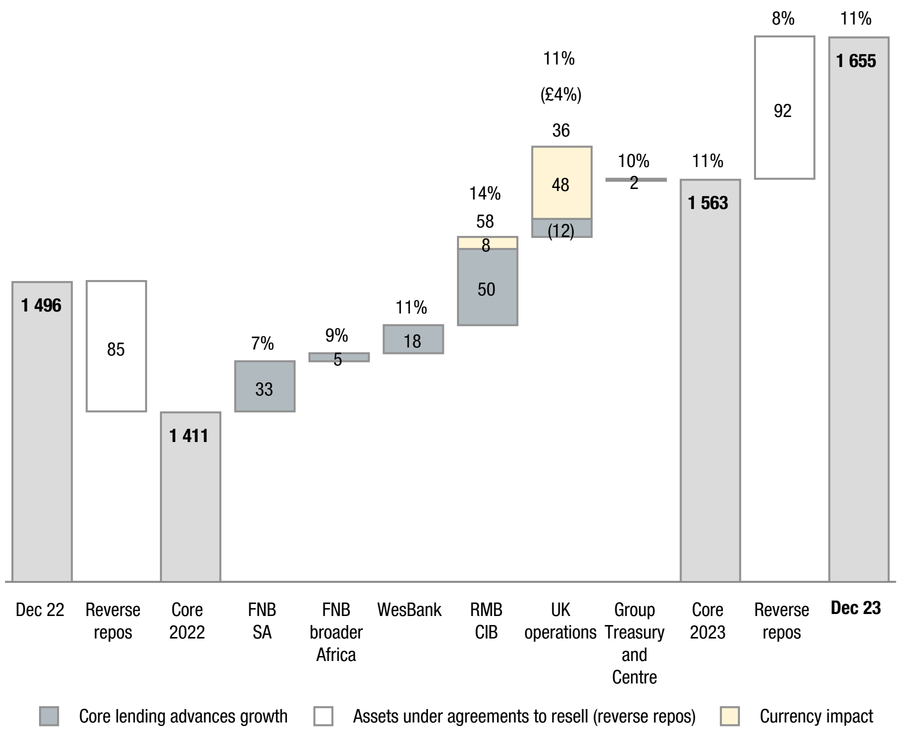
** *Other includes negative endowment, e.g. fixed assets.*

Key drivers – NII

- During the period under review average interest rates moved up 228 bps to 8.25% (December 2022: 5.97%).
- NII growth was driven by endowment as well as continued growth in transactional deposits and advances.
- Lending NII increased 9%, driven by growth in average customer advances. Retail and commercial average advances grew 8%, driven by residential mortgages, retail unsecured and commercial lending, with margin outcomes still reflecting the origination tilt to better-quality credit. RMB average advances (excluding marketable advances and preference shares) grew 22% period-on-period driven by strong demand for structured lending and general banking facilities.
- The increase in transactional NII was driven by product volumes and endowment, partially offset by the ALM strategies.
- The increase in NII from investment deposits benefited from growth in the retail and commercial deposit franchises, underpinned by product offerings and customer preference for higher-yielding products.
- Capital endowment NII benefited from interest rate increases in previous periods, offset by changes in the geographic mix of capital balances and a lower contribution from the ALM investment strategy. The mix change in capital reflects a relatively higher proportion of capital held outside of FRB, in particular in the UK.
- Group Treasury, the Centre and other NII increased due to:
  - smaller accounting mismatches relative to the prior period resulting from better management of accrual versus mark-to-market valuations; and
  - improved liquidity management outcomes period-on-period in both rand and hard currency, driven by liability management and asset growth.
- FNB broader Africa's NII also benefited from the endowment effects of the rate hiking cycle and growth in both advances and deposits. The group's ALM strategy has not yet been fully implemented in the broader Africa portfolio.
- The UK operations' NII grew 1% in pound terms. This reflected the benefit of the higher interest rate environment, partially offset by more muted lending markets (which impacted balance sheet growth), and price-led competitive pressures, preventing the full transmission of higher funding costs. The rand growth was a result of positive foreign currency translation effects.

Core advances – up 11%

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 31 December 2023	As at 31 December 2022	% change	As at 30 June 2023	December 2023 vs June 2023 % change
Total advances	**1 654 812**	1 495 883	11	1 590 447	4
Assets under agreements to resell	**(92 060)**	(85 172)	8	(79 410)	16
Total core lending advances (before currency impact)	**1 562 752**	1 410 711	11	1 511 037	3
UK operations and dollar cross-border book currency impact*	**(55 595)**	–	–	(61 933)	(10)
Core lending advances after currency impact	**1 507 157**	1 410 711	7	1 449 104	4

* *If the exchange rate (£1 = R23.57 and $1 = R18.53) had remained unchanged from 31 December 2022 (£1 = R20.46 and $1 = R16.98).*

For further information on the exchange rate, refer to page 226.

Net interest income (before impairment of advances) continued

Key drivers – advances

- Advances increased 11% as growth continued across most portfolios, decelerating somewhat from the levels reported at 30 June 2023 (+15%). The currency impact of the UK operations and the RMB cross-border book contributed 4% to total growth during the period. Core lending advances grew 3% since June 2023.
- FNB SA advances growth remained resilient, notwithstanding the macro challenges.
- Retail secured advances increased 6% period-on-period (2% since June 2023). Residential mortgages advances growth continued to slow down given reduced demand. WesBank VAF also experienced a slowdown, with 7% advances growth (2% since June 2023) as payouts declined 11% on the back of lower demand and affordability pressures.
- The unsecured lending portfolio increased 10% period-on-period (4% since June 2023) on the back of strong growth in personal loans, card and the revolving facility book offset by the ongoing decline in volumes in the DirectAxis book.
- FNB commercial and WesBank corporate reflected period-on-period growth of 9% and 21%, respectively (3% and 10% since June 2023), driven by focused origination in sectors showing above-cycle growth, and which are expected to perform well even in an inflationary and high interest rate environment.
- RMB's advances growth was underpinned by its focus on strategic initiatives in sustainable finance, large corporates and private power. Origination continued to lean towards better-rated counterparties, with a tilt towards low- to medium-volatility sectors. The cross-border book reflected period-on-period growth of 25% in rand terms and 14% in dollar terms. RMB advances increased 9% since June 2023.
- FNB broader Africa advances increased period-on-period in both rand (+9%) and local currency (+9%), reflecting focused origination strategies in the mid-corporate and retail segments. The largest contributors were Namibia (+6%) and Botswana (+13%). Since June 2023 the portfolio has grown 4% (6% in local currency).
- UK operations advances contracted 4% period-on-period, reflecting more muted lending markets (with higher interest rates and inflation impacting affordability) and a focus on balancing returns with portfolio growth. Since June 2023, the property finance and structured and specialised finance portfolios have shown some growth, reducing the overall contraction to 2% for this period.
  - Property finance advances reduced 1% period-on-period, with growth in the buy-to-let portfolio more than offset by the impact of a subdued owner-occupied market, given the impact of higher mortgage rates and cost-of-living pressures on buyer sentiment.
  - Structured and specialised finance advances reduced 3% period-on-period. This reflects the impact of a slowdown in commercial real estate activity, timing of invoice finance deals and the decision to sell the working capital finance business in the comparative period.
  - The contraction in motor finance was due to weaker demand reflecting the impact of economic pressure on customers, and increased redemptions from a maturing portfolio.
- Assets under agreements to resell (reverse repos) increased in RMB due to an increase in system liquidity following the introduction of the Monetary Policy Implementation Framework. This growth was partially offset by a decrease in the Centre's reverse repos with interbank counterparties.

AVERAGE BALANCE SHEET

R million	Notes	December 2023			December 2022		
		Average balance*	**Interest income/ (expense)**	**Average rate %**	Average balance	Interest income/ (expense)	Average rate %
INTEREST-EARNING ASSETS							
Average prime rate (RSA)				**11.75**			9.47
Balances with central banks		**40 556**	**–**	**–**	35 094	–	–
Cash and cash equivalents		**36 321**	**990**	**5.41**	50 930	1 170	4.56
Liquid assets portfolio		**318 181**	**11 124**	**6.94**	310 232	8 908	5.70
Loans and advances to customers	1	**1 034 075**	**59 037**	**11.33**	916 025	45 748	9.91
Interest-earning assets		**1 429 133**	**71 151**	**9.88**	1 312 281	55 826	8.44
INTEREST-BEARING LIABILITIES							
Average repo rate (RSA)				**8.25**			5.97
Deposits due to customers	2	**(1 096 763)**	**(34 583)**	**6.25**	(998 779)	(22 013)	4.37
Group Treasury funding		**(304 532)**	**(13 156)**	**8.57**	(286 956)	(9 098)	6.29
Interest-bearing liabilities		**(1 401 295)**	**(47 739)**	**6.76**	(1 285 735)	(31 111)	4.80
ENDOWMENT AND TRADING BOOK							
Other assets**		**290 385**	**–**	**–**	250 064	–	–
Other liabilities#		**(157 896)**	**–**	**–**	(133 672)	–	–
AT1 instruments and NCNR preference shares		**(10 963)**	**–**	**–**	(6 110)	–	–
Equity		**(149 364)**	**–**	**–**	(136 828)	–	–
Endowment and trading book		**(27 838)**	**12 302**	**(87.65)**	(26 546)	6 894	(51.52)
Total interest-bearing liabilities, endowment and trading book		**(1 429 133)**	**(35 437)**	**4.92**	(1 312 281)	(24 217)	3.66
Net interest margin on average interest-earning assets – excluding UK operations		**1 429 133**	**35 714**	**4.96**	1 312 281	31 609	4.78
Net interest margin on average interest-earning assets – UK operations		**467 557**	**7 057**	**2.99**	393 865	6 072	3.06
- Motor finance		**100 294**	**1 891**	**3.74**	93 915	1 790	3.78
- Aldermore bank		**367 263**	**5 166**	**2.79**	299 950	4 282	2.83
Net interest margin on average interest-earning assets – including UK operations		**1 896 690**	**42 771**	**4.47**	1 706 146	37 681	4.38

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

* *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.*

Net interest income (before impairment of advances) continued

NOTE 1 – MARGIN ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS

	December 2023		December 2022	
R million	**Average balance**	**Average margin %**	Average balance	Average margin %
Average prime rate (RSA)		**11.75**		9.47
Advances				
Retail – secured	**378 922**	**1.82**	351 391	1.97
Residential mortgages	**265 638**	**1.37**	249 515	1.60
VAF	**113 284**	**2.87**	101 876	2.90
Retail – unsecured	**95 979**	**10.74**	87 913	10.81
Card	**39 000**	**7.12**	34 481	7.51
Personal loans	**51 093**	**13.92**	46 790	13.48
Retail other	**5 886**	**7.08**	6 642	9.17
Corporate and commercial	**499 434**	**2.21**	421 793	2.41
FNB commercial	**115 404**	**3.32**	105 074	3.37
- Mortgages	**34 012**	**2.05**	30 625	2.20
- Overdrafts	**47 018**	**4.49**	42 746	4.65
- Term loans	**34 374**	**2.95**	31 703	2.77
WesBank corporate and commercial	**56 394**	**2.19**	48 472	2.14
RMB CIB	**327 636**	**1.81**	268 247	2.08
FNB broader Africa	**59 740**	**4.22**	54 928	4.28
Total advances excluding UK operations	**1 034 075**	**2.97**	916 025	3.16
UK operations	**359 111**	**3.90**	319 480	3.77
- Motor finance	**98 447**	**3.81**	93 915	3.78
- Aldermore bank	**260 664**	**3.93**	225 565	3.77
Total advances including UK operations	**1 393 186**	**3.21**	1 235 505	3.32

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.

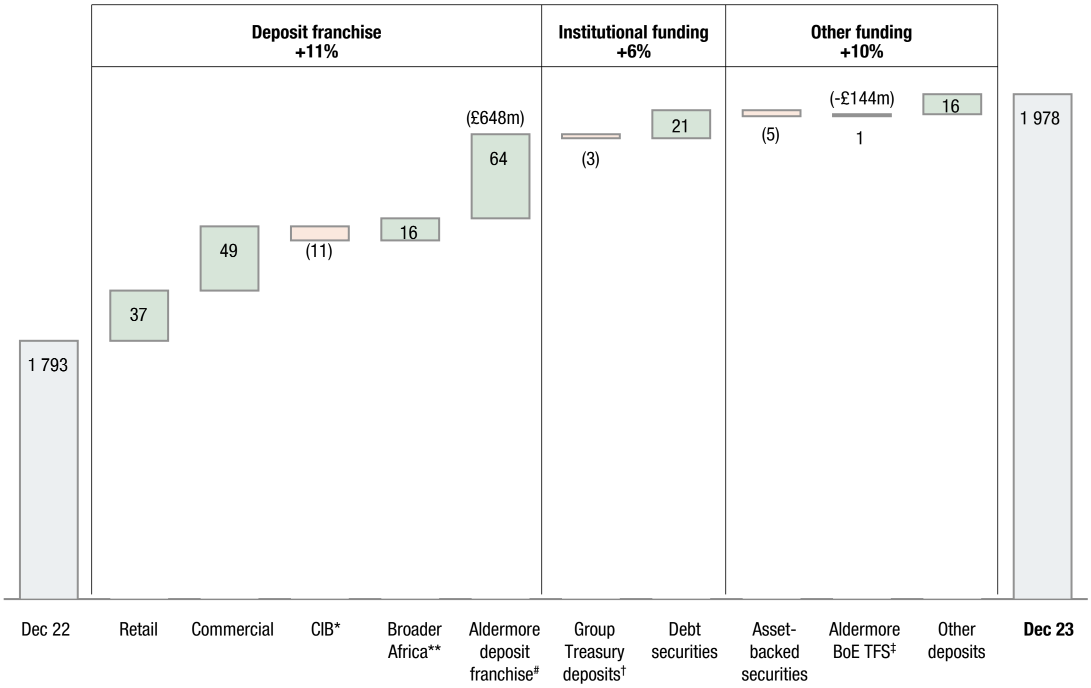
Key drivers – advances margin

- Overall advances margins continue to reflect the origination strategy (weighted to better-risk customers in retail) and portfolio mix changes.
- As a result of origination tilt and increased competition, SA retail margins decreased, also reflecting the shift in asset mix to secured, with higher levels of new business volumes written at lower margins gradually replacing the higher-margin book as it runs off. The increase in NPLs contributed further to margin compression as interest on these exposures is only recognised to the extent that it is recoverable, whilst interest on the performing book is recognised in full.
- FNB commercial margins also decreased as a result of a change in mix of new business and competitive pricing pressure.
- RMB margins decreased due to competitive pressure in the large corporate client sector coupled with origination towards better-rated corporates.
- FNB broader Africa advances margins declined, with the key drivers broadly aligned to those in the SA retail and commercial portfolios. The overall compression was partially offset by margin expansion in Zambia due to improved customer rates and mix changes, as well as lower statutory costs in Ghana.
- The impact of the UK operations on the group's margin is reflected on page 73. The UK operations' margin reflects competitive pressure offset by pricing discipline and a focus on optimising funding costs. The motor finance portfolio continues to be impacted by the NOSIA remediation project.

Net interest income (before impairment of advances) continued

Funding – up 10%

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 savings deposit franchise increased 4% 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 decreased 12% to £1.08 billion.

Key drivers – deposits and funding

Deposit franchise

- FNB retail deposit growth benefited from targeted client offerings. Investment deposits increased 12%, supported by a comprehensive product offering, client money management initiatives and improved investment rates. Transactional deposit growth (+5%) tracked new customer acquisition and reflects macro pressures weighing on available disposal income, combined with the migration to higher-yielding products. Islamic banking deposits continued to perform well (+26%).
- Commercial deposit growth was driven by product offerings, including investments (+18%) and Islamic banking deposits (+21%). Transactional deposits increased 4% in line with customer growth.
- On the back of RMB's strategy to grow primary-banked clients, there was good growth in operational balances, however, this was offset by investment deposit maturities.
- Broader Africa deposit growth benefited from customer acquisition, driven by innovative product offerings, which was up 16% in rand terms (up 19% on a constant currency basis).
- Aldermore delivered deposit growth of 4% (in pounds). Personal savings balances reduced by £0.1 billion to £10.4 billion, with the business remaining agile on pricing to protect balances whilst optimising funding costs in a higher interest rate environment. Business savings balances increased 18% period-on-period to £3.2 billion (December 2022: £2.7 billion) and corporate treasury balances increased 14% period-on-period to £2.3 billion (December 2022: £2.0 billion), as Aldermore continues its focus on growing and diversifying its funding base.

Institutional funding

- Institutional funding increased on the back of balance sheet growth, and liability and liquidity management strategies.

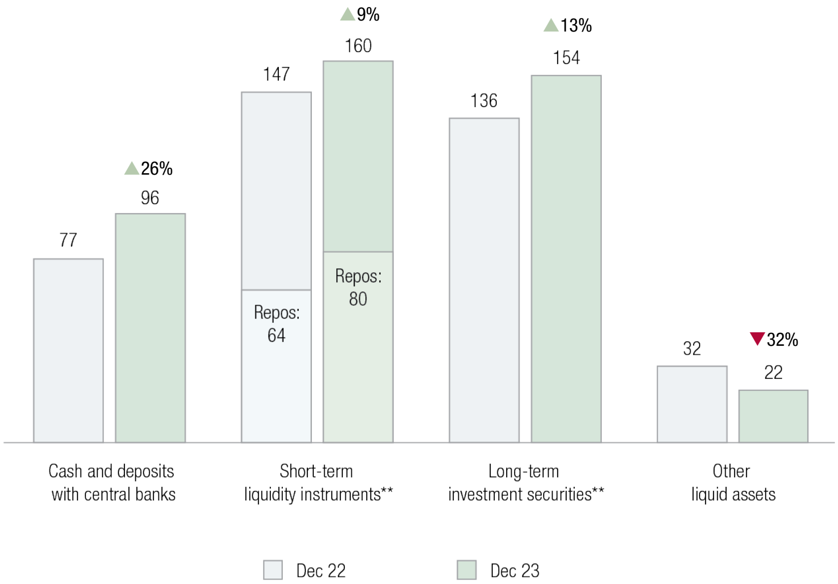
Other funding

- Funding from asset-backed securities decreased as a result of the continued amortisation of existing transactions, partially offset by the execution of a home loan securitisation during the period.
- Aldermore's term funding scheme decreased in pound terms due to lower utilisation.
- The increase in other funding was primarily due to increases in collateral received and secured funding transactions.

Net interest income (before impairment of advances) continued

The group manages excess liquidity by deploying it primarily into cash, 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.*

NOTE 2 – MARGIN ANALYSIS ON DEPOSITS DUE TO CUSTOMERS

	December 2023		December 2022	
R million	**Average balance**	**Average margin %**	Average balance	Average margin %
Average repo rate (RSA)		**8.25**		5.97
Deposits				
Retail	**339 718**	**2.04**	309 825	1.86
Current and savings	**93 223**	**5.82**	89 583	4.85
Call	**129 525**	**0.76**	116 596	0.84
Term	**116 970**	**0.44**	103 646	0.44
Commercial	**434 483**	**2.56**	380 244	2.41
Current and savings	**147 983**	**6.13**	139 810	5.08
Call	**134 947**	**1.13**	117 398	1.34
Term	**151 553**	**0.36**	123 036	0.41
Corporate and investment banking	**255 826**	**1.12**	250 925	0.99
Current and savings	**122 762**	**1.87**	111 348	1.77
Call	**83 899**	**0.51**	76 425	0.57
Term	**49 165**	**0.28**	63 152	0.12
FNB broader Africa	**66 736**	**3.84**	57 785	3.44
Total deposits excluding UK operations	**1 096 763**	**2.14**	998 779	1.94
UK operations*	**412 787**	**–**	340 744	–
Total deposits including Aldermore	**1 509 550**	**1.56**	1 339 523	1.45

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

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

Key drivers – deposit margins

- FNB SA retail and commercial deposit margins widened, driven by endowment on transactional accounts. This was, however, impacted by lower liquidity spreads and competitive pressures.
- FNB broader Africa's margin expansion was largely a result of the endowment benefit from rising interest rates.
- RMB deposit margins increased, attributable to a change in book mix, with a decrease in lower-margin earning investment balances and an increase in transactional balances. The domestic and broader Africa portfolios also benefited from interest rate hikes, leading to higher endowment across the portfolio.

Credit

CREDIT HIGHLIGHTS AT A GLANCE

		Six months ended 31 December			Year ended 30 June
R million	Notes	**2023**	2022	% change	2023
Total gross advances		**1 654 812**	1 495 883	11	1 590 447
Total core lending advances	1 on p.102	**1 562 752**	1 410 711	11	1 511 037
— Performing core lending advances		**1 500 512**	1 360 002	10	1 453 605
— Stage 1		**1 381 503**	1 242 207	11	1 338 938
— Stage 2		**119 009**	117 795	1	114 667
— Stage 3/NPLs	3 on p.110	**62 240**	50 709	23	57 432
Assets under agreements to resell		**92 060**	85 172	8	79 410
Stage 3/NPLs as a % of core lending advances	3 on p.110	**3.98**	3.59		3.80
Core lending advances (net of impairment)		**1 509 498**	1 362 495	11	1 459 965
Total impairments		**53 254**	48 216	10	51 072
Portfolio impairments	2 on p.108	**25 021**	23 376	7	25 034
— Stage 1		**12 335**	11 993	3	12 779
— Stage 2		**12 686**	11 383	11	12 255
Stage 3 impairments	3 on p.110	**28 233**	24 840	14	26 038
Coverage ratios					
Performing book coverage ratio (%) – core lending advances*	2 on p.108	**1.67**	1.72		1.72
Specific coverage ratio (%)**	3 on p.110	**45.4**	49.0		45.3
Income statement analysis					
Impairment charge	4 on p.114	**6 404**	5 008	28	10 949
Credit loss ratio (%) – core lending advances	4 on p.114	**0.83**	0.74		0.78
Impairment charge excluding UK operations	4 on p.114	**5 816**	3 947	47	9 023
Credit loss ratio excluding UK operations (%) – core lending advances	4 on p.114	**0.99**	0.75		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.*

Changes in the presentation of credit information

Temporary stress scenario

An additional stress scenario was introduced during the financial period ended 30 June 2021, given the event-driven uncertainty in the global and South African economy at the time. The scenario was initially introduced to capture the uncertainty around the impact of the Covid-19 pandemic and subsequently to address risks brought about by the impact of Russia's invasion of Ukraine, as well as inflation and interest rate forecasting risks. Since June 2022, the forecasting risk associated with inflation and interest rates has manifested in actual inflationary and interest rate outcomes, with provisions increasing as the impairment models incorporate these impacts.

At 31 December 2022, absolute provisions of R372 million and stage allocations at 30 June 2022 were retained, and the temporary stress scenario was fully unwound at 30 June 2023.

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.

Impairment charge

The impairment charge increased. The CLR at 83 bps is well below the mid point of the TTC range of 80 bps – 110 bps. This outcome was marginally better than expected, given the book growth over the last two financial years, combined with the impact of continued weak macros on the back book.

The impairment charge increased 28% period-on-period to R6 404 million, largely attributable to the following factors (a further analysis is contained on pages 86 to 89, and in note 4 on page 114):

- Overall stage 1 provision balances decreased R444 million due to an improving macro outlook during the period under review, resulting in releases in modelled FLI provisions, which more than offset provisions raised for advances growth.
- Overall stage 2 provisions increased R431 million, driven by increased stage 2 advances as economic conditions weighed on customers, leading to an increase in arrears and SICR levels. Stage 2 advances continued to consist predominantly of SICR exposures.
- Stage 2 coverage decreased marginally from June 2023 levels, across all portfolios except broader Africa and RMB private equity.
- Stage 3 provisions increased as NPLs continued to tick up in line with expectations, driven largely by the personal loans, card and residential mortgage portfolios.
- The group's stage 3 coverage was largely maintained at June 2023 levels, as changes in coverage levels of underlying portfolios largely offset each other. These changes are unpacked on page 98.
- Net write-offs declined, as the average age of the overall NPL population decreased given new inflows, despite the reduction in post write-off recoveries.

The increase in the CLR was driven by:

- SA retail's CLR increased to 193 bps, and whilst the pace and level of increases from late 2021 were more severe than expected, the increase in underlying defaults was consistent with risk appetite expectations, supported by an outlook that considers the start of interest rate reductions in the short to medium term.
- The WesBank VAF CLR increased period-on-period, reflecting advances growth and increased stage 3 provisions. The decrease from June 2023 was largely due to FLI releases.
- FNB commercial's CLR of 46 bps remains low, given ongoing pressures from higher interest rates, inflation, loadshedding and origination strain from the growth in advances.
- The core lending CLR of 29 bps for RMB (excluding HQLA) was driven by strong advances growth, increased risk in specific pockets of the portfolio (which resulted in additional stage 3 provisions being raised), and challenging macros. The prior period charge included the benefit of a debt-to-equity restructure as outlined below.
- Broader Africa's CLR was also impacted by macros, particularly in Ghana and Namibia.
- The UK operations' CLR benefited from the release of FLI provisions, which were raised to account for macro forecast uncertainty (due to the surprise shocks in inflation and peak swap rates) as the outlook improved. This was counteracted somewhat by a deterioration in performance and an increase in arrears levels across the portfolio, in line with expectations, as a result of the high interest rates and cost-of-living pressures. The motor finance CLR deteriorated due to increased stage 3 provisions and the ongoing impact of remediation activities on the book.
- During the prior period, 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 120. The portion of the advance settled resulted in a R105 million impairment release, with the majority of the loan being written off (R716 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 122. The net earnings impact of this transaction was zero.

Credit continued

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2023	30 June 2023	31 December 2022	30 June 2022	December 2023 vs December 2022 % change	June 2023 vs December 2022 % change	December 2022 vs June 2022 % change
Movement in balance sheet provisions							
Performing book provisions	**(13)**	1 658	964	(1 357)	(>100)	72	(>100)
NPL provision	**2 195**	1 198	(482)	(1 112)	(>100)	(>100)	(57)
— Provision movements	**2 195**	1 198	339	(1 112)	>100	>100	(>100)
— NPL release due to debt-to-equity restructure*	**–**	–	(821)	–	(100)	(100)	–
Credit provision increase/(decrease)	**2 182**	2 856	482	(2 469)	>100	>100	(>100)
Gross write-off and other	**6 372**	5 344	6 904	7 999	(8)	(23)	(14)
— Bad debts written off**	**6 069**	6 778	6 382	7 373	(5)	6	(13)
— Debt-to-equity restructure*	**–**	–	716	–	(100)	(100)	–
— Exchange rate and other	**303**	(1 434)	(194)	626	(>100)	>100	(>100)
Amounts recognised directly in income statement							
Modification loss	**356**	317	353	267	1	(10)	32
Interest suspended on stage 3 advances	**(1 548)**	(1 251)	(1 599)	(1 363)	(3)	(22)	17
Post write-off recoveries	**(958)**	(1 325)	(1 132)	(1 381)	(15)	17	(18)
Total impairment charge	**6 404**	5 941	5 008	3 053	28	19	64
Credit loss ratio (%) – core lending advances	**0.83**	0.81	0.74	0.47			
Credit loss ratio excluding UK operations (%) – core lending advances	**0.99**	0.91	0.75	0.45			

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

** *Write-off of gross balances, excluding prior period 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
Volume change in stage 1	Determined by using the same stage 1 coverage as in the prior period, applied to the movement between prior and current period stage 1 advances.
Change in stage 1 coverage	Calculated as the difference in coverage period-on-period multiplied by the comparative period stage 1 advances.
Volume change in stage 2	Determined by using the stage 2 coverage in the prior period applied to the movement between prior and current period stage 2 advances.
Change in stage 2 coverage	Calculated as the difference in coverage period-on-period, multiplied by the comparative period stage 2 advances.
Change in stage 3 provisions	Difference between current and prior period NPLs. Includes the movements in interest suspended on stage 3 advances.
Gross write-offs and other	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

	Six months ended 31 December 2023								
	Movement in the balance sheet provisions								
R million	**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**	**Gross write-off and other***	**Current year ECL provided**
SA retail	**121**	**(274)**	**51**	**(78)**	**(180)**	**1 699**	**1 519**	**4 480**	**5 999**
— Secured	**29**	**(55)**	**4**	**(6)**	**(28)**	**576**	**548**	**994**	**1 542**
— Unsecured	**92**	**(319)**	**47**	**(72)**	**(252)**	**1 123**	**871**	**3 586**	**4 457**
— Temporary stress scenario	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
— FNB centre	**–**	**100**	**–**	**–**	**100**	**–**	**100**	**(100)**	**–**
Commercial	**59**	**70**	**12**	**(20)**	**121**	**(142)**	**(21)**	**762**	**741**
Corporate	**164**	**(20)**	**137**	**82**	**363**	**152**	**515**	**126**	**641**
Broader Africa	**72**	**(265)**	**(130)**	**250**	**(73)**	**28**	**(45)**	**488**	**443**
UK operations**	**(179)**	**(186)**	**232**	**(104)**	**(237)**	**413**	**176**	**485**	**661**
Centre	**41**	**(47)**	**43**	**(44)**	**(7)**	**45**	**38**	**31**	**69**
Total	**278**	**(722)**	**345**	**86**	**(13)**	**2 195**	**2 182**	**6 372**	**8 554**

	Six months ended 31 December 2022								
	Movement in the balance sheet provisions								
R million	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**	Gross write-off and other*	**Current year ECL provided**
SA retail	156	(168)	146	76	**210**	(125)	**85**	5 071	**5 156**
— Secured	70	(43)	105	149	**281**	(168)	**113**	1 051	**1 164**
— Unsecured	86	(229)	41	(73)	**(175)**	43	**(132)**	3 998	**3 866**
— Temporary stress scenario	–	–	–	–	**–**	–	**–**	–	**–**
— FNB centre	–	104	–	–	**104**	–	**104**	22	**126**
Commercial	56	60	(57)	21	**80**	(294)	**(214)**	832	**618**
Corporate#	262	(42)	352	(587)	**(15)**	(652)	**(667)**	691	**24**
Broader Africa	78	112	(35)	(24)	**131**	129	**260**	260	**520**
UK operations	116	297	75	169	**657**	460	**1 117**	(28)	**1 089**
Centre	(408)	311	–	(2)	**(99)**	–	**(99)**	78	**(21)**
Total	260	570	481	(347)	**964**	(482)	**482**	6 904	**7 386**

* *Write-off of gross balances, excluding prior period 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.*

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.

Six months ended 31 December 2023				
Recognised directly in the income statement				
Modification loss	**Interest suspended on stage 3 advances**	**Post write-off recoveries**	**Total**	**CLR %**
356	**(1 108)**	**(722)**	**4 525**	**1.93**
23	**(273)**	**(148)**	**1 144**	**0.61**
333	**(835)**	**(574)**	**3 381**	**7.01**
–	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**
–	**(260)**	**(84)**	**397**	**0.45**
–	**(38)**	**(5)**	**598**	**0.28**
–	**(103)**	**(102)**	**238**	**0.61**
–	**(39)**	**(34)**	**588**	**0.32**
–	**–**	**(11)**	**58**	**0.43**
356	**(1 548)**	**(958)**	**6 404**	**0.83**

Six months ended 31 December 2022				
Recognised directly in the income statement				
Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	**Total**	CLR %
355	(1 184)	(877)	**3 450**	1.58
87	(215)	(212)	**824**	0.47
268	(969)	(665)	**2 500**	5.67
—	—	—	**—**	–
—	—	—	**126**	–
(2)	(247)	(124)	**245**	0.31
—	(33)	—	**(9)**	(0.01)
—	(115)	(123)	**282**	0.81
—	(20)	(8)	**1 061**	0.67
—	—	—	**(21)**	(0.17)
353	(1 599)	(1 132)	**5 008**	0.74

Credit continued

R million	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**	Gross write-off and other*	**Current year ECL provided**
	Six months ended 30 June 2023								
	Movement in the balance sheet provisions								
SA retail	77	(241)	314	304	**454**	559	**1 013**	4 422	**5 435**
— Secured	44	(55)	194	224	**407**	218	**625**	1 093	**1 718**
— Unsecured	189	(82)	281	80	**468**	341	**809**	3 351	**4 160**
— Temporary stress scenario	(156)	–	(161)	–	**(317)**	–	**(317)**	–	**(317)**
— FNB centre	–	(104)	–	–	**(104)**	–	**(104)**	(22)	**(126)**
Commercial	43	(215)	142	(66)	**(96)**	(41)	**(137)**	909	**772**
Corporate**	92	(159)	(206)	291	**18**	53	**71**	414	**485**
Broader Africa	48	12	279	(288)	**51**	(27)	**24**	384	**408**
UK operations	362	759	4	95	**1 220**	635	**1 855**	(776)	**1 079**
Centre	5 012	(5 004)	–	3	**11**	19	**30**	(9)	**21**
Total	5 634	(4 848)	533	339	**1 658**	1 198	**2 856**	5 344	**8 200**

R million	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**	Gross write-off and other*	**Current year ECL provided**
	Year ended 30 June 2023								
	Movement in the balance sheet provisions								
SA retail	236	(412)	465	375	**664**	434	**1 098**	9 493	**10 591**
— Secured	114	(98)	285	387	**688**	50	**738**	2 144	**2 882**
— Unsecured	278	(314)	341	(12)	**293**	384	**677**	7 349	**8 026**
— Temporary stress scenario	(156)	–	(161)	–	**(317)**	–	**(317)**	–	**(317)**
— FNB centre	–	–	–	–	**–**	–	**–**	–	**–**
Commercial	95	(151)	89	(49)	**(16)**	(335)	**(351)**	1 741	**1 390**
Corporate**	405	(252)	(47)	(103)	**3**	(599)	**(596)**	1 105	**509**
Broader Africa	124	126	236	(304)	**182**	102	**284**	644	**928**
UK operations	432	1 102	94	249	**1 877**	1 095	**2 972**	(804)	**2 168**
Centre	83	(172)	–	1	**(88)**	19	**(69)**	69	**–**
Total	1 375	241	837	169	**2 622**	716	**3 338**	12 248	**15 586**

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

** *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.*

Six months ended 30 June 2023				
Recognised directly in the income statement				
Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	**Total**	CLR %
320	(889)	(888)	**3 978**	1.75
92	(240)	(226)	**1 344**	0.74
228	(649)	(662)	**3 077**	6.70
–	–	–	**(317)**	0.00
–	–	–	**(126)**	0.00
(3)	(240)	(101)	**428**	0.52
–	(7)	(42)	**436**	0.22
–	(86)	(109)	**213**	0.57
–	(29)	(185)	**865**	0.50
–	–	–	**21**	0.16
317	(1 251)	(1 325)	**5 941**	0.81

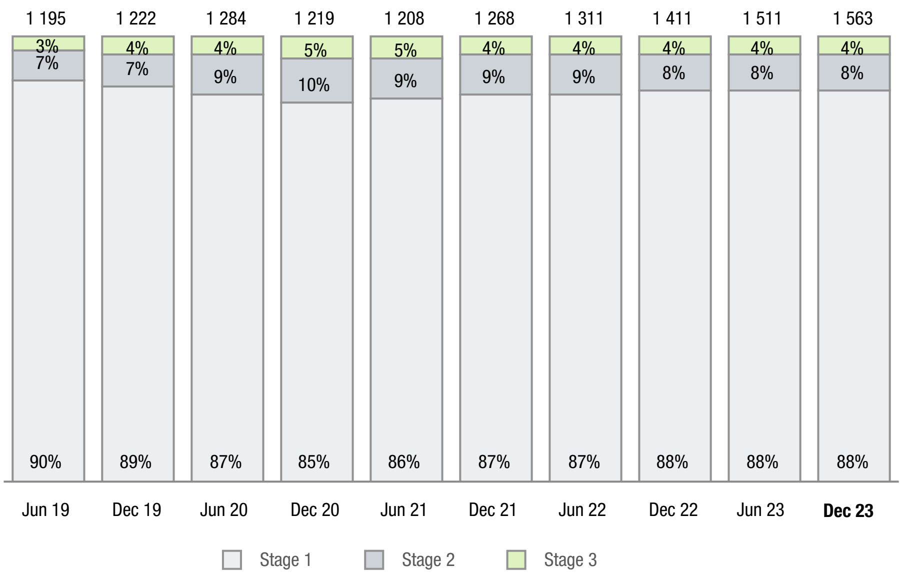
Year ended 30 June 2023				
Recognised directly in the income statement				
Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	**Total**	CLR %
675	(2 073)	(1 765)	**7 428**	1.66
179	(455)	(438)	**2 168**	0.61
496	(1 618)	(1 327)	**5 577**	6.13
–	–	–	**(317)**	–
–	–	–	**–**	–
(5)	(487)	(225)	**673**	0.42
–	(40)	(42)	**427**	0.12
–	(201)	(232)	**495**	0.69
–	(49)	(193)	**1 926**	0.57
–	–	–	**–**	–
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

	As at 31 December 2023			As at 31 December 2022			As at 30 June 2023		
R million	**Stage 2 arrears**	**Stage 2 current**	**Total stage 2**	Stage 2 arrears	Stage 2 current	Total stage 2	Stage 2 arrears	Stage 2 current	Total stage 2
Residential mortgages	**5 446**	**16 624**	**22 070**	5 060	15 110	20 170	5 571	16 895	22 466
WesBank VAF	**4 337**	**8 111**	**12 448**	3 526	8 205	11 731	3 753	8 547	12 300
FNB card	**479**	**2 435**	**2 914**	376	2 011	2 387	462	2 557	3 019
Personal loans	**2 569**	**5 162**	**7 731**	2 596	4 497	7 093	2 571	4 930	7 501
Retail other	**192**	**441**	**633**	206	3 050	3 256	174	465	639
Total SA retail	**13 023**	**32 773**	**45 796**	11 764	32 873	44 637	12 531	33 394	45 925
Temporary stress scenario	**–**	**–**	**–**	–	(2 688)	(2 688)	–	–	–
Total SA retail (excluding temporary stress scenario)	**13 023**	**32 773**	**45 796**	11 764	30 185	41 949	12 531	33 394	45 925
FNB commercial	**831**	**7 751**	**8 582**	860	6 549	7 409	1 168	7 487	8 655
WesBank corporate and commercial	**1 070**	**3 080**	**4 150**	712	3 196	3 908	730	2 734	3 464
Total SA commercial	**1 901**	**10 831**	**12 732**	1 572	9 745	11 317	1 898	10 221	12 119
Temporary stress scenario	**–**	**–**	**–**	–	(130)	(130)	–	–	–
Total SA commercial (excluding temporary stress scenario)	**1 901**	**10 831**	**12 732**	1 572	9 615	11 187	1 898	10 221	12 119
Total SA retail and commercial	**14 924**	**43 604**	**58 528**	13 336	42 618	55 954	14 429	43 615	58 044
Total temporary stress scenario	–	–	–	–	(2 818)	(2 818)	–	–	–
Total SA retail and commercial (excluding temporary stress scenario)	**14 924**	**43 604**	**58 528**	13 336	39 800	53 136	14 429	43 615	58 044

Stage distribution of advances

Stage 1 advances

The increase in stage 1 core lending advances reflects advances growth. A further analysis is contained in note 1 on pages 102 and 103.

Stage 2 advances

The increase in stage 2 advances was driven by the impact of rate hikes and inflation on customers, with repayment pressure becoming more evident. Despite the increase in arrears levels in certain portfolios, stage 2 advances continued to consist predominantly of current exposures that are triggered by SICR indicators.

Commentary in the following section refers to stage 2 movements excluding the temporary stress scenario, which was included in the prior period's results. A further analysis is contained in note 1 on pages 102 and 103.

- The unwinding of the temporary stress scenario during the 2023 financial year benefited stage 2, as the impact of the stress scenario SICR triggers was removed, given that these have now been captured across products.
- Underlying repayment pressure was noted across the SA retail portfolios, as more customers entered debt counselling. SA retail stage 2 advances reduced marginally since June 2023, with a small shift in balance from modelled SICR advances towards actual arrears emergence.
- The period-on-period increase in residential mortgage stage 2 advances was driven by SICR migrations and increased arrears levels, reflecting the impact of cumulative prime rate increases. Since June 2023, stage 2 advances have declined marginally as exposures flowed into NPL.
- The increase in WesBank VAF stage 2 advances was driven by higher arrears levels, reflecting the impact of cumulative prime rate increases.
- The growth in retail unsecured stage 2 advances was mainly attributable to modelled SICR driven by book growth.
- FNB commercial stage 2 grew period-on-period mainly due to paying accounts in current status (SICR). Given ongoing pressures from interest rate hikes, inflation and logistical constraints, more exposures triggered SICR indicators in the agric portfolio, in line with expectations. Since June 2023, there has been a marginal decrease in stage 2 advances due to accounts curing on the back of the improved FLI outlook and limited exposures migrating to stage 3.
- The increase in stage 2 advances in WesBank's commercial and corporate portfolios since June 2023 was driven by origination strain given book growth.
- RMB stage 2 advances decreased period-on-period as result of the curing of a significant exposure and repayments. Since June 2023, stage 2 advances have increased as exposures migrated to the watchlist. Stage 2 advances as a percentage of overall advances have, however, decreased given the strong book growth.
- Broader Africa stage 2 increased period-on-period, driven in part by additional SICR due to macro concerns.
- Stage 2 advances in the UK operations decreased period-on-period. This was largely driven by a decrease in the property portfolio stage 2 advances, after an enhanced SICR methodology was implemented at the end of the previous financial year, resulting in some migration to stage 1. Since June 2023, stage 2 advances have increased across the portfolios as exposures migrated into arrears in line with expectations, reflecting the higher cost of living and interest rate levels. The property portfolio was also impacted by the repricing of fixed-rate mortgages, resulting in repayment pressure. The increase in stage 2 advances in the motor portfolio was driven by the exposures impacted by the NOSIA remediation.

Credit continued

Stage distribution of advances

Stage 3 advances/NPLs

As expected, stage 3 advances continued to trend upwards across most portfolios since bottoming in December 2022. This was a consequence of advances growth and the weak economic environment. NPLs as a percentage of core lending advances increased to 3.98% (December 2022: 3.59%; June 2023: 3.80%), as advances growth slowed and the pace of stage 3 inflows accelerated. A further analysis is provided in note 3 on pages 110 to 113.

- SA retail NPLs increased since December 2022 and June 2023. Inflows from debt counselling and arrears emergence drove stage 3 growth across all product lines, with the balance shifting toward secured balances and paying NPL advances. These portfolios were affected by inflationary and interest rate pressures.
- SA commercial NPL advances increased marginally since December 2022, driven by the agric portfolio, in line with expectations. Since June 2023, NPLs have marginally decreased on the back of settlements and positive migrations.
- The period-on-period increase in RMB stage 3 is a result of the migration of a limited number of larger collateralised counters in both South Africa and in West Africa, due to the deterioration of economic and sovereign conditions. Since June 2023, NPLs have decreased due to the work-out and write-off of long-outstanding exposures. NPLs in the private equity lending portfolio remained stable.
- The deterioration of economic conditions also impacted the broader Africa portfolio, with increasing levels of NPLs since December 2022, most notably in Namibia and Ghana. The NPL ratio, however, decreased to 4.62% in June 2023 (December 2022: 4.83%) as a result of write-offs in Zambia and book growth. Post June 2023, the NPL ratio remained flat as advances growth decelerated somewhat.
- UK operations' NPLs increased 6% (in pound terms) period-on-period and 7% since June 2023, reflecting the impact of inflationary pressure and higher interest rates on credit performance. This, combined with the reduction in overall advances, resulted in an increase in the NPL ratio to 2.94% (June 2023: 2.72%; December 2022: 2.66%). The NOSIA operational event continues to weigh on absolute NPL balances at MotoNovo.

Stage 3 non-performing loans

CHANGE IN NPLs

	31 December 2023 vs 31 December 2022			31 December 2023 vs 30 June 2023		
	R million	**% change**	**Percentage point contribution to overall NPL increase**	R million	% change	Percentage point contribution to overall NPL decrease
Operational NPLs*	**6 903**	**23**	**14**	3 291	10	5
Other paying NPLs**	**2 668**	**30**	**5**	1 038	10	2
NPLs (excluding UK operations)	**9 571**	**23**	**19**	4 329	9	7
UK operations	**1 960**	**23**	**4**	479	5	1
Change in total group NPLs	**11 531**	**23**	**23**	4 808	8	8

* *Include debt-review and other core lending advances ≥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.

	As at 31 December 2023			As at 31 December 2022			As at 30 June 2023		
R million	**Operational NPLs***	**Other paying NPLs****	**Total NPLs**	Operational NPLs*	Other paying NPLs**	Total NPLs	Operational NPLs*	Other paying NPLs**	Total NPLs
Residential mortgages	**10 563**	**5 505**	**16 068**	7 840	4 079	11 919	9 485	4 588	14 073
WesBank VAF	**4 487**	**2 333**	**6 820**	3 689	1 945	5 634	4 076	2 093	6 169
FNB card	**3 467**	**1 040**	**4 507**	3 015	678	3 693	3 152	905	4 057
Personal loans	**6 464**	**2 071**	**8 535**	5 537	1 413	6 950	5 735	1 812	7 547
Retail other	**851**	**124**	**975**	966	148	1 114	805	119	924
Total SA retail NPLs	**25 832**	**11 073**	**36 905**	21 047	8 263	29 310	23 253	9 517	32 770
FNB commercial	**4 270**	**197**	**4 467**	4 266	164	4 430	4 294	479	4 773
WesBank corporate and commercial	**773**	**209**	**982**	549	384	933	621	445	1 066
Total SA commercial	**5 043**	**406**	**5 449**	4 815	548	5 363	4 915	924	5 839
Total SA retail and commercial	**30 875**	**11 479**	**42 354**	25 862	8 811	34 673	28 168	10 441	38 609

* *Include core lending advances and debt-review advances ≥90 days in arrears.*

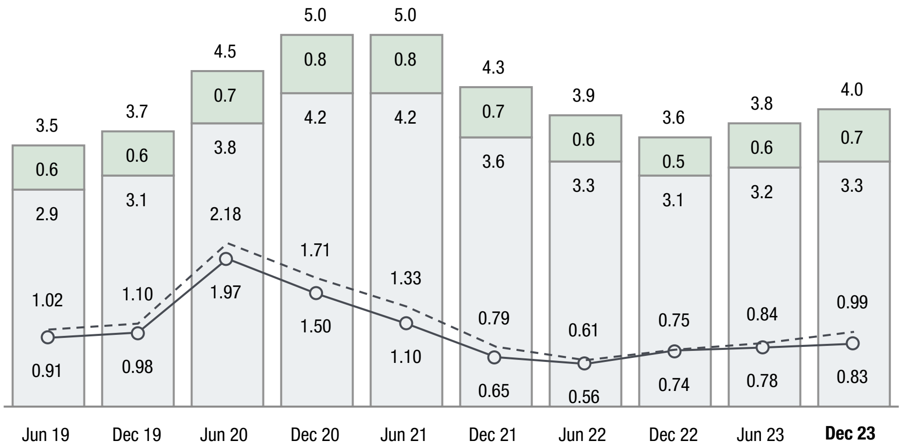
** *Include debt-review and other core lending advances <90 days in arrears and still subject to curing criteria.*

Credit continued

Stage 3 non-performing loans

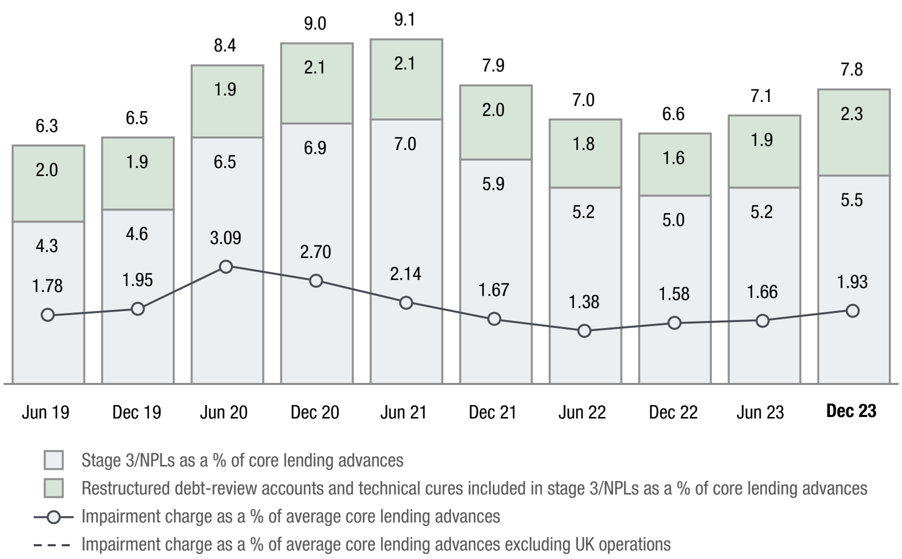
NPL and impairment history

%

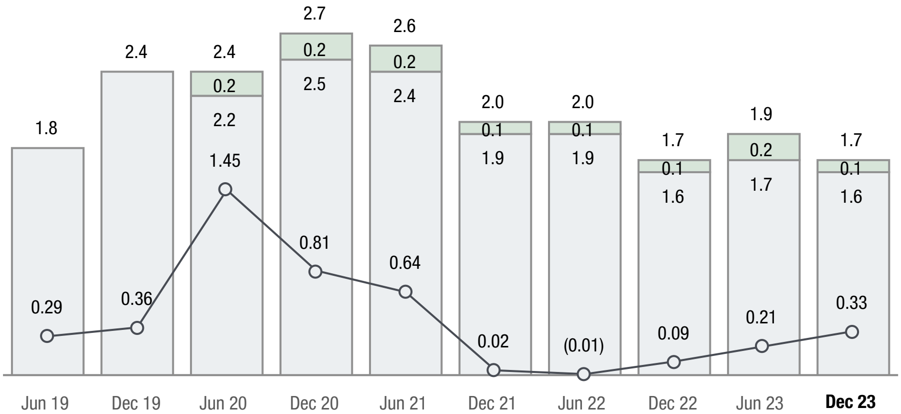


SA retail NPLs and impairments

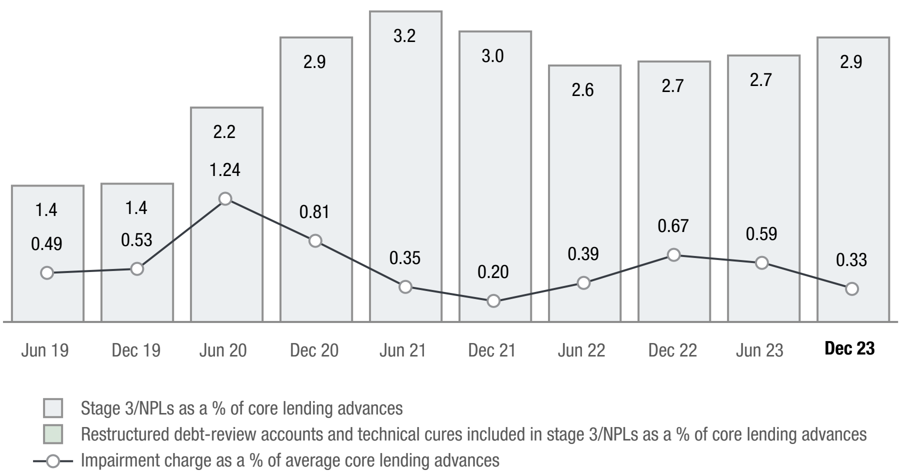
%



SA corporate and commercial NPLs and impairments
%



UK operations NPLs and impairments
£%



Credit continued

Coverage

The performing book coverage decreased to 1.67% from 1.72% (at both December 2022 and June 2023). The decline in performing coverage was largely driven by FLI releases as a consequence of the improving forward-looking macro outlook, and was impacted by the change in mix towards a higher proportion of secured advances. UK operations' coverage increased from December 2022, combining the impact of the macro environment and the contraction in advances. Since June 2023, coverage marginally declined as the macro outlook continued to improve.

NPL coverage was largely similar to June 2023, but decreased period-on-period due to a change in mix. The period-on-period decrease was due to the migration of lower-covered, higher-collateralised exposures in RMB, and a change in mix in the SA retail portfolio towards secured NPL formation and debt review inflows. The NPL coverage was similar to June 2023, given increased coverage in the unsecured retail, commercial and corporate portfolios, offset by declines across the remaining retail portfolios. Balance sheet provision levels remain appropriately conservative with overall coverage above pre-pandemic levels.

Performing coverage

A further analysis is provided in note 2 on pages 108 and 109.

- SA retail performing coverage decreased, primarily due to an improved baseline outlook (specifically related to lower inflation and employment growth), resulting in the release of FLI provisions and the temporary stress scenario.
- FNB commercial performing coverage reduced, mainly due to the release of industry-specific and event risk provisions in the current period.
- RMB core advances performing coverage declined, driven by strong book growth to better-rated counterparties and the relative size, stability and quality of stage 2 advances on the back of this origination focus.
- Broader Africa performing coverage declined, largely driven by book growth and an improved macro outlook in certain countries. The improved macro outlook resulted in a decrease in stage 1 coverage, partially offset by an increase in stage 2 coverage.
- Performing coverage in the UK operations increased period-on-period across all portfolios, reflecting the continued impact of inflationary pressure and higher interest rates on the portfolios' credit performance. Coverage reduced since June 2023 as the macroeconomic outlook stabilised. The decrease in coverage in the property finance and structured and specialised lending portfolios was partially offset by the deterioration in underlying performance and the impact of the fixed-rate book repricing in the property finance portfolio. Performing coverage in the motor portfolio continued to increase due to the impact of the NOSIA remediation and falling vehicle valuations.

Stage 3 coverage

A further analysis is provided in note 3 on pages 110 and 111.

- SA retail coverage declined period-on-period as new inflows and write-offs reduced the average age of the NPL portfolio. Since June 2023, coverage declined marginally due to NPL mix following a higher increase in paying NPLs and debt review inflows, compared to operational NPLs.
- WesBank VAF coverage decreased due to the relative mix change between paying and operational NPLs, better collections and curing.
- FNB commercial coverage decreased period-on-period, reflecting write-offs and the migration of certain large highly collateralised clients in the agric and property finance portfolios. Since June 2023, coverage increased marginally due to a reduction in property finance and agric stage 3 advances (well collateralised portfolios) with some clients curing back to performing.
- The period-on-period decline in RMB coverage resulted from the migration of highly collateralised counters in South Africa and West Africa into stage 3. Since June 2023, coverage has increased, as additional provisions were raised on material exposures and due to the repayment and write-off of lower-covered exposures, impacting the coverage of the remaining portfolio.
- Stage 3 coverage in broader Africa declined period-on-period due to a mix change towards secured.
- UK operations stage 3 coverage decreased from December 2022 and June 2023. This was in part driven by the transfer of the MotoNovo back book to the Centre effective 1 July 2023. In the Aldermore property finance portfolio, coverage decreased due to the release of FLI provisions as macro forecast improved. Structured and specialised finance coverage decreased period-on-period despite the increase in stage 3 advances, as event-based provisions were removed from individually assessed provisions. These are now included in modelled provisions as experience matures. Since June 2023, coverage levels declined due to new inflows. The NOSIA remediation continues to result in elevated levels of stage 3 coverage in the motor finance business as the average age of the portfolio increases, coupled with vehicle values declining.

Movement in balance sheet impairments

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

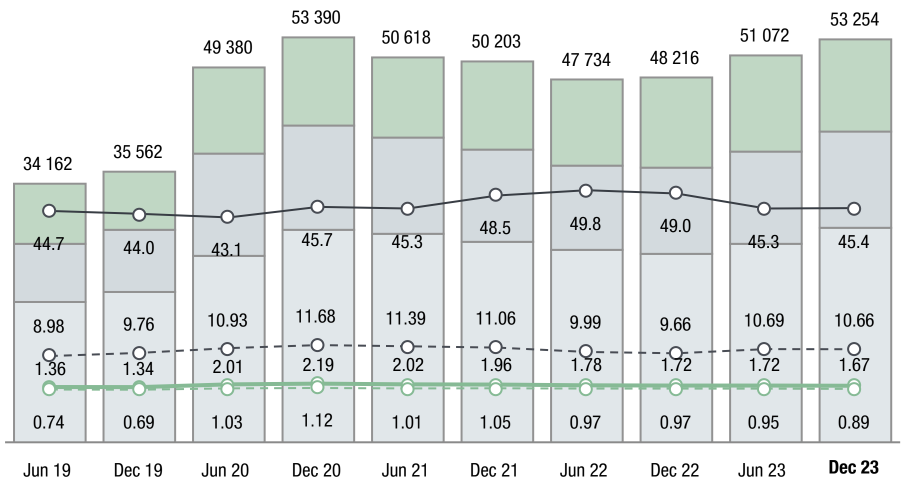
	31 December 2023				31 December 2022				30 June 2023			
R million	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Opening balance	**51 072**	**12 779**	**12 255**	**26 038**	47 734	11 163	11 249	25 322	47 734	11 163	11 249	25 322
Total credit provision increase/(release)	**2 182**	**(444)**	**431**	**2 195**	482	830	134	(482)	3 338	1 616	1 006	716
Transfers between stages	**–**	**912**	**(2 601)**	**1 689**	–	945	(2 019)	1 074	–	833	(2 386)	1 553
Current year impairment provided	**8 554**	**(1 231)**	**3 098**	**6 687**	7 386	(198)	2 119	5 465	15 586	156	3 143	12 287
ECL provided on new business*	**2 912**	**1 733**	**804**	**375**	3 327	1 870	1 065	392	8 267	3 430	2 652	2 185
ECL provided/(released) on back book*	**5 642**	**(2 964)**	**2 294**	**6 312**	4 059	(2 068)	1 054	5 073	7 691	(3 095)	684	10 102
Temporary stress scenario	**–**	**–**	**–**	**–**	–	–	–	–	(372)	(179)	(193)	–
Gross write-off and other**	**(6 372)**	**(125)**	**(66)**	**(6 181)**	(6 904)	83	34	(7 021)	(12 248)	627	249	(13 124)
Closing balance	**53 254**	**12 335**	**12 686**	**28 233**	48 216	11 993	11 383	24 840	51 072	12 779	12 255	26 038

* *Interest suspended on stage 3 core lending advances of R1 548 million (December 2022: R1 599 million; June 2023: R2 850 million) is included in the expected credit losses provided/(released) amounts.*

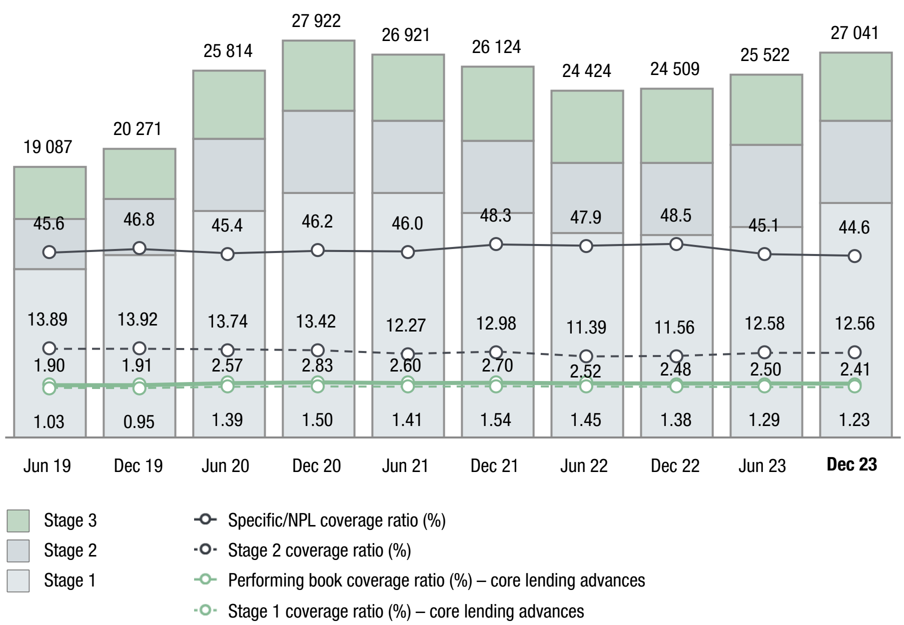
** *Write-off of gross balances, excluding prior period provisions held, which have been recognised in the income statement over various reporting periods.*

Credit continued

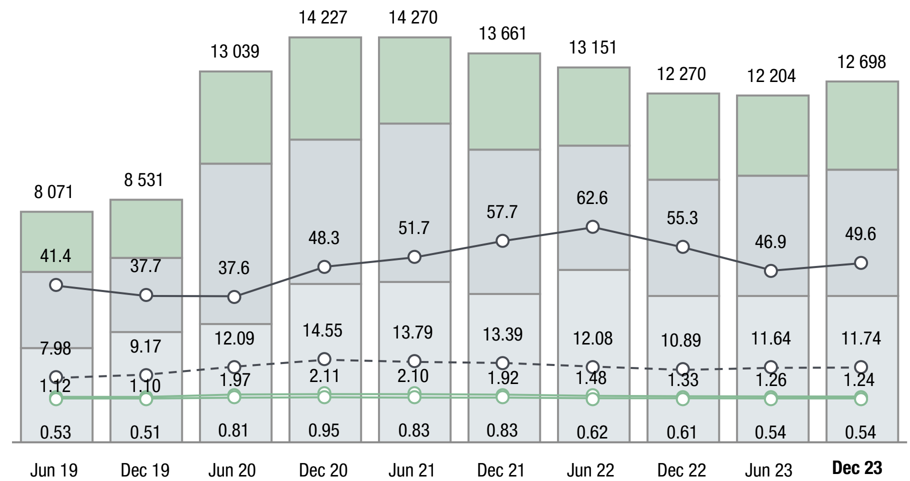
Balance sheet impairments and coverage ratios
(R million and %)



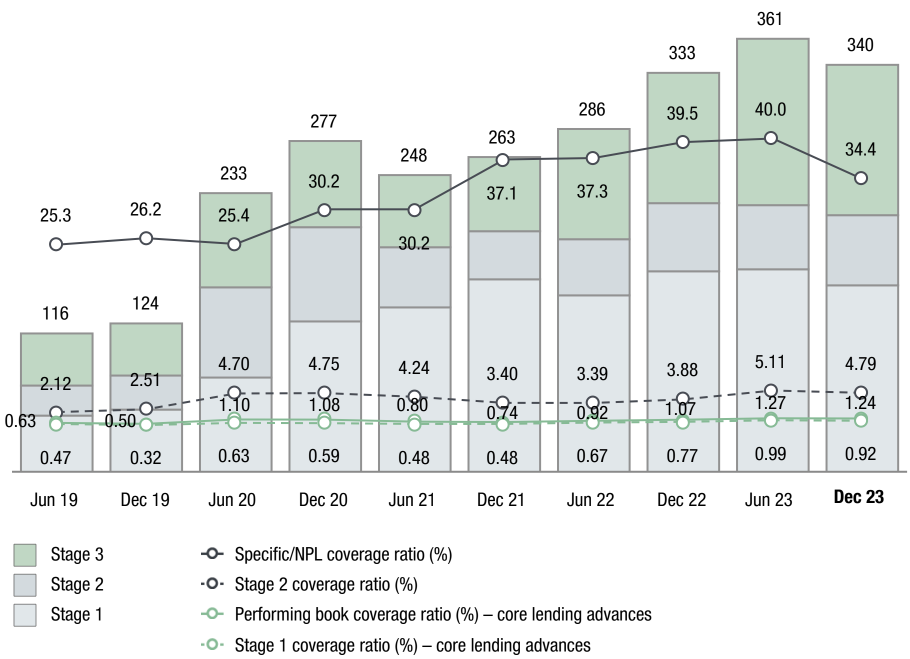
SA retail balance sheet impairments and coverage ratios
(R million and %)



SA corporate and commercial balance sheet impairments and coverage ratios
(R million and %)



UK operations balance sheet impairments and coverage ratios
(£ million and %)



Credit continued

Supplementary credit information

Note 1: Analysis of advances

	Advances					
	As at 31 December			As at 31 December		
				2023		
R million	**2023**	2022	% change	**Stage 1**	**Stage 2**	**Stage 3**
SA retail	**475 813**	444 830	7	**393 112**	**45 796**	**36 905**
Retail – secured	**377 478**	355 739	6	**320 072**	**34 518**	**22 888**
Residential mortgages	**266 070**	251 517	6	**227 932**	**22 070**	**16 068**
WesBank VAF	**111 408**	104 222	7	**92 140**	**12 448**	**6 820**
Retail – unsecured	**98 335**	89 091	10	**73 040**	**11 278**	**14 017**
FNB card	**38 882**	34 387	13	**31 461**	**2 914**	**4 507**
Personal loans	**51 913**	47 056	10	**35 647**	**7 731**	**8 535**
– FNB and DirectAxis	**51 090**	45 530	12	**35 128**	**7 587**	**8 375**
– Covid-19 relief	**823**	1 526	(46)	**519**	**144**	**160**
Retail other	**7 540**	7 648	(1)	**5 932**	**633**	**975**
Temporary stress scenario	**–**	–	–	**–**	**–**	**–**
SA corporate and commercial	**619 724**	544 507	14	**571 373**	**37 950**	**10 401**
FNB commercial	**120 399**	110 862	9	**107 350**	**8 582**	**4 467**
– FNB commercial	**119 640**	109 764	9	**106 657**	**8 582**	**4 401**
– SME government-guaranteed loan scheme	**759**	1 098	(31)	**693**	**–**	**66**
– Temporary stress scenario	**–**	–	–	**–**	**–**	**–**
WesBank corporate and commercial	**59 763**	49 352	21	**54 631**	**4 150**	**982**
RMB CIB*	**424 221**	370 477	15	**394 051**	**25 218**	**4 952**
– Lending	**414 730**	362 223	14	**387 544**	**22 833**	**4 353**
– Loans to private equity investee companies	**9 491**	8 254	15	**6 507**	**2 385**	**599**
HQLA corporate advances *,**	**15 341**	13 816	11	**15 341**	**–**	**–**
Broader Africa#	**78 794**	71 451	10	**68 987**	**6 166**	**3 641**
FNB	**60 700**	55 593	9	**51 630**	**5 445**	**3 625**
RMB CIB*	**18 094**	15 858	14	**17 357**	**721**	**16**
Centre (including Group Treasury)	**27 210**	24 827	10	**26 483**	**55**	**672**
Securitisation notes	**25 216**	24 712	2	**25 216**	**–**	**–**
Other	**1 994**	115	>100	**1 267**	**55**	**672**
Total core lending advances excluding UK operations	**1 201 541**	1 085 615	11	**1 059 955**	**89 967**	**51 619**
UK operations (£ million)	**15 323**	15 893	(4)	**13 640**	**1 232**	**451**
Property finance	**7 593**	7 700	(1)	**6 901**	**433**	**259**
Structured and specialist finance	**3 631**	3 729	(3)	**3 203**	**358**	**70**
Motor finance	**4 099**	4 464	(8)	**3 536**	**441**	**122**
UK operations (R million)	**361 211**	325 096	11	**321 548**	**29 042**	**10 621**
Total core lending advances including UK operations	**1 562 752**	1 410 711	11	**1 381 503**	**119 009**	**62 240**
Assets under agreements to resell	**92 060**	85 172	8	**92 060**	**–**	**–**
Total advances	**1 654 812**	1 495 883	11	**1 473 563**	**119 009**	**62 240**
Total advances excluding currency impact of UK operations and RMB cross-border†	**1 599 217**	1 495 883	7	**1 423 846**	**114 697**	**60 674**
Of which:						
Amortised cost book	**1 508 068**	1 365 720	10	**1 330 802**	**115 759**	**61 507**
Fair value book	**146 744**	130 163	13	**142 761**	**3 250**	**733**

Advances				
As at 31 December			**% composition**	As at 30 June
2022			**2023**	2023
Stage 1	Stage 2	Stage 3		
370 883	44 637	29 310	**27**	463 041
306 298	31 888	17 553	**22**	368 414
219 428	20 170	11 919	**15**	259 635
86 870	11 718	5 634	**7**	108 779
67 273	10 061	11 757	**5**	94 627
28 307	2 387	3 693	**2**	37 149
33 013	7 093	6 950	**3**	50 072
31 981	6 822	6 727	**3**	48 926
1 032	271	223	**–**	1 146
5 953	581	1 114	**–**	7 406
(2 688)	2 688	–	**–**	–
497 732	37 489	9 286	**38**	571 918
99 023	7 409	4 430	**7**	116 448
98 138	7 279	4 347	**7**	115 533
1 015	–	83	**–**	915
(130)	130	–	**–**	–
44 511	3 908	933	**4**	54 212
340 382	26 172	3 923	**26**	387 137
335 109	23 766	3 348	**25**	378 314
5 273	2 406	575	**1**	8 823
13 816	–	–	**1**	14 121
62 572	5 427	3 452	**5**	76 804
47 539	4 634	3 420	**4**	58 418
15 033	793	32	**1**	18 386
24 784	43	–	**2**	26 532
24 712	–	–	**2**	25 359
72	43	–	**–**	1 173
955 971	87 596	42 048	**72**	1 138 295
13 993	1 476	424		15 561
6 684	779	237		7 581
3 352	322	55		3 583
3 957	375	132		4 397
286 236	30 199	8 661	**22**	372 742
1 242 207	117 795	50 709	**94**	1 511 037
85 172	–	–	**6**	79 410
1 327 379	117 795	50 709	**100**	1 590 447
1 327 379	117 795	50 709		1 528 514
1 202 573	113 303	49 844	**91**	1 459 196
124 806	4 492	865	**9**	131 251

* *RMB CIB, HQLA and RMB broader Africa core lending advances of R458 billion (December 2022: R400.2 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 31 December 2022.*

Credit continued

CIB ADVANCES BREAKDOWN

	Advances				
	As at 31 December			**% com-position**	As at 30 June
R million	**2023**	2022	% change	**2023**	2023
RMB CIB core lending advances	**424 221**	370 477	15	**78**	387 137
– South Africa	**330 186**	295 033	12	**61**	311 019
– Cross-border (broader Africa) – $ million	**5 076**	4 443	14		4 040
– Cross-border (broader Africa)	**94 035**	75 444	25	**17**	76 118
HQLA corporate advances*	**15 341**	13 816	11	**3**	14 121
RMB broader Africa (in-country)	**18 094**	15 858	14	**3**	18 386
CIB total core lending advances	**457 656**	400 151	14	**84**	419 644
CIB total lending advances	**448 165**	391 897	14	**82**	410 821
CIB shareholder loans to private equity investing companies	**9 491**	8 254	15	**2**	8 823
CIB total core lending advances	**457 656**	400 151	14	**84**	419 644
CIB core advances – South Africa**	**345 527**	308 849	12	**63**	325 140
CIB core advances – broader Africa#	**112 129**	91 302	23	**21**	94 504
CIB total core lending advances	**457 656**	400 151	14	**84**	419 644
Assets under agreements to resell	**84 764**	75 331	13	**16**	65 005
CIB total advances	**542 420**	475 482	14	**100**	484 649
RMB cross-border total advances excluding currency impact†	**86 197**	75 444	14		68 604

* *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 31 December 2022.*

CENTRE (INCLUDING GROUP TREASURY) ADVANCES BREAKDOWN

	Advances				
	As at 31 December			**% com-position**	As at 30 June
R million	**2023**	2022	% change	**2023**	2023
Core lending advances*	**27 210**	24 827	10	**79**	26 532
Assets under agreements to resell	**7 296**	9 841	(26)	**21**	14 405
Total advances	**34 506**	34 668	–	**100**	40 937

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

Credit continued

CREDIT OVERVIEW – TOTAL UK OPERATIONS

£ million	Total UK operations	Property finance	Structured and specialist finance	Motor finance
Six months ended 31 December 2023				
Total gross advances	**15 323**	**7 593**	**3 631**	**4 099**
— Stage 1	**13 640**	**6 901**	**3 203**	**3 536**
— Stage 2	**1 232**	**433**	**358**	**441**
— Stage 3/NPLs	**451**	**259**	**70**	**122**
Stage 3/NPLs as a % of advances*	**2.94**	**3.42**	**1.91**	**2.97**
Total impairments	**340**	**84**	**76**	**180**
— Portfolio impairments	**185**	**54**	**52**	**79**
— Stage 1	**126**	**45**	**38**	**43**
— Stage 2	**59**	**9**	**14**	**36**
— Stage 3 impairments	**155**	**30**	**24**	**101**
Coverage ratios				
Performing book coverage ratio (%)*	**1.24**	**0.74**	**1.46**	**1.98**
— Stage 1 (%)*	**0.92**	**0.64**	**1.20**	**1.22**
— Stage 2 (%)*	**4.79**	**2.26**	**3.75**	**8.11**
Specific coverage ratio (%)*	**34.4**	**11.3**	**34.9**	**83.1**
Income statement analysis				
Impairment charge	**25**	**(4)**	**7**	**22**
Credit loss ratio (%)*	**0.33**	**(0.10)**	**0.39**	**1.04**
Six months ended 31 December 2022				
Total gross advances	15 893	7 700	3 729	4 464
— Stage 1	13 993	6 684	3 352	3 957
— Stage 2	1 476	779	322	375
— Stage 3/NPLs	424	237	55	132
Stage 3/NPLs as a % of advances*	2.66	3.08	1.46	2.94
Total impairments	333	72	68	193
— Portfolio impairments	166	43	48	75
— Stage 1	109	30	38	41
— Stage 2	57	13	10	34
— Stage 3 impairments	167	29	20	118
Coverage ratios				
Performing book coverage ratio (%)*	1.07	0.58	1.32	1.71
— Stage 1 (%)*	0.77	0.44	1.14	1.02
— Stage 2 (%)*	3.88	1.71	3.22	8.96
Specific coverage ratio (%)*	39.5	12.2	36.1	90.1
Income statement analysis				
Impairment charge	53	12	14	27
Credit loss ratio (%)*	0.67	0.31	0.75	1.21

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

£ million	Total UK operations	Property finance	Structured and specialist finance	Motor finance
Year ended 30 June 2023				
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
Coverage ratios				
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
Income statement analysis				
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						
	As at 31 December			As at 31 December			
				2023		2022	
R million	**2023**	2022	% change	**Stage 1**	**Stage 2**	Stage 1	Stage 2
SA retail	**10 569**	10 295	3	**4 818**	**5 751**	5 135	5 160
Retail – secured	**4 354**	3 975	10	**1 401**	**2 953**	1 438	2 537
Residential mortgages	**1 487**	1 640	(9)	**410**	**1 077**	579	1 061
WesBank VAF	**2 867**	2 335	23	**991**	**1 876**	859	1 476
Retail – unsecured	**6 115**	5 899	4	**3 317**	**2 798**	3 437	2 462
FNB card	**1 860**	1 787	4	**1 142**	**718**	1 159	628
Personal loans	**3 823**	3 723	3	**1 912**	**1 911**	2 032	1 691
— FNB and DirectAxis	**3 767**	3 604	5	**1 885**	**1 882**	1 983	1 621
— Covid-19 relief	**56**	119	(53)	**27**	**29**	49	70
Retail other	**432**	389	11	**263**	**169**	246	143
Temporary stress scenario	**–**	317	(100)	**–**	**–**	156	161
FNB centre	**100**	104	(4)	**100**	**–**	104	–
SA corporate and commercial	**7 542**	7 136	6	**3 088**	**4 454**	3 054	4 082
FNB commercial	**2 204**	2 200	–	**1 013**	**1 191**	1 136	1 064
— FNB commercial	**2 160**	2 119	2	**969**	**1 191**	1 087	1 032
— SME government-guaranteed loan scheme	**44**	26	69	**44**	**–**	26	–
— Temporary stress scenario	**–**	55	(100)	**–**	**–**	23	32
WesBank corporate and commercial	**427**	406	5	**302**	**125**	222	184
RMB CIB	**4 911**	4 530	8	**1 773**	**3 138**	1 696	2 834
— Lending	**3 623**	3 474	4	**1 636**	**1 987**	1 613	1 861
— Loans to private equity investee companies	**1 288**	1 056	22	**137**	**1 151**	83	973
Broader Africa*	**2 020**	2 042	(1)	**1 092**	**928**	1 225	817
FNB	**1 635**	1 716	(5)	**911**	**724**	1 046	670
RMB CIB	**385**	326	18	**181**	**204**	179	147
Centre (including Group Treasury)	**533**	518	3	**371**	**162**	366	152
Securitisation notes	**27**	25	8	**27**	**–**	25	–
Other	**506**	493	3	**344**	**162**	341	152
Total portfolio impairments excluding UK operations	**20 664**	19 991	3	**9 369**	**11 295**	9 780	10 211
UK operations	**4 357**	3 385	29	**2 966**	**1 391**	2 213	1 172
Property finance	**1 274**	879	45	**1 043**	**231**	607	272
Structured and specialist finance	**1 222**	991	23	**905**	**317**	779	212
Motor finance	**1 861**	1 515	23	**1 018**	**843**	827	688
Total portfolio impairments including UK operations	**25 021**	23 376	7	**12 335**	**12 686**	11 993	11 383

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

Total portfolio impairments											
			Performing book coverage ratios (% of performing core lending advances)								
As at 30 June			As at 31 December						As at 30 June		
2023	Stage 1	Stage 2	**2023**	**Stage 1**	**Stage 2**	2022	Stage 1	Stage 2	2023	Stage 1	Stage 2
10 749	4 971	5 778	**2.41**	**1.23**	**12.56**	2.48	1.38	11.56	2.50	1.29	12.58
4 382	1 427	2 955	**1.23**	**0.44**	**8.55**	1.18	0.47	7.96	1.26	0.46	8.50
1 508	432	1 076	**0.59**	**0.18**	**4.88**	0.68	0.26	5.26	0.61	0.19	4.79
2 874	995	1 879	**2.74**	**1.08**	**15.07**	2.37	0.99	12.60	2.80	1.10	15.28
6 367	3 544	2 823	**7.25**	**4.54**	**24.81**	7.63	5.11	24.47	7.76	5.00	25.30
1 919	1 165	754	**5.41**	**3.63**	**24.64**	5.82	4.09	26.31	5.80	3.87	24.98
3 970	2 069	1 901	**8.81**	**5.36**	**24.72**	9.28	6.16	23.84	9.34	5.91	25.34
3 885	2 026	1 859	**8.82**	**5.37**	**24.81**	9.29	6.20	23.76	9.35	5.91	25.50
85	43	42	**8.45**	**5.20**	**20.14**	9.13	4.75	25.83	8.86	5.75	19.91
478	310	168	**6.58**	**4.43**	**26.70**	5.95	4.13	24.61	7.37	5.31	26.29
–	–	–	**–**	**–**	**–**	–	–	–	–	–	–
–	–	–	**–**	**–**	**–**	–	–	–	–	–	–
7 058	2 815	4 243	**1.24**	**0.54**	**11.74**	1.33	0.61	10.89	1.26	0.54	11.64
2 171	958	1 213	**1.90**	**0.94**	**13.88**	2.07	1.15	14.36	1.94	0.93	14.02
2 144	931	1 213	**1.87**	**0.91**	**13.88**	2.01	1.11	14.18	1.93	0.91	14.02
27	27	–	**6.35**	**6.35**	**–**	2.56	2.56	–	3.25	3.25	–
–	–	–	**–**	**–**	**–**	–	–	–	–	–	–
339	228	111	**0.73**	**0.55**	**3.01**	0.84	0.50	4.71	0.64	0.46	3.20
4 548	1 629	2 919	**1.17**	**0.45**	**12.44**	1.24	0.50	10.83	1.19	0.46	11.99
3 509	1 530	1 979	**0.88**	**0.42**	**8.70**	0.97	0.48	7.83	0.94	0.44	8.94
1 039	99	940	**14.48**	**2.11**	**48.26**	13.75	1.57	40.44	12.63	1.65	42.50
2 093	1 285	808	**2.69**	**1.58**	**15.05**	3.00	1.96	15.05	2.86	1.95	11.00
1 704	1 098	606	**2.86**	**1.76**	**13.30**	3.29	2.20	14.46	3.10	2.27	9.34
389	187	202	**2.13**	**1.04**	**28.29**	2.06	1.19	18.54	2.12	1.07	23.63
529	374	155	**2.01**	**1.40**	**294.55**	2.09	1.48	353.49	1.99	1.41	360.47
32	32	–	**0.11**	**0.11**	**–**	0.10	0.10	–	0.13	0.13	–
497	342	155	**38.28**	**27.15**	**294.55**	428.70	473.61	353.49	42.37	30.27	360.47
20 429	9 445	10 984	**1.80**	**0.88**	**12.55**	1.92	1.02	11.66	1.87	0.94	12.24
4 605	3 334	1 271	**1.24**	**0.92**	**4.79**	1.07	0.77	3.88	1.27	0.99	5.11
1 445	1 228	217	**0.74**	**0.64**	**2.26**	0.58	0.44	1.71	0.82	0.74	2.33
1 344	962	382	**1.46**	**1.20**	**3.75**	1.32	1.14	3.22	1.59	1.24	5.76
1 816	1 144	672	**1.98**	**1.22**	**8.11**	1.71	1.02	8.96	1.78	1.23	7.50
25 034	12 779	12 255	**1.67**	**0.89**	**10.66**	1.72	0.97	9.66	1.72	0.95	10.69

Credit continued

Note 3: Analysis of stage 3/NPLs and impairments

	Stage 3/NPLs					Stage 3/NPLs as a % of core lending advances		
	As at 31 December			% composition	As at 30 June	As at 31 December		As at 30 June
R million	**2023**	2022	% change	**2023**	2023	**2023**	2022	2023
SA retail	**36 905**	29 310	26	**59**	32 770	**7.76**	6.59	7.08
Retail – secured	**22 888**	17 553	30	**36**	20 242	**6.06**	4.93	5.49
Residential mortgages	**16 068**	11 919	35	**25**	14 073	**6.04**	4.74	5.42
WesBank VAF	**6 820**	5 634	21	**11**	6 169	**6.12**	5.41	5.67
Retail – unsecured	**14 017**	11 757	19	**23**	12 528	**14.25**	13.20	13.24
FNB card	**4 507**	3 693	22	**7**	4 057	**11.59**	10.74	10.92
Personal loans	**8 535**	6 950	23	**14**	7 547	**16.44**	14.77	15.07
– FNB and DirectAxis	**8 375**	6 727	24	**14**	7 360	**16.39**	14.77	15.04
– Covid-19 relief	**160**	223	(28)	**–**	187	**19.44**	14.61	16.32
Retail other	**975**	1 114	(12)	**2**	924	**12.93**	14.57	12.48
SA corporate and commercial	**10 401**	9 286	12	**17**	10 975	**1.68**	1.71	1.92
FNB commercial	**4 467**	4 430	1	**7**	4 773	**3.71**	4.00	4.10
– FNB commercial	**4 401**	4 347	1	**7**	4 690	**3.68**	3.96	4.06
– SME government-guaranteed loan scheme	**66**	83	(20)	**–**	83	**8.70**	7.56	9.07
WesBank corporate and commercial	**982**	933	5	**2**	1 066	**1.64**	1.89	1.97
RMB CIB	**4 952**	3 923	26	**8**	5 136	**1.17**	1.06	1.33
– Lending	**4 353**	3 348	30	**7**	4 540	**1.05**	0.92	1.20
– Loans to private equity investee companies	**599**	575	4	**1**	596	**6.31**	6.97	6.76
Broader Africa*	**3 641**	3 452	5	**6**	3 545	**4.62**	4.83	4.62
FNB	**3 625**	3 420	6	**6**	3 510	**5.97**	6.15	6.01
RMB CIB	**16**	32	(50)	**–**	35	**0.09**	0.20	0.19
Centre (including Group Treasury)	**672**	–	–	**–**	–	**2.47**	–	–
Securitisation notes	**–**	–	–	**–**	–	**–**	–	–
Other	**672**	–	–	**–**	–	**33.70**	–	–
Total stage 3/NPLs excluding UK operations	**51 619**	42 048	23	**82**	47 290	**4.30**	3.87	4.15
UK operations	**10 621**	8 661	23	**18**	10 142	**2.94**	2.66	2.72
Property finance	**6 113**	4 856	26	**10**	5 464	**3.42**	3.08	3.01
Structured and specialist finance	**1 636**	1 117	46	**3**	1 418	**1.91**	1.46	1.65
Motor finance	**2 872**	2 688	7	**5**	3 260	**2.97**	2.94	3.10
Total stage 3/NPLs including UK operations	**62 240**	50 709	23	**100**	57 432	**3.98**	3.59	3.80
Of which:								
Amortised cost book	**61 507**	49 844	23	**99**	56 655	**4.08**	3.65	3.88
Fair value book	**733**	865	(15)	**1**	777	**0.50**	0.66	0.59

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

Stage 3 specific provisions				Coverage ratios (% of stage 3/NPLs)		
As at 31 December			As at 30 June	As at 31 December		As at 30 June
2023	2022	% change	2023	**2023**	2022	2023
16 472	14 214	16	14 773	**44.6**	48.5	45.1
6 412	5 618	14	5 836	**28.0**	32.0	28.8
3 168	2 561	24	2 848	**19.7**	21.5	20.2
3 244	3 057	6	2 988	**47.6**	54.3	48.4
10 060	8 596	17	8 937	**71.8**	73.1	71.3
3 222	2 633	22	2 848	**71.5**	71.3	70.2
6 024	5 055	19	5 319	**70.6**	72.7	70.5
5 895	4 855	21	5 168	**70.4**	72.2	70.2
129	200	(36)	151	**80.6**	89.7	80.7
814	908	(10)	770	**83.5**	81.5	83.3
5 156	5 134	–	5 146	**49.6**	55.3	46.9
2 676	2 873	(7)	2 832	**59.9**	64.9	59.3
2 610	2 790	(6)	2 749	**59.3**	64.2	58.6
66	83	(20)	83	**100.0**	100.0	100.0
408	394	4	394	**41.5**	42.2	37.0
2 072	1 867	11	1 920	**41.8**	47.6	37.4
1 486	1 300	14	1 336	**34.1**	38.8	29.4
586	567	3	584	**97.8**	98.6	98.0
2 075	2 074	–	2 047	**57.0**	60.1	57.7
2 059	2 056	–	2 022	**56.8**	60.1	57.6
16	18	(11)	25	**100.0**	56.3	71.4
880	–	–	19	**131.0**	–	–
–	–	–	–	**–**	–	–
880	–	–	19	**131.0**	–	–
24 583	21 422	15	21 985	**47.6**	50.9	46.5
3 650	3 418	7	4 053	**34.4**	39.5	40.0
691	593	17	706	**11.3**	12.2	12.9
571	403	42	448	**34.9**	36.1	31.6
2 388	2 422	(1)	2 899	**83.1**	90.1	88.9
28 233	24 840	14	26 038	**45.4**	49.0	45.3

Credit continued

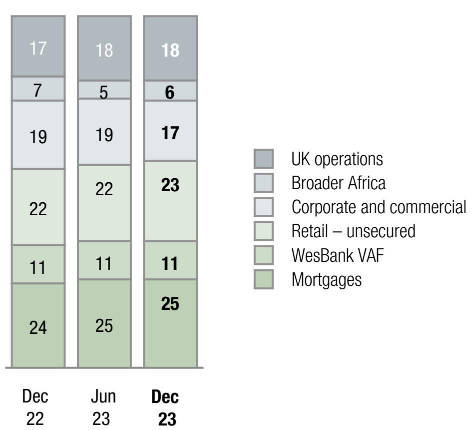
SECTOR AND GEOGRAPHICAL ANALYSIS OF ADVANCES AND NPLs

	Advances				
	As at 31 December				As at 30 June
R million	**2023**	2022	% change	**% com-position 2023**	2023
Sector analysis					
Agriculture	**59 488**	54 881	8	**4**	59 067
Banks	**45 593**	47 004	(3)	**3**	45 654
Financial institutions*	**213 134**	203 352	5	**13**	199 191
Building and property development	**92 513**	87 429	6	**6**	93 456
Government, Land Bank and public authorities	**34 638**	34 920	(1)	**2**	31 047
Individuals	**723 582**	680 801	6	**42**	727 042
Manufacturing and commerce	**210 649**	169 584	24	**13**	199 573
Mining	**24 132**	12 222	97	**1**	14 249
Transport and communication	**59 410**	46 749	27	**4**	50 786
Other services	**191 673**	158 941	21	**12**	170 382
Total including UK operations	**1 654 812**	1 495 883	11	**100**	1 590 447
Geographical analysis					
South Africa	**1 064 360**	983 982	8	**64**	1 015 147
Broader Africa	**157 007**	128 288	22	**9**	135 615
UK	**389 263**	345 604	13	**24**	394 661
Other Europe	**19 212**	19 711	(3)	**1**	19 841
Asia, Americas and Australia**	**24 970**	18 298	36	**2**	25 183
Total including UK operations	**1 654 812**	1 495 883	11	**100**	1 590 447

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

** *December 2022 restated. North and South America, Australia and Asia were previously disclosed separately.*

NPL DISTRIBUTION
(%)



Stage 3/NPLs				
As at 31 December				As at 30 June
2023	2022	% change	**% composition 2023**	2023
2 560	2 359	9	**4**	2 578
–	–	–	**–**	–
286	267	7	**–**	289
1 294	1 704	(24)	**2**	1 701
2 065	511	>100	**3**	2 150
47 067	37 391	26	**77**	41 895
4 531	3 815	19	**7**	4 591
137	103	33	**–**	158
732	899	(19)	**1**	995
3 568	3 660	(3)	**6**	3 075
62 240	50 709	23	**100**	57 432
45 023	37 888	19	**73**	41 454
5 820	4 064	43	**9**	5 713
11 290	8 663	30	**18**	10 149
11	4	>100	**–**	10
96	90	7	**–**	106
62 240	50 709	23	**100**	57 432

Credit continued

Note 4: Analysis of income statement credit impairments

R million	Total impairment charge: Six months ended 31 December 2023	2022	% change	Year ended 30 June 2023
SA retail	**4 525**	3 450	31	7 428
Retail – secured	**1 144**	824	39	2 168
Residential mortgages	**310**	152	>100	452
WesBank VAF	**834**	672	24	1 716
Retail – unsecured	**3 381**	2 500	35	5 577
FNB card	**912**	658	39	1 516
Personal loans	**2 160**	1 572	37	3 688
– FNB and DirectAxis	**2 181**	1 590	37	3 731
– Covid-19 relief	**(21)**	(18)	17	(43)
Retail other	**309**	270	14	373
Temporary stress scenario	**–**	–	–	(317)
FNB centre	**–**	126	(100)	–
SA corporate and commercial	**995**	236	>100	1 100
FNB commercial	**270**	166	63	615
– FNB commercial	**267**	169	58	676
– SME government-guaranteed loan scheme	**3**	(3)	(>100)	(6)
– Temporary stress scenario	**–**	–	–	(55)
WesBank corporate and commercial	**127**	79	61	58
RMB CIB	**598**	(9)	(>100)	427
– Lending	**363**	1	>100	397
– Loans to private equity investee companies	**235**	(10)	(>100)	30
Broader Africa*	**238**	282	(16)	495
FNB	**216**	248	(13)	371
RMB CIB	**22**	34	(35)	124
Centre (including Group Treasury)	**58**	(21)	(>100)	–
Securitisation notes	**(5)**	3	(>100)	11
Other	**63**	(24)	(>100)	(11)
Total impairment charge excluding UK operations	**5 816**	3 947	47	9 023
UK operations	**588**	1 061	(45)	1 926
Property finance	**(93)**	238	(>100)	628
Structured and specialist finance	**165**	281	(41)	467
Motor finance	**516**	542	(5)	831
Total impairment charge including UK operations	**6 404**	5 008	28	10 949
Of which:				
Portfolio impairments charge	**1 886**	2 002	(6)	3 397
Specific impairments charge	**4 518**	3 006	50	7 552

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

As a % of average core lending advances			
Six months ended 31 December		Year ended 30 June	Six months ended 30 June
2023	2022	2023	**2023**
1.93	1.58	1.66	**1.75**
0.61	0.47	0.61	**0.74**
0.24	0.12	0.18	**0.23**
1.52	1.32	1.65	**1.96**
7.01	5.67	6.13	**6.70**
4.80	3.92	4.33	**4.80**
8.47	6.71	7.63	**8.71**
8.72	7.05	7.97	**9.07**
(4.27)	(2.06)	(2.77)	**(3.74)**
8.27	6.94	4.87	**2.74**
–	–	–	**–**
–	–	–	**–**
0.33	0.09	0.21	**0.31**
0.46	0.30	0.55	**0.79**
0.45	0.31	0.61	**0.90**
0.72	(0.50)	(0.54)	**(0.60)**
–	–	–	**–**
0.45	0.33	0.12	**(0.08)**
0.29	(0.01)	0.12	**0.23**
0.18	–	0.12	**0.21**
5.13	(0.24)	0.35	**0.94**
0.61	0.81	0.69	**0.57**
0.73	0.91	0.67	**0.43**
0.24	0.45	0.76	**1.05**
0.43	(0.17)	–	**0.16**
(0.04)	0.02	0.05	**0.06**
7.96	(8.63)	(1.01)	**4.04**
0.99	0.75	0.84	**0.91**
0.32	0.67	0.57	**0.50**
(0.10)	0.31	0.38	**0.46**
0.39	0.76	0.59	**0.46**
1.02	1.22	0.87	**0.59**
0.83	0.74	0.78	**0.81**
0.25	0.29	0.24	**0.19**
0.59	0.44	0.54	**0.62**

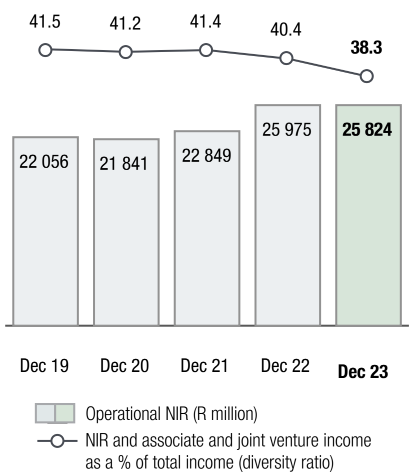
Non-interest revenue

Total non-interest revenue – up 4%

Operational non-interest revenue – down 1%

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

NIR CAGR 4%



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

Note: 2019 to 2021 figures are based on IFRS 4, 2022 and 2023 figures on IFRS 17.

ANALYSIS OF TOTAL NIR

		Six months ended 31 December			Year ended 30 June
R million	Notes	**2023**	2022	% change	2023
Net fee, commission and insurance income		**21 112**	20 118	5	40 165
– Fee and commission income	1	**19 162**	18 345	4	36 153
– Net insurance income	2	**1 950**	1 773	10	4 012
Trading and other fair value income	3	**2 723**	2 656	3	6 522
Investment income	4	**283**	1 532	(82)	1 579
– Debt-to-equity swap* (restructure with zero earnings impact)		**–**	715	(100)	715
– Investment income**		**283**	817	(65)	864
Other non-interest revenue	5	**1 706**	1 669	2	3 634
Operational non-interest revenue		**25 824**	25 975	(1)	51 900
Share of profit from associates and joint ventures after tax		**753**	(441)	(>100)	493
– Debt-to-equity swap* (restructure with zero earnings impact)		**–**	(820)	(100)	(820)
– Share of profit from associates and joint ventures after tax		**753**	379	99	1 313
Total non-interest revenue		**26 577**	25 534	4	52 393

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

** *Comparative investment income includes the Ghana sovereign debt restructure provision and a significant realisation.*

NOTE 1 – FEE AND COMMISSION INCOME – UP 4%

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Bank fee and commission income	**20 407**	19 475	5	38 462
– Card commissions	**4 132**	3 623	14	7 224
– Cash deposit fees	**967**	960	1	1 823
– Exchange and other commissions	**1 767**	1 704	4	3 379
– Bank charges	**13 541**	13 188	3	26 036
– Commitment fees	**1 154**	977	18	1 976
– Other bank charges*	**12 387**	12 211	1	24 060
Knowledge-based fees	**876**	698	26	1 455
Management and fiduciary fees	**1 299**	1 245	4	2 559
– Investment management fees	**816**	765	7	1 599
– Management fees from associates and joint ventures	**416**	396	5	801
– Other management and brokerage fee income	**67**	84	(20)	159
Other non-bank commissions	**532**	505	5	1 064
Gross fee and commission income	**23 114**	21 923	5	43 540
Fee and commission expenditure	**(3 952)**	(3 578)	10	(7 387)
– Transaction-related fees	**(1 332)**	(1 040)	28	(2 259)
– Commission paid	**(182)**	(151)	21	(328)
– Customer loyalty programmes	**(1 118)**	(1 108)	1	(2 292)
– Cash sorting, handling and transportation charges	**(659)**	(627)	5	(1 252)
– Card-related	**(247)**	(268)	(8)	(404)
– Other	**(414)**	(384)	8	(852)
Net fee and commission income	**19 162**	18 345	4	36 153

* *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, and growth in underlying activity and transactional volumes (+7%). This reflects sub-inflation fee increases across both retail and commercial accounts. Given the introduction of PayShap, FNB reviewed its pricing structures for low-value real-time payments, and reduced all related fees. These actions resulted in a R477 million reduction in fee and commission income.
- Electronic platform volumes grew 8% in total across all interfaces, whilst manual volumes decreased 1%. Branch and cash centre transaction volumes decreased 15% and 9%, respectively.
- Card swipe volumes increased 9%, reflecting strong customer activity levels, contributing to 14% growth in card commissions.
- RMB's knowledge-based fee income was supported by increased deal flow, providing an uplift to both structuring and commitment fee income, coupled with strong advisory income.
- Investment management fees increased on the back of AUM growth.
- Overall group fee and commission income growth was impacted by costs linked to transactional activity, mainly higher commissionable turnover in card-related fees, currency impacts and the cost of customer rewards.

Non-interest revenue continued

NOTE 2 – NET INSURANCE INCOME – UP 10%

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022*	% change	2023*
Insurance revenue	**3 520**	3 005	17	6 366
– Measured using general measurement model	**2 983**	2 613	14	5 513
– Measured using premium allocation approach	**537**	392	37	853
Insurance service expenses	**(2 132)**	(1 887)	13	(3 523)
Net income/(expense) from reinsurance contracts held	**(6)**	(49)	(88)	(149)
Total insurance service results	**1 382**	1 069	29	2 694
Net insurance and reinsurance finance income/(expense)	**(30)**	(8)	>100	(31)
Net insurance results	**1 352**	1 061	27	2 663
Commissions, brokerage and participation agreements	**598**	712	(16)	1 349
Net insurance income	**1 950**	1 773	10	4 012

* *Restated – refer to pages 213 to 222 for more detail.*

Key drivers – net insurance income

- During the period under review, IFRS 17 was adopted by the group, which substantially changes how insurance income is treated and disclosed. At a net profit level, the impact is marginal. The largest impact is that insurance operating costs are set off against net insurance income.
- 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; and
  - the premium allocation approach (PAA) revenue, which is primarily focused on the short-term insurance book with significant growth (+37%) as a result of scaling of the personal lines business, specifically comprehensive buildings and motor insurance products.
- Insurance service expense was driven by increased acquisition costs (+8%), losses at initial recognition (+9%), claims (+14%) and retrospective reserves, which are aligned to sales and in-force book growth. 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 was derived from 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.

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

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
Trading income	**2 543**	2 499	2	4 963
– Equities	**(92)**	(86)	7	(161)
– Commodities	**189**	157	20	312
– Fixed income	**1 192**	1 166	2	2 018
– Currencies	**1 254**	1 262	(1)	2 794
Other fair value income	**180**	157	15	1 559
– RMB investment banking and other activities	**504**	68	>100	521
– UK operations fair value hedge	**(254)**	138	(>100)	549
– Group Treasury economic hedges and other	**(70)**	(49)	43	489
Total trading and other fair value income	**2 723**	2 656	3	6 522

Key drivers – trading and fair value income

- Trading income reflects the following:
  - Equities revenue was constrained in the current period due to lower traded client volumes in the SA market, and macroeconomic headwinds.
  - The strong commodities performance was due to increased client trading and hedging activities, primarily driven by the gold price rally on hard commodities. This was partially offset by the decline in soft commodities due to pricing constraints.
  - The marginal growth in fixed income reflected softer growth in domestic client flows and demand for local bonds.
  - Currencies' performance benefited from broader Africa client execution, but was dampened by currency devaluation, particularly the naira.
- RMB investment banking and other activities included various one-off items, with current period growth driven by a principal investment realisation.
- The UK operations' fair value interest rate hedge portfolio reported a loss of £10.8 million (December 2022: gain of £6.7 million; June 2023: gain of £25.8 million). These losses relate to the unwind of prior year gains over the life of the hedged exposures.
- The Group Treasury fair value loss reflects the net result of hedging activities and foreign exchange movements.

Non-interest revenue continued

NOTE 4 – INVESTMENT INCOME – DOWN 82%

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Private equity realisations and dividends received	**283**	1 916	(85)	1 983
– Profit on realisation of private equity investments	**–**	1 190	(100)	1 226
– Debt-to-equity swap* (restructure with zero earnings impact)	**–**	715	(100)	715
– Dividends received	**281**	9	>100	9
– Other private equity income	**2**	2	–	33
Other investment income	**–**	(384)	(100)	(404)
– Profit/(loss) on assets held against employee liabilities	**17**	(1)	(>100)	11
– Ghana sovereign debt restructure	**–**	(496)	(100)	(498)
– Other investment income	**(17)**	113	(>100)	83
Total investment income	**283**	1 532	(82)	1 579

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

Key drivers – investment income

- The profit on realisation of private equity investments reflects the non-repeat of a significant realisation during the prior period.
- New private equity investments totalled c. R300 million at December 2023 (December 2022: R850 million; June 2023: R2 billion). The unrealised value in the portfolio was c. R6.0 billion (December 2022: R5.2 billion; June 2023: R5.7 billion). The unrealised value grew 15% period-on-period, reflecting the underlying earnings performance of the portfolio companies.
- Dividend income reflects a special dividend declared from a private equity investee company following a corporate action.
- No additional Ghana sovereign debt restructure provisions were raised in this current period.
- Other investment income decreased, reflecting lower dividend income.

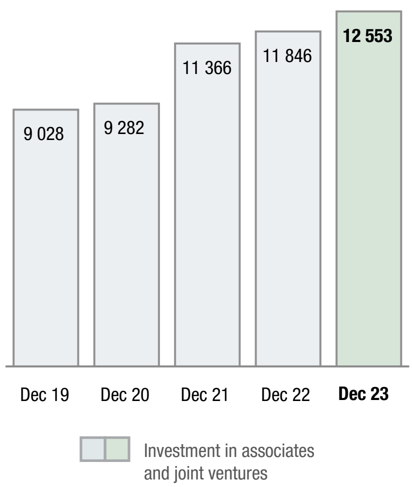
NOTE 5 – OTHER NON-INTEREST REVENUE – UP 2%

Key drivers – other NIR

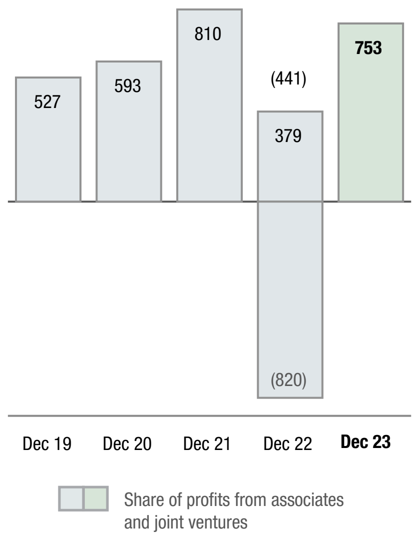
- Rental income represents 57% (December 2022: 52%; June 2023: 47%) of total other NIR and grew 11%, reflecting strong FML new business and speedpoint rentals.
- The above was offset by lower early termination fees.
- A loss resulted from Ghana's classification as a hyperinflationary environment.

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

Investment in associates and joint ventures
(R million)



Share of profits from associates and joint ventures
(R million)



Non-interest revenue continued

SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURES

R million	Six months ended 31 December 2023	2022	% change	Year ended 30 June 2023
Private equity associates and joint ventures	**712**	395	80	1 336
– Equity-accounted income	**734**	586	25	1 573
– Impairments	**(22)**	(191)	(88)	(237)
Other operational associates and joint ventures	**252**	162	56	452
– TFS	**127**	103	23	206
– VWFS	**66**	20	>100	100
– RMB Morgan Stanley	**22**	76	(71)	183
– Other	**37**	(37)	(>100)	(37)
Share of profit from associates and joint ventures before tax	**964**	557	73	1 788
Tax on profit from associates and joint ventures	**(211)**	(178)	19	(475)
Share of profit from associates and joint ventures after tax	**753**	379	99	1 313
– Debt-to-equity swap* (restructure with zero earnings impact)	**–**	(820)	(100)	(820)
Share of profit from associates and joint ventures after tax	**753**	(441)	(>100)	493

* *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.*

Key drivers – profits from associates and JVs

- Despite the realisation in the prior period, the private equity related annuity share of profit from associates and joint ventures increased from new investments and improved underlying trading performance.
- TFS's equity-accounted performance was driven by strong advances growth in the current period, which translated into healthy NII growth. Write-offs reduced period-on-period as post-pandemic volumes normalised, however, impairments trended upwards in line with advances growth.
- VWFS's performance was mainly driven by a decline in impairment provisions in the current period as a result of improved write-offs as post-pandemic write-off volumes normalised. This was further supported by strong collections and a shift in the new business risk profile towards lower-risk customers.
- RMB Morgan Stanley's performance was impacted by a decline in trading volumes coupled with margin compression and lower client activity compared to the prior period.

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.

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
RMB private equity division	**995**	1 491	(33)	2 499
Income from associates and joint ventures	**712**	(425)	(>100)	516
– Equity-accounted income*	**734**	586	25	1 573
– Debt-to-equity swap**,# (restructure with zero earnings impact)	**–**	(820)	(100)	(820)
– Impairments*	**(22)**	(191)	(88)	(237)
Realisations and dividends**	**281**	1 199	(77)	1 235
Debt-to-equity swap**,# (restructure with zero earnings impact)	**–**	715	(100)	715
Other private equity income**	**2**	2	–	33
Other business units	**18**	(97)	(>100)	(120)
Income from associates and joint ventures and other investments	**14**	(95)	(>100)	(144)
– Equity-accounted income*	**78**	60	30	25
– Impairments*,†	**(64)**	(191)	(66)	(205)
– Other investment income**	**–**	36	(100)	36
Consolidated other income†	**4**	(2)	(>100)	24
Debt-to-equity swap – impairment provision release# (restructure with zero earnings impact)	**–**	105	(100)	105
Private equity activities before tax	**1 013**	1 499	(32)	2 484
Tax on equity-accounted private equity investments	**(144)**	(130)	11	(326)
Private equity activities after tax	**869**	1 369	(37)	2 158

* *Refer to note on share of profit from associates and joint ventures on page 122.*

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

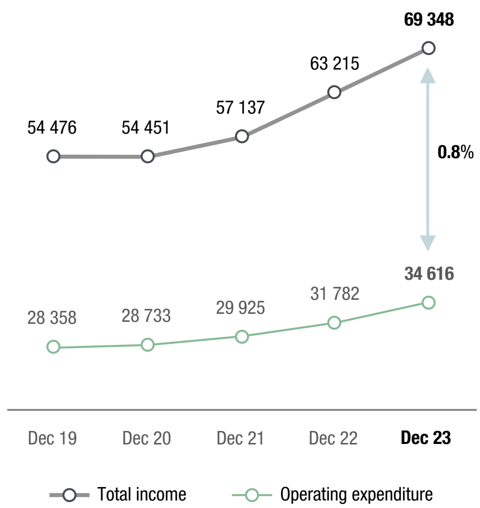
Debt restructure in the prior period reflects a neutral earnings impact with the delta of R105 million as an impairment provision release.

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

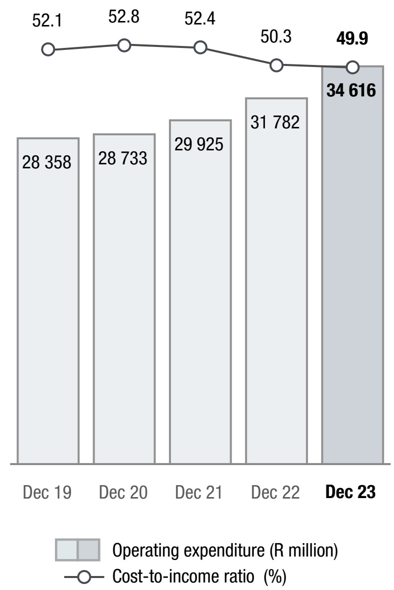
Operating expenses

Operating expenses – up 9%

Operating jaws
(R million)



Operating efficiency
(R million)



Note: 2019 to 2021 figures are based on IFRS 4, 2022 and 2023 figures on IFRS 17.

OPERATING EXPENSES – UP 9%

	Six months ended 31 December*			Year ended 30 June*
R million	**2023**	2022	% change	2023
Staff expenditure	**21 958**	20 209	9	42 248
– Direct staff expenditure	**16 453**	15 124	9	30 692
– Variable staff expenditure	**3 903**	3 691	6	8 340
– Short-term incentive payments	**2 670**	2 533	5	5 772
– Share-based incentive payments	**1 233**	1 158	6	2 568
– Other staff-related expenditure	**1 602**	1 394	15	3 216
Depreciation of property and equipment	**2 050**	1 956	5	4 041
Amortisation of intangible assets	**317**	332	(5)	657
Advertising and marketing	**936**	971	(4)	1 919
Insurance	**44**	47	(6)	82
Lease charges	**323**	325	(1)	535
Professional fees	**1 829**	1 794	2	4 034
Audit fees	**320**	248	29	594
Computer expenses	**2 553**	2 216	15	4 766
Repairs and maintenance	**834**	755	10	1 567
Telecommunications	**285**	289	(1)	601
Property	**768**	665	15	1 369
Business travel	**233**	251	(7)	485
Assets costing less than R7 000	**38**	85	(55)	229
Stationery and printing	**64**	68	(6)	139
Donations	**192**	151	27	340
Legal fees	**118**	317	(63)	661
Other expenditure	**1 754**	1 103	59	3 053
Total operating expenses	**34 616**	31 782	9	67 320

* *Restated – refer to pages 213 to 222 for more detail.*

Key drivers – staff expenditure

Staff costs represent 63% (December 2022: 64%; June 2023: 62%) of the group's operating expenses and increased 9% in the

	% change	Reasons
Direct staff costs	**9**	• Annual salary increases averaged above 6% (unionised staff at 6.5%). • Headcount was flat period-on-period, and reflects a small contraction from June 2023, excluding FirstJob employees. • Continued repricing of certain high-in-demand technical skills.
Variable staff expenditures		
Short-term incentive payments (STI)	**5**	The growth in the short-term incentive payments is largely aligned to the group's performance.
Share price related incentive payments (LTI)	**6**	Higher share awards reflect the increase in share price over the period, revision of forfeiture rates and various revaluations.
Other staff-related costs	**15**	Increase due to a higher employee statutory costs linked to the growth in direct staff costs, including the change in leave pay provisions.

Operating expenses continued

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

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022*	% change	2023
IT-related staff cost	**4 167**	3 873	8	7 974
Non-staff IT-related costs	**5 125**	4 548	13	7 589
– Computer expenses	**2 651**	2 252	18	2 411
– Professional fees	**1 182**	966	22	2 472
– Repairs and maintenance	**302**	259	17	545
– Depreciation of equipment	**667**	599	11	1 250
– Amortisation of software	**56**	105	(47)	186
– Other expenditure	**267**	367	(27)	725
Total IT spend	**9 292**	8 421	10	15 563

* *December 2022 comparative numbers have been amended to reflect the reassessment of data roles to align to industry benchmarking and best practice.*

Key drivers – operational expenditure

- Depreciation increased due to an accelerated computer equipment replacement cycle.
- Amortisation of intangible assets declined due to the full amortisation in the prior period of the SLOW lounge intangibles acquired.
- Advertising and marketing expenses decreased marginally given timing differences on certain campaigns.
- The increase in audit fees is largely due to the audit rotation process currently under way.
- Professional fees were up marginally as spending on platform-related projects continued.
- 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 higher diesel expenditure and costs associated with increased return-to-office, including security-related, expenses.
- Other expenditure includes various items such as other provisions, entertainment, bank charges, profit share payments, subscriptions and membership fees. The increase is due to the reversal of unutilised provisions in the prior period, and insurance recoveries and impairment reversals not repeated in the current period.

financial
resource management

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 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.

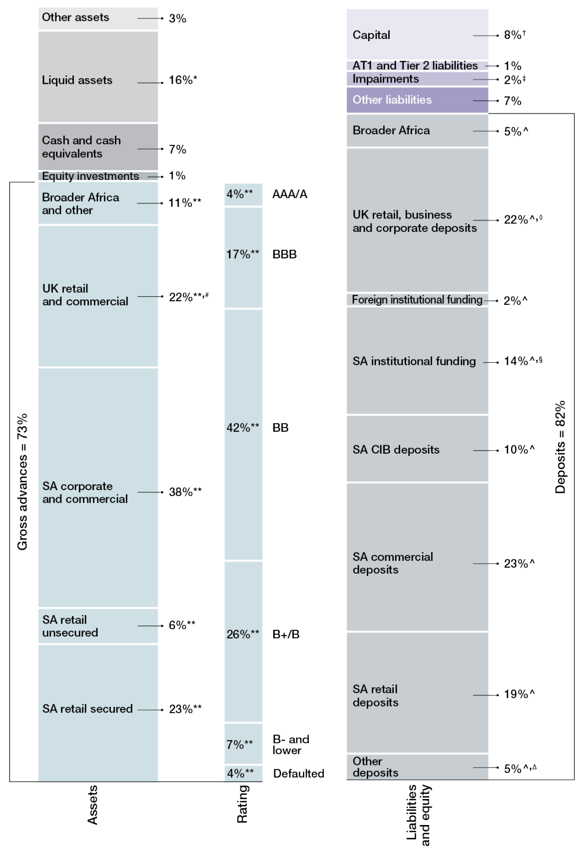
The structure of the balance sheet reflects the group's long-term strategy to increase resilience, diversify credit exposures across sectors and segments, increase asset marketability, and optimise the use of institutional funding.

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 (38%), UK retail and commercial (22%), and broader Africa and other (11%). At 31 December 2023, the group reported total NPLs of R62 240 million (3.98% of core lending advances) and a credit loss ratio of 83 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, with optimised use of institutional funding where required. The weighted average remaining term of domestic institutional funding reduced marginally to 31 months at 31 December 2023 (December 2022: 33 months). The reduction reflects a moderate increase in money market issuances relative to longer-dated senior debt, Tier 2 and Additional Tier 1 issuance.

The group remained strongly capitalised with a CET1 ratio of 13.3%, a Tier 1 ratio of 14.1% and a total capital adequacy ratio of 15.9%. Gearing increased slightly to 12.5 times (December 2022: 12.4 times). Both average total equity and average total assets grew 12% period-on-period.



* Include government securities and treasury bills.

** As a proportion of gross advances.

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

† Includes ordinary equity and non-controlling interests.

‡ Include 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.

Δ Consist 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 2023, which is available at www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/.

Funding conditions

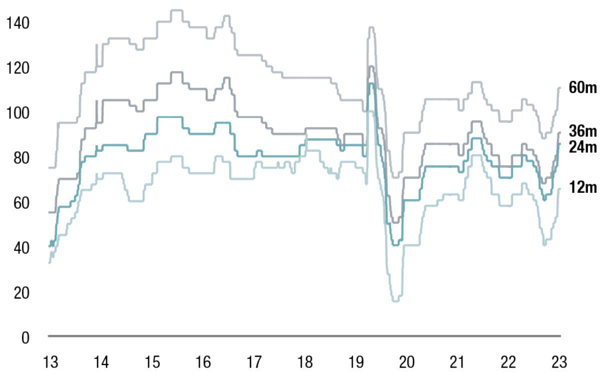
During the period under review, global and local macroeconomic conditions remained tight. However, initial indications of easing inflation marked a peak in the current rate cycle, with rate cut expectations beginning to filter into the market. Despite tighter policy conditions, the group has had uninterrupted funding access and liquidity availability in both rand and hard currency. Funding conditions have remained expansive as money supply growth continues at pace. The liquidity surplus monetary policy regime has been well established in the South African market. Available excess liquidity has been accommodated by SARB quota deposits and through secured interbank transactions. The surplus liquidity on offer has had the desired impact of anchoring the short end of the curve and reducing the cost of short-dated financing across instruments.

Funding markets have remained stable, with good demand in both short-term money markets and longer-term capital markets.

The spread to JIBAR paid on 12-month money market instruments is most representative of bank funding costs in the money markets. During the period under review, institutional funding spreads tracked lower before increasing towards the calendar year end, as participants refinanced maturities and added liquidity. Bank issuance during the period focused on medium-term institutional funding as short-term spreads remained unattractive. The sustained high-rate environment contributed to continued growth in customer deposits, with savings and investment products attracting larger inflows.

12-month mid-market funding spread
(bps)

Long-term funding spreads
(bps)



Sources: Bloomberg (RMBP screen) and Reuters.

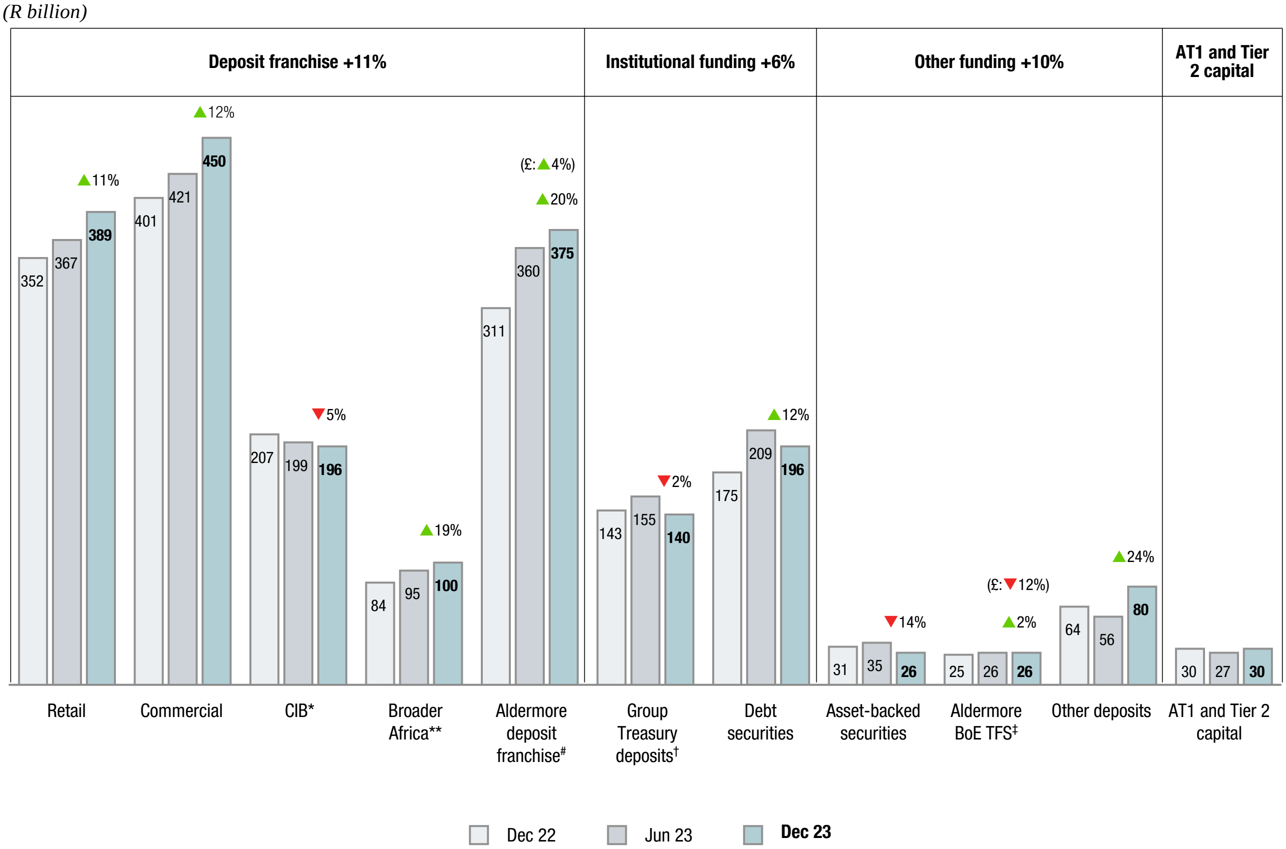
Funding and liquidity continued

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 period-on-period 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.*

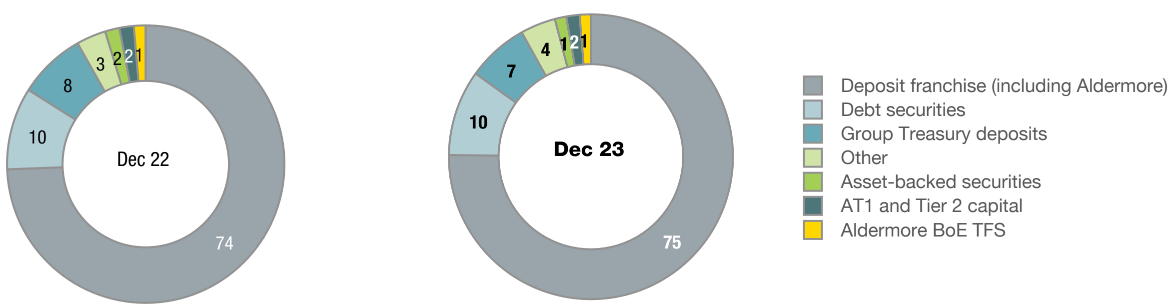
The Aldermore savings deposit franchise increased 4% to £16 billion.

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

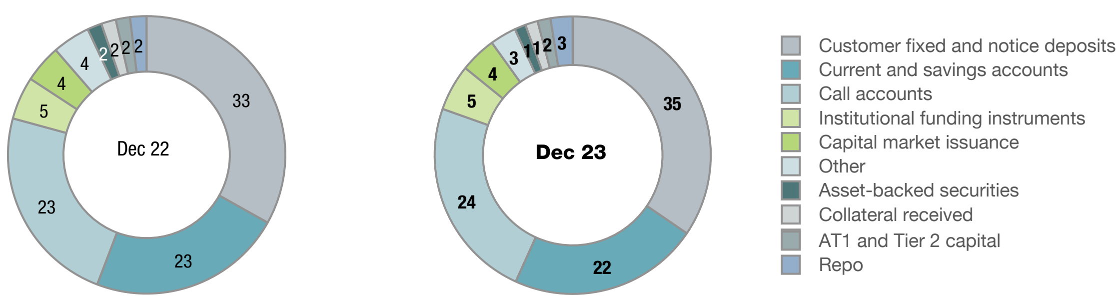
‡ *Aldermore's BoE term funding scheme decreased 12% to £1.08 billion.*

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
(%)



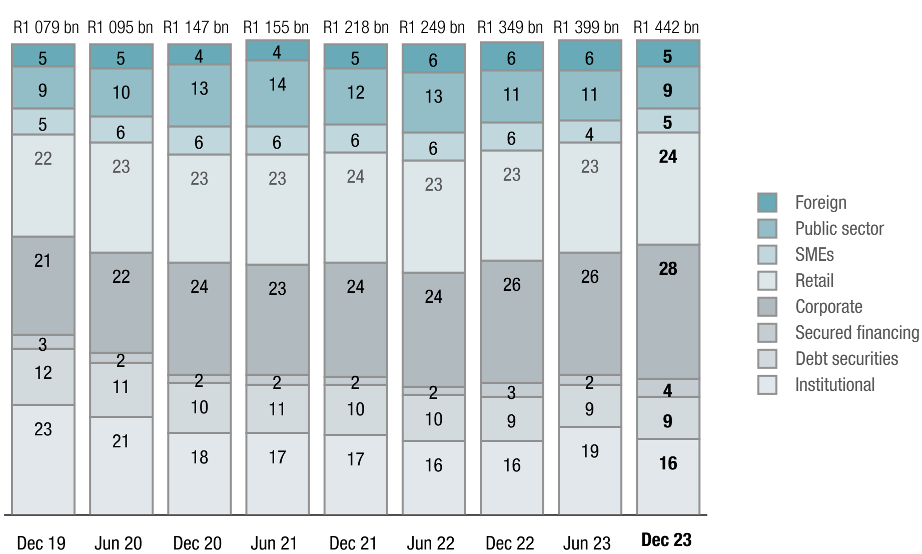
Funding and liquidity continued

The group's focus on growing main-banked transactional accounts 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 COUNTERPARTY FUNDING ANALYSIS*

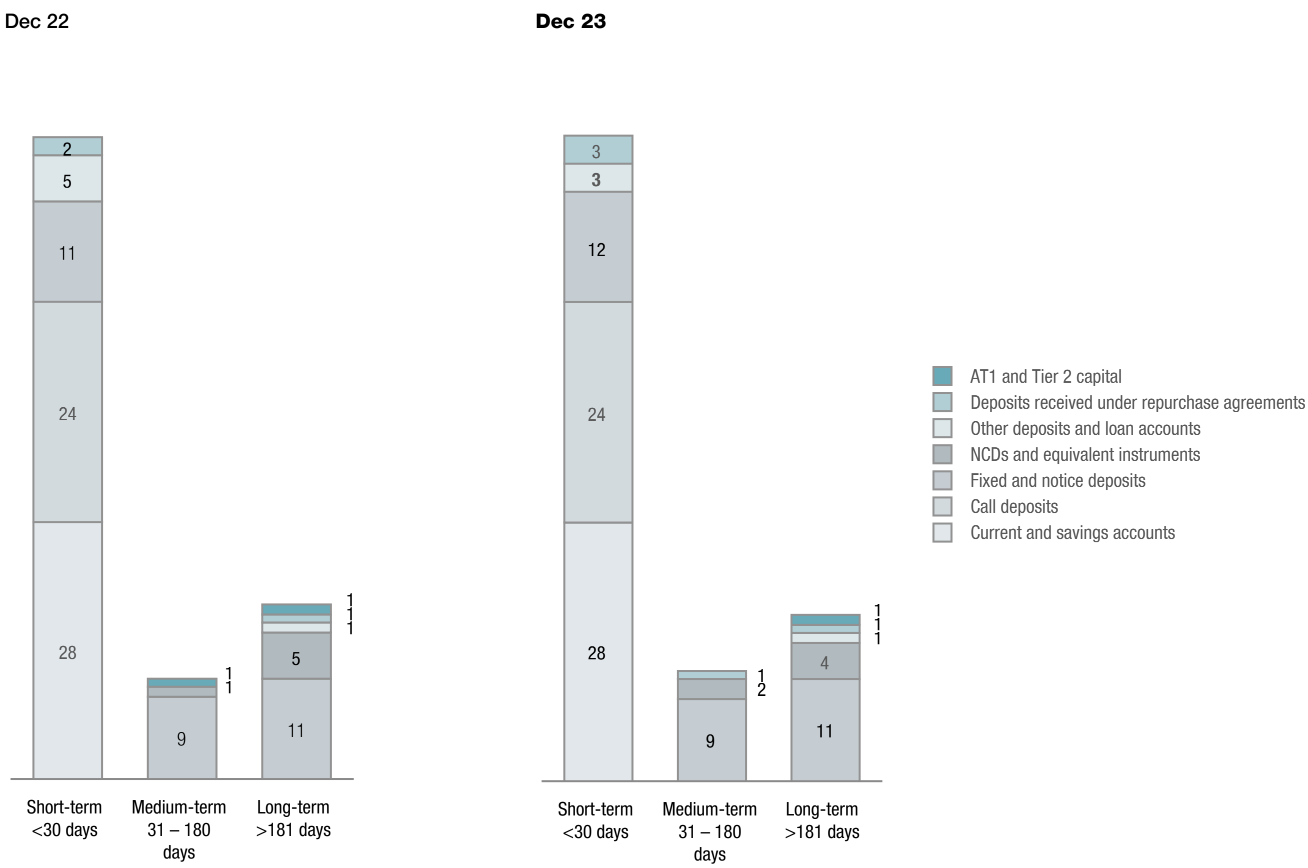
	As at 31 December					As at 30 June
	2023				2022	2023
% of funding liabilities	**Total**	**Short term**	**Medium term**	**Long term**	Total	Total
Institutional	**16.2**	**7.8**	**3.6**	**4.8**	15.5	18.5
ZAR	**15.8**	**7.6**	**3.5**	**4.7**	15.3	18.0
FX	**0.4**	**0.2**	**0.1**	**0.1**	0.2	0.5
Debt securities	**8.8**	**0.2**	**0.6**	**8.0**	9.3	9.0
Secured financing	**4.1**	**2.9**	**0.4**	**0.8**	3.1	2.0
Corporate	**28.2**	**25.6**	**2.0**	**0.6**	25.8	26.4
ZAR	**26.8**	**24.2**	**2.0**	**0.6**	24.3	24.8
FX	**1.4**	**1.4**	**–**	**–**	1.5	1.6
Retail	**24.1**	**18.4**	**3.4**	**2.3**	23.0	23.3
ZAR	**23.5**	**17.8**	**3.4**	**2.3**	22.4	22.7
FX	**0.6**	**0.6**	**–**	**–**	0.6	0.6
SMEs	**4.3**	**3.6**	**0.5**	**0.2**	5.9	4.4
Public sector	**9.0**	**7.7**	**1.0**	**0.3**	11.6	10.9
Foreign	**5.3**	**3.4**	**0.4**	**1.5**	5.8	5.5
Total	**100.0**	**69.6**	**11.9**	**18.5**	100.0	100.0

Bank funding analysis by source*
(%)



* *Excluding foreign branches.*

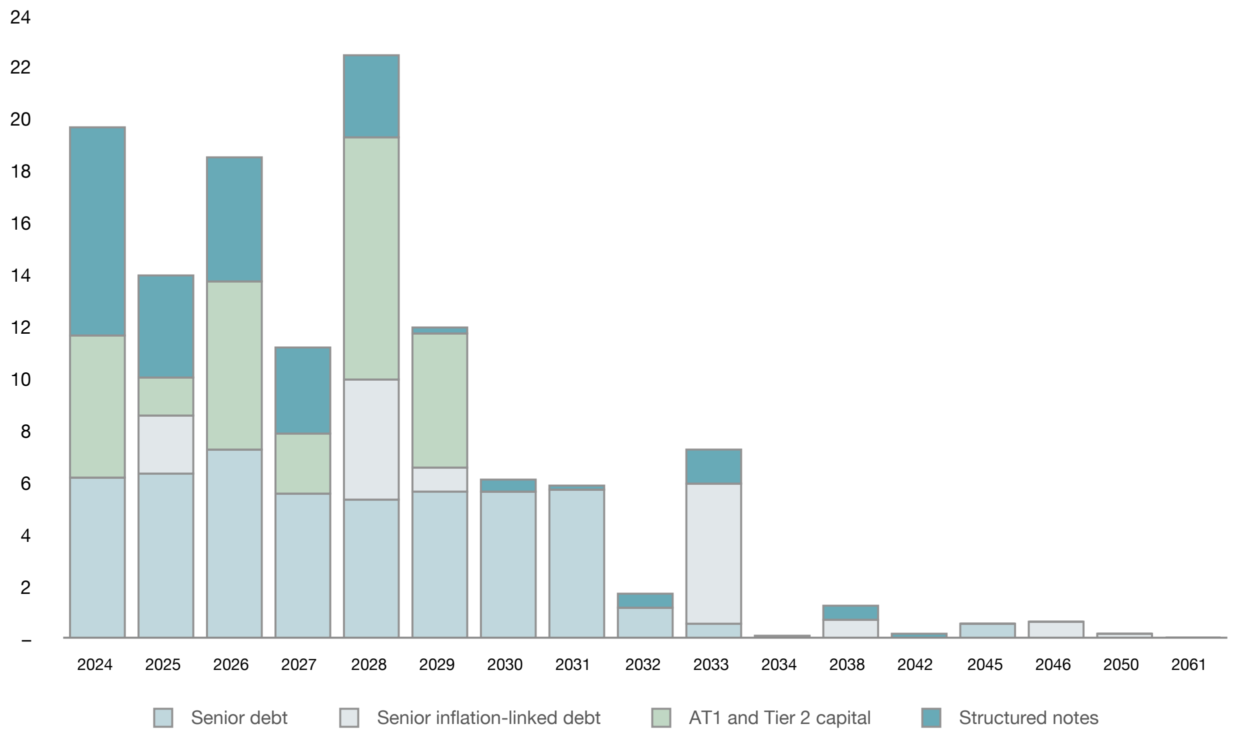
Funding liabilities by instrument type and term
(%)



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 regulations regarding Flac and financial conglomerates will influence future issuance considerations.

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 the UK.

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 billion at December 2023.

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

	As at 31 December	
R billion	**2023**	2022
Cash and deposits with central banks	**96**	77
Short-term liquidity instruments	**160**	147
Including reverse repos*	**80**	64
Long-term investment securities	**154**	136
Other liquid assets	**22**	32
Total liquid assets	**432**	392

* *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, which requires a higher regulatory outflow factor compared to contractually longer-dated institutional funding. There was also an increase in deposits with central banks and assets acquired under repo following the SARB's transition to a liquidity surplus system to implement monetary policy.

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, varying from central bank reserves to treasury bills and bonds.

Liquidity ratios for the group and bank at December 2023 are summarised below.

LIQUIDITY RATIOS

	Group*		Bank*	
%	**LCR****	**NSFR**	**LCR****	**NSFR**
Regulatory minimum	**100**	**100**	**100**	**100**
Actual	**119**	**122**	**123**	**118**

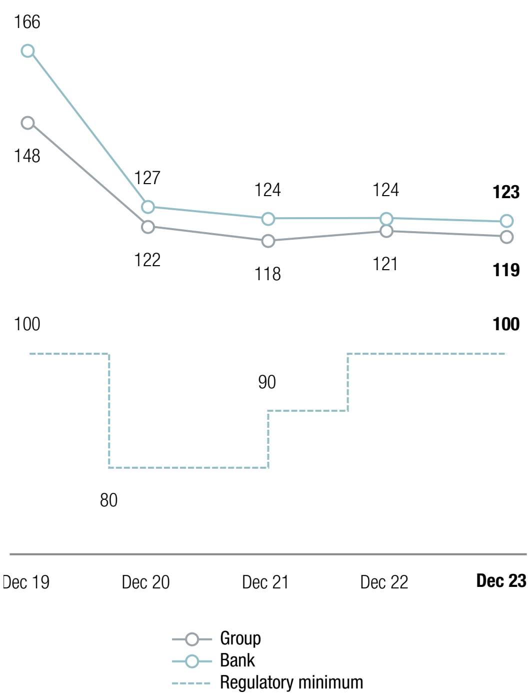
* *The group's LCR and NSFR include the bank's operations in South Africa, and all registered banks and foreign branches in the group. The bank's LCR and NSFR reflect South African operations only.*

** *The LCR is calculated as a simple average of 92 days of daily observations over the period ended 31 December 2023 for FirstRand Bank South Africa and the London branch. The remaining banking entities, including Aldermore and the India and Guernsey branches, are based on the month-end or quarter-end values. The figures are based on the regulatory submissions to the PA.*

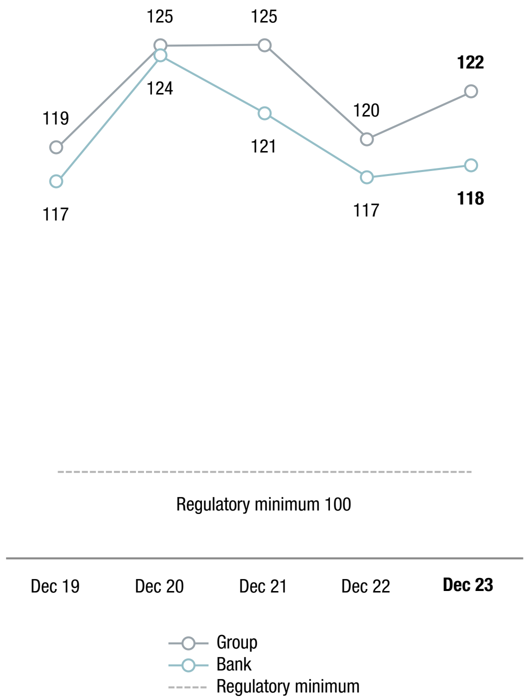
Funding and liquidity continued

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

LCR
(%)



NSFR
(%)



Capital

Capital management approach

A comprehensive overview of the group's capital management approach is provided in the Basel Pillar 3 disclosure for the year ended 30 June 2023, which is available at www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/.

Period under review

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

CAPITAL ADEQUACY AND LEVERAGE RATIOS AS AT 31 DECEMBER

	Capital			Leverage
%	**CET1**	**Tier 1**	**Total**	**Total**
Regulatory minimum*	9.0	11.3	13.5	4.0
Internal target	11.0 – 12.0	>12.0	>14.75	>5.5
Actual (including unappropriated profits)**				
2023	**13.3**	**14.1**	**15.9**	**7.9**
2022	13.2	13.9	16.0	7.7

* *Includes the group's domestic systemically important bank requirement of 1.5% and a CCyB add-on of 53 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.firstrand.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 53 bps add-on for the group. Consequently, the group's total capital adequacy target was lifted 50 bps to >14.75%. No changes have been made to its CET1 and Tier 1 targets. 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 period 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 (including the $500 million Tier 2 instrument), as well as a focus on filling the buckets for AT1 and Tier 2.

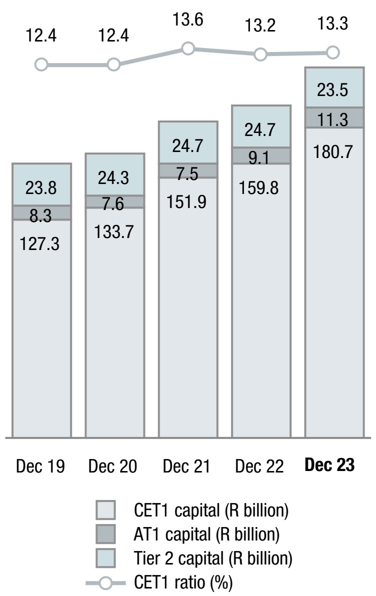
The group continues to enhance the use of economic capital in risk-based decision-making, including capital allocation. The assessment of economic risk aligns with FirstRand's economic capital framework to ensure the group remains solvent at a confidence interval of 99.93%, and that it can deliver on 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 period under review, the group continued to meet its economic capital requirements and reported an economic capital multiple (loss-absorbing capital/economic capital requirement) of 1.6 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

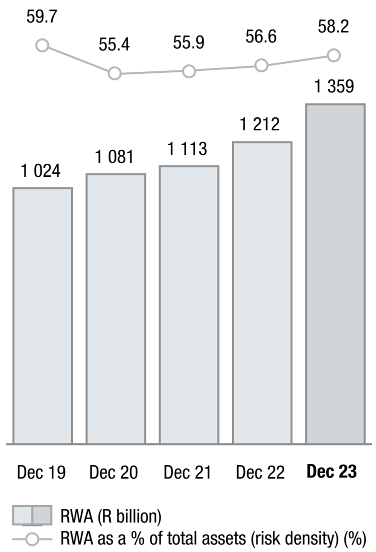
The graphs below provide a five-year view of the group's capital adequacy, RWA and leverage positions.The increase in the group's risk density reflects changes in the balance sheet mix and increased operational risk RWA.

Capital adequacy*

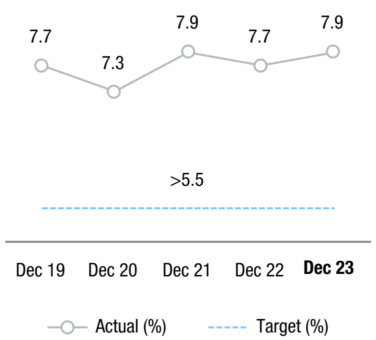


* *Including unappropriated profits.*

RWA history



Leverage*



* *Including unappropriated profits.*

The Basel III leverage ratio is a supplementary 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 December 2023 mainly relates to an increase in Tier 1 capital, partly offset by an increase in total exposures.

Supply of capital

COMPOSITION OF CAPITAL*

	As at		
	31 December		30 June
R million	**2023**	2022	2023
CET1 capital excluding unappropriated profits	**170 365**	152 342	168 647
Unappropriated profits	**10 359**	7 420	5 487
CET1 capital including unappropriated profits	**180 724**	159 762	174 134
Additional Tier 1 capital	**11 252**	9 116	9 194
Tier 1 capital	**191 976**	168 878	183 328
Tier 2 capital	**23 468**	24 717	23 433
Total qualifying capital	**215 444**	193 595	206 761

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

Key drivers

December 2023 vs December 2022

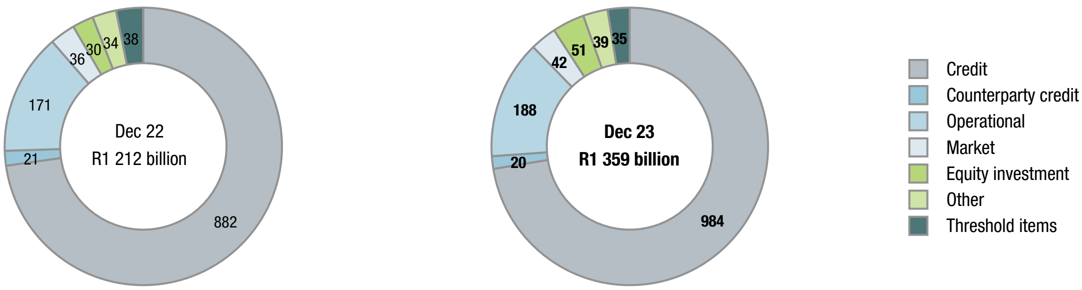
CET 1 capital	▲	• Positive earnings generation partly offset by the payment of dividends. • Increase in the foreign currency translation reserve given rand depreciation against hard currencies.
AT1 capital	▲	• AT1 issuance (R5.0 billion) to rebalance the capital stack and replace the AT1 redemption (R2.3 billion) in November 2023.
Tier 2 capital	▼	• Redemption of the $500 million Tier 2 instrument in April 2023, partly offset by Tier 2 issuances totalling R5.6 billion, reflecting a tilt towards a higher proportion of AT1 instruments in the capital stack.

Additional detail on the group's capital instruments is included on page 230.

Capital continued

Demand for capital

RWA analysis
(R billion)



Key drivers

December 2023 vs December 2022

Credit	▲	• Foreign currency movements and volume growth, partly offset by model refinements and optimisation.
Counterparty credit	▼	• Decreased risk positions supported by increased central clearing and collateral activities to mitigate derivative risk.
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	▲	• Increased 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, fair value movements and consolidation of the empowerment trusts.
Other	▲	• Increase in other assets, and property and equipment.
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 31 December					As at 30 June
	2023				2022	2023
	Total minimum requirement*	**RWA** R million**	**Tier 1**	**Total capital adequacy**	Total capital adequacy	Total capital adequacy
Banking (%)						
Basel III (PA regulations)						
FirstRand#	**13.5**	**1 358 956**	**14.1**	**15.9**	16.0	15.6
FirstRand Bank#,†	**13.0**	**872 470**	**14.1**	**16.1**	16.1	15.4
FirstRand Bank South Africa#	**13.0**	**837 139**	**13.7**	**15.7**	16.0	15.1
FirstRand Bank London	**13.5**	**36 305**	**18.2**	**19.4**	15.7	19.6
FirstRand Bank India‡	**13.0**	**304**	**>100**	**>100**	>100	>100
FirstRand Bank Guernsey	**13.0**	**1 087**	**74.1**	**74.1**	54.3	68.5
Basel III (local regulations)						
Aldermore Bank	**14.6**	**158 054**	**19.4**	**20.9**	20.0	21.0
FNB Namibia	**10.0**	**36 876**	**14.6**	**15.6**	18.1	17.1
Basel II (local regulations)						
FNB Botswana	**12.5**	**29 367**	**15.0**	**21.1**	20.1	18.1
RMB Nigeria	**10.0**	**5 071**	**22.4**	**22.4**	27.4	22.6
FNB Eswatini	**8.0**	**5 817**	**21.5**	**22.3**	20.7	21.5
First National Bank Ghana	**10.0**	**3 102**	**19.2**	**19.2**	19.5^	16.1
FNB Mozambique	**12.0**	**4 284**	**21.9**	**21.9**	23.3	20.5
Basel I (local regulations)						
FNB Zambia	**10.0**	**6 761**	**27.2**	**27.2**	29.4	29.3
FNB Lesotho	**8.0**	**1 646**	**14.0**	**15.4**	17.3	16.5
Insurance (times)◊						
FirstRand Life Assurance (FNB Life)	**1.0**		**1.8**		1.8	1.8
FirstRand Short Term Insurance	**1.0**		**4.1**		7.1	5.0
FRISCOL	**1.0**		**1.9**		2.4	2.5

* *Excluding any confidential bank-specific requirements.*
** *RWA for entities outside of South Africa converted to rand using the closing rates at 31 December 2023.*
# *Including unappropriated profits.*
† *Including foreign branches.*
‡ *The branch is in the process of being wound down.*
^ *Comparative as per resubmitted return.*
◊ *Solvency capital requirements as per quarterly returns as at 31 December 2023.*

Performance measurement

The group aims to deliver sustainable returns to its shareholders. Each business unit is 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 10% period-on-period, driven by 12% growth in average shareholders' equity and a 40 bps increase in the group's cost of equity. ROE declined to 20.6% (December 2022: 21.6%), 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

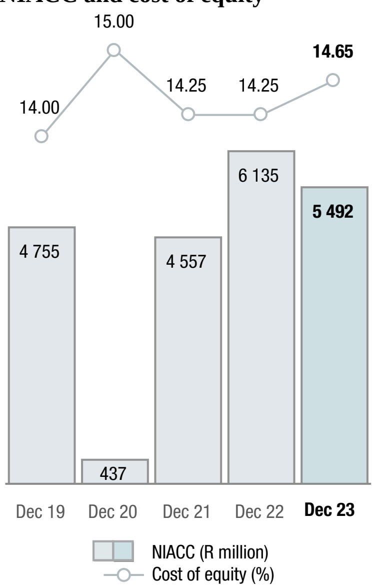
	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022*	% change	2023*
Normalised earnings attributable to ordinary shareholders	**19 097**	17 988	6	36 634
Capital charge**	**(13 605)**	(11 853)	15	(24 730)
NIACC	**5 492**	6 135	(10)	11 904
Average ordinary shareholders' equity and reserves	**185 734**	166 360	12	173 547
ROE (%)	**20.6**	21.6		21.1
Cost of equity (%)#	**14.65**	14.25		14.25
Return on average RWA	**2.85**	3.06		2.98

* *Restated. Refer to pages 213 to 222.*

** *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% (December 2022: 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% (December 2022: 4.95%) is determined using the FirstRand beta and equity risk premium.*

NIACC and cost of equity

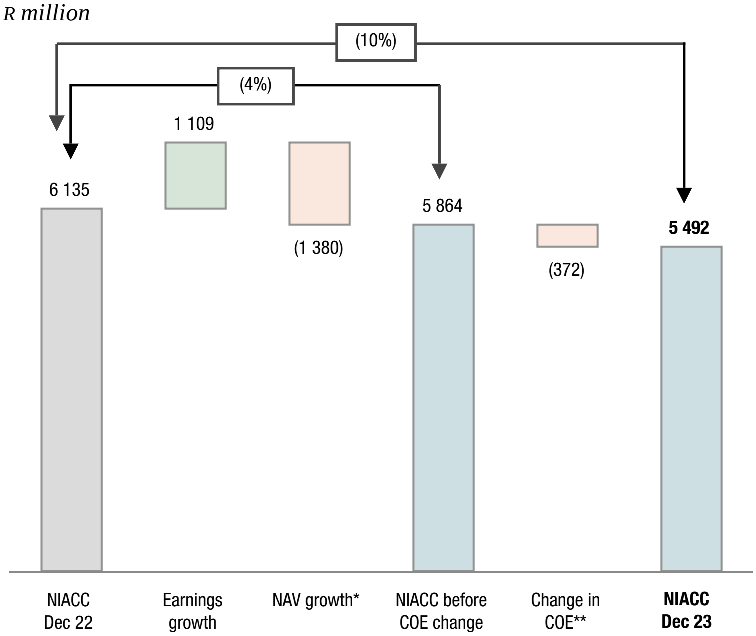


Note: 2019 to 2021 figures are based on IFRS 4, 2022 and 2023 figures on IFRS 17.

The graph below provides an analysis of the change in NIACC from December 2022 to December 2023:

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%.*

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 return on assets (ROA).

	Six months ended 31 December					Year ended 30 June
	2023	2022	2021	2020	2019	2023
ROA (%)	**1.65**	1.74	1.64	1.16	1.66	1.71
Gearing*	**12.5**	12.4	12.3	13.5	12.8	12.4
ROE (%)	**20.6**	21.6	20.1	15.6	21.2	21.1

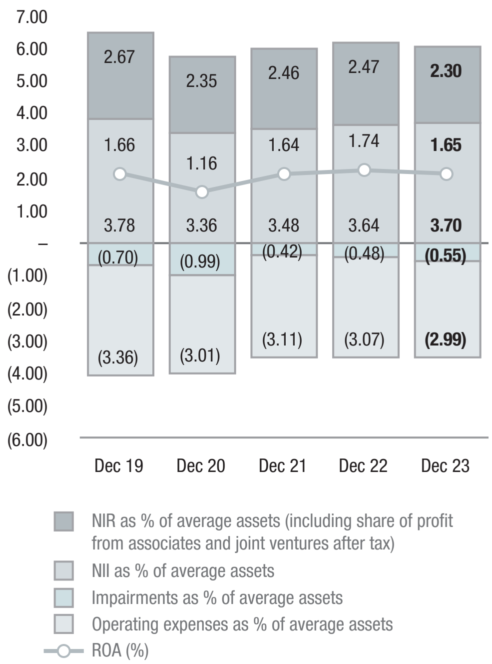
* *Gearing = average total assets/average equity.*

Note: 2019 to 2021 figures are based on IFRS 4, 2022 and 2023 figures on IFRS 17.

Performance measurement continued

The following graph provides a summary of the drivers of the ROA over time. The 9 bps decrease in ROA to 1.65% (December 2022: 1.74%) resulted from cyclically high retail credit impairments, a partial unwind of prior year income from the UK operations' fair value hedge due to the recent volatility in UK interest rates, and the high base from a private equity realisation in the prior period. Average total assets increased 12%.

ROA ANALYSIS



Note 1: 2019 to 2021 figures are based on IFRS 4, 2022 and 2023 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

	Six months ended 31 December				Year ended 30 June	
	2023		2022*		2023*	
R million	**Normalised earnings**	**ROE %**	Normalised earnings	ROE %	Normalised earnings	ROE %
Retail and commercial	**12 461**	**37.8**	11 888	38.8	23 550	38.1
– FNB	**11 473**	**40.3**	10 964	41.8	21 700	40.6
– WesBank	**988**	**21.9**	924	20.9	1 850	21.8
Corporate and institutional – RMB	**4 475**	**19.0**	4 659	22.4	9 116	21.1
UK operations**	**1 648**	**9.6**	1 614	11.9	3 356	11.6
Centre (including Group Treasury)#	**513**	**2.7**	(173)	(0.9)	612	1.6
FirstRand group	**19 097**	**20.6**	17 988	21.6	36 634	21.1
Broader Africa†	**2 464**	**23.7**	1 481	15.2	4 141	20.9

* *Restated. Refer to pages 68 to 70 and 213 to 222.*

** *Prior periods included MotoNovo back book. In the segment report on pages 52 to 59, 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

	Six months ended 31 December		Year ended 30 June
%	**2023**	2022*	2023*
Retail and commercial	**3.44**	3.56	3.46
– FNB	**4.12**	4.24	4.12
– WesBank	**1.18**	1.23	1.19
Corporate and institutional – RMB	**1.21**	1.41	1.36
UK operations**	**0.70**	0.82	0.82
Centre (including Group Treasury)†	**0.28**	(0.10)	0.17
FirstRand group	**1.65**	1.74	1.71

* *Restated. Refer to pages 68 to 70.*

** *Prior periods included MotoNovo back book. ROAs are calculated in pound terms.*

† *December 2023 includes MotoNovo back book.*

Performance measurement continued

The table below provides a geographical analysis of capital allocated.

GEOGRAPHICAL ANALYSIS OF AVERAGE CAPITAL ALLOCATED

	Six months ended 31 December					Year ended 30 June	
R million	**2023**	**% composition**	2022*	% composition	% change	2023*	% composition
South Africa and other**	**130 562**	**70**	120 054	72	9	124 548	72
Broader Africa#	**20 783**	**11**	19 425	12	7	19 860	11
UK operations†	**34 389**	**19**	26 881	16	28	29 139	17
FirstRand group	**185 734**	**100**	166 360	100	12	173 547	100

* *Restated. Refer to pages 213 to 222.*

** *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 periods included 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

	Six months ended 31 December		Year ended 30 June
%	**2023**	2022*	2023*
South Africa and other**	**23.0**	24.8	23.4
Broader Africa#	**23.7**	15.2	20.9
UK operations†	**9.6**	11.9	11.6
FirstRand group	**20.6**	21.6	21.1

* *Restated. Refer to pages 68 to 70 and 213 to 222.*

** *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 periods included 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 CoDI was also established as a legal entity in March 2023 and will be fully operational in April 2024. The group's impact assessments suggest an annual post-tax cost of R200 million to R230 million for a covered deposit balance of approximately R110 billion.

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 implementation dates have been delayed to onwards of July 2025, however, 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 expected to be neutral to positive, 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 primary update related to foreign currency liquid assets and their contribution to domestic currency LCR. The directive noted the inclusion of foreign currency denominated level 1 HQLA (subject to an 8% haircut) for purposes of domestic currency LCR, limited to the top 10 most liquid currencies. The extension permitting the use of foreign-currency denominated level 1 HQLA to cover local currency LCR fell away from 31 December 2023.

The PA published *Directive 1/2023* on 23 January 2023, addressing items of national discretion relating to the NSFR.

At its inception, the PA amended the NSFR framework to assign a 35% available stable funding (ASF) factor to funding received from financial corporates, excluding banks, that will mature within six months. This amendment reflected an assessment of true liquidity risk and assisted the South African banking sector in meeting the NSFR requirements. To be fully compliant with the NSFR framework as stipulated in global regulations, the PA has decided to phase out the 35% ASF, as outlined in the following table.

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 first step-down to 30% was implemented in June 2023, resulting in a minor reduction in the bank's NSFR. 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.

ifrs

information

Presentation

Basis of presentation

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

The JSE Listings Requirements require interim reports to be prepared in accordance with and to contain the information required by:

- IFRS® Accounting Standards IAS 34;
- SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; and
- Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The condensed consolidated interim financial statements for the six months ended 31 December 2023 have not been audited or independently reviewed by the group's external auditors.

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

Accounting policies

The accounting policies and other methods of computation applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied for the year ended 30 June 2023 except for the new and amended IFRS Accounting Standards that became effective for the current period. None of the new or amended IFRS Accounting Standards impacted the group, other than items impacted by the adoption of IFRS 17, for which prior year numbers have been restated. IFRS 17 is effective for financial years commencing on or after 1 January 2023 and is applied fully retrospectively. Refer to the impact of the adoption of IFRS 17 and other restatements on pages 213 to 222.

The group has applied IAS 29 relating to hyperinflationary economies for the first time from 1 July 2023 to its FNB Ghana subsidiary.

The condensed consolidated interim financial report is prepared in accordance with the going concern principle under the historical cost basis as modified by fair value accounting or certain assets and liabilities where required or permitted by IFRS.

Normalised results

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

All normalised entries, as included and described in the *Analysis of financial results* for the year ended 30 June 2023, remain unchanged in nature.

This *pro forma* financial information, which is the responsibility of the group's directors, has been prepared for illustrative purposes to more accurately reflect operational performance. Due to its nature it may not fairly present, in terms of IFRS, the group's financial position, changes in equity and results of operations or cash flows.

Description of difference between normalised and IFRS results

Consolidated private equity subsidiaries

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

FirstRand shares held for client trading activities

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

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

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

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

For the 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, neither gains nor losses on client trading positions or FirstRand shares held to hedge these are reflected in profit or loss or on the statement of financial position.

Margin-related items included in fair value income

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

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

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

Presentation continued

IAS 19 remeasurement of plan assets

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

Realisation on the sale of private equity subsidiaries

In terms of *Circular 01/2023 – Headline Earning*s, 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 schemes.

In accordance with IFRS 2, the expense resulting from these option schemes is recognised over the vesting period of the schemes. This leads to a mismatch in the recognition of the profit or loss of the hedge and the share-based payment expense.

When calculating normalised results, the group defers the recognition of the fair value gain or loss on the hedging instrument for the specific reporting period to the period in which the IFRS 2 impact will manifest in the group's results. This reflects the economic substance of the hedge and associated IFRS 2 impact for the group regarding the share schemes that are not hedge accounted.

In addition, the portion of the share-based payment expense which relates to the remeasurement of the liability arising from changes in the share price is reclassified from operating expenses into NIR in accordance with the economics of the transaction. The share-based payment expense included in operating expenses is equal to the grant date fair value of the awards given.

Consolidation of fully vested empowerment vehicles

In terms of IFRS 10, 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 (B-BBEE) 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 in terms of IFRS 10, 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 the amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 160.

Restatement of prior year numbers

In addition to the restatement of comparative information relating to the adoption of IFRS 17, the items noted below have been restated.

Description of restatement

Aldermore applies a dynamic portfolio fair value hedging strategy. IAS 39 requires the change in value of a hedged item (which represents the fair value of the interest rate risk component of the hedged portfolio) to be presented in a manner consistent with the position of the hedged item with a particular repricing period. The group restated its statement of financial position to reflect the change in value of hedged items in an asset position within other assets and in a liability position within creditors, accruals and provisions, respectively.

Proceeds from the issue of Tier 2 liabilities and capital repaid on Tier 2 liabilities reflected in the cash flows from financing activities of the consolidated 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.

These restatements had no impact on the profit or loss or net asset value of the group.

Condensed consolidated income statement – IFRS

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022*	% change	2023*
Interest income calculated using effective interest rate	**91 434**	67 931	35	149 269
Interest on other financial instruments and similar income	**1 492**	1 455	3	2 627
Interest and similar income	**92 926**	69 386	34	151 896
Interest expense and similar charges	**(51 416)**	(32 727)	57	(75 460)
Net interest income before impairment of advances	**41 510**	36 659	13	76 436
Impairment and fair value of credit of advances	**(6 404)**	(5 008)	28	(10 949)
– Impairment on amortised cost advances	**(6 540)**	(5 208)	26	(11 151)
– Fair value of credit on advances	**136**	200	(32)	202
Net interest income after impairment of advances	**35 106**	31 651	11	65 487
Non-interest revenue	**27 732**	27 139	2	53 844
– Net fee and commission income	**19 162**	18 345	4	36 153
– Fee and commission income	**23 114**	21 923	5	43 540
– Fee and commission expense	**(3 952)**	(3 578)	10	(7 387)
– Net insurance income	**1 950**	1 773	10	4 012
– Fair value income	**4 296**	3 820	12	8 552
– Fair value gains or losses	**10 620**	7 675	38	17 883
– Interest expense on fair value activities	**(6 324)**	(3 855)	64	(9 331)
– Gains less losses from investing activities	**627**	1 532	(59)	1 528
– Other non-interest income	**1 697**	1 669	2	3 599
Income from operations	**62 838**	58 790	7	119 331
Operating expenses	**(34 821)**	(31 969)	9	(67 429)
Net income from operations	**28 017**	26 821	4	51 902
Share of profit of associates after tax	**374**	(132)	(>100)	332
Share of profit of joint ventures after tax	**377**	(308)	(>100)	155
Income before indirect tax	**28 768**	26 381	9	52 389
Indirect tax	**(972)**	(798)	22	(1 540)
Profit before tax	**27 796**	25 583	9	50 849
Income tax expense	**(6 837)**	(6 437)	6	(12 172)
Profit for the period	**20 959**	19 146	9	38 677
Attributable to				
Ordinary equityholders	**19 509**	17 921	9	36 331
Other equity instrument holders	**750**	547	37	1 119
Equityholders of the group	**20 259**	18 468	10	37 450
Non-controlling interests	**700**	678	3	1 227
Profit for the period	**20 959**	19 146	9	38 677
Earnings per share (cents)				
– Basic	**348.1**	319.7	9	648.1
– Diluted	**348.1**	319.7	9	648.1
Headline earnings per share (cents)				
– Basic	**341.4**	321.7	6	654.7
– Diluted	**341.4**	321.7	6	654.7

* *Restated – refer to page 217 for more detail.*

Condensed consolidated statement of other comprehensive income – IFRS

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022*	% change	2023*
Profit for the period	**20 959**	19 146	9	38 677
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**2 281**	123	>100	(738)
Gains/(losses) arising during the period	**2 380**	(229)	(>100)	282
Reclassification adjustments for amounts included in profit or loss	**792**	405	96	(1 333)
Deferred income tax	**(891)**	(53)	>100	313
FVOCI debt reserve	**(146)**	101	(>100)	33
(Losses)/gains arising during the period	**(158)**	163	(>100)	35
Reclassification adjustments for amounts included in profit or loss	**(54)**	(25)	>100	11
Deferred income tax	**66**	(37)	(>100)	(13)
Exchange differences on translating foreign operations	**(2 251)**	1 114	(>100)	8 081
(Losses)/gains arising during the period	**(2 240)**	1 101	(>100)	7 974
Deferred income tax	**(11)**	13	(>100)	107
Insurance contract finance reserve	**173**	(7)	(>100)	3
Gains/(losses) arising during the period	**173**	(7)	(>100)	3
Deferred income tax	**–**	–	–	–
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interest	**6**	55	(89)	(3)
Items that may not subsequently be reclassified to profit or loss				
FVOCI equity reserve	**(1)**	1	(>100)	33
(Losses)/gains arising during the period	**(1)**	1	(>100)	38
Deferred income tax	**–**	–	–	(5)
Remeasurements on defined benefit post-employment plans	**(22)**	(45)	(51)	10
(Losses)/gains arising during the period	**(30)**	(62)	(52)	20
Deferred income tax	**8**	17	(53)	(10)
Other comprehensive income for the period	**40**	1 342	(97)	7 419
Total comprehensive income for the period	**20 999**	20 488	2	46 096
Attributable to				
Ordinary equityholders	**19 565**	19 247	2	43 673
Other equity instrument holders	**750**	547	37	1 119
Equityholders of the group	**20 315**	19 794	3	44 792
Non-controlling interests	**684**	694	(1)	1 304
Total comprehensive income for the period	**20 999**	20 488	2	46 096

* *Restated – refer to page 218 for more detail.*

Condensed consolidated statement of financial position – IFRS

	As at 31 December		As at 30 June
R million	**2023**	2022*	2023*
ASSETS			
Cash and cash equivalents	**160 974**	146 691	175 304
Derivative financial instruments	**57 168**	64 730	85 956
Commodities	**13 327**	17 647	17 252
Investment securities	**433 448**	402 054	419 140
Advances	**1 601 558**	1 447 667	1 539 375
– Advances to customers**	**1 519 329**	1 368 927	1 455 422
– Marketable advances	**82 229**	78 740	83 953
Other assets	**14 265**	5 100	3 555
Current tax asset	**1 201**	1 559	925
Non-current assets and disposal groups held for sale	**150**	–	1 359
Insurance contract assets	**668**	243	555
Reinsurance contract assets	**723**	497	610
Investments in associates	**9 355**	8 950	10 400
Investments in joint ventures	**3 244**	2 951	3 105
Property and equipment	**22 036**	20 304	21 155
Intangible assets#	**10 096**	9 362	10 277
Investment properties	**357**	378	353
Defined benefit post-employment asset	**24**	36	25
Deferred income tax asset	**6 914**	7 684	8 693
Total assets	**2 335 508**	2 135 853	2 298 039
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**12 366**	16 115	12 753
Derivative financial instruments	**48 283**	59 365	70 354
Creditors, accruals and provisions	**40 202**	38 892	43 263
Current tax liability	**978**	953	471
Deposits	**1 978 278**	1 793 318	1 923 103
Employee liabilities	**11 840**	11 859	17 074
Other liabilities	**6 449**	5 498	7 033
Policyholder liabilities under investment contracts	**7 014**	6 085	6 236
Insurance contract liabilities	**1 521**	1 412	1 392
Reinsurance contract liabilities	**110**	20	24
Tier 2 liabilities	**17 657**	20 384	16 869
Deferred income tax liability	**990**	864	1 033
Total liabilities	**2 125 688**	1 954 765	2 099 605
Equity			
Ordinary shares	**56**	56	56
Share premium	**7 668**	7 833	7 860
Reserves	**181 945**	159 047	173 384
Capital and reserves attributable to equityholders of the group	**189 669**	166 936	181 300
Other equity instruments and reserves	**15 581**	9 930	12 846
Non-controlling interests	**4 570**	4 222	4 288
Total equity	**209 820**	181 088	198 434
Total equities and liabilities	**2 335 508**	2 135 853	2 298 039

* *Restated, refer to page 216.*

** *Included in advances to customers are assets under agreements to resell of R92 060 million (December 2022: R85 172 million; June 2023: R79 410 million).*

Include net goodwill of R8 522 million (December 2022: R7 737 million; June 2023: R8 646 million).

Condensed consolidated statement of cash flows – IFRS

	Six months ended 31 December		Year ended 30 June
R million	**2023**	2022*	2023*
Cash flows from operating activities			
Other operating activities	**850**	37 202	92 579
Dividends paid	**(11 689)**	(17 936)	(29 110)
Dividends paid to non-controlling interest	**(661)**	(651)	(1 240)
Taxation paid	**(6 519)**	(7 742)	(14 574)
Net cash (utilised)/generated from operating activities	**(18 019)**	10 873	47 655
Cash flows from investing activities			
Capital expenditure	**(2 898)**	(2 252)	(6 953)
Proceeds on disposals from investment activities	**1 466**	236	2 658
Net cash outflow from investing activities	**(1 432)**	(2 016)	(4 295)
Cash flows from financing activities			
Other financing activities	**(849)**	(7 504)	(6 031)
Proceeds from issue of Tier 2 liabilities	**772**	3 188	7 986 **
Capital repaid on Tier 2 liabilities	**–**	(4 301)	(13 079) **
Acquisition of additional interest in subsidiaries from non-controlling interest	**–**	(170)	(170)
Redemption of Additional Tier 1 equity instruments	**(2 265)**	–	–
Proceeds from issue of Additional Tier 1 equity instruments	**5 000**	2 804	2 804
Net cash inflow/(outflow) from financing activities	**2 658**	(5 983)	(8 490)
Net (decrease)/increase in cash and cash equivalents	**(16 793)**	2 874	34 870
Cash and cash equivalents at the beginning of the year	**175 304**	143 636	143 636
Effect of exchange rate changes on cash and cash equivalents	**2 463**	(371)	(3 202)
Transfer to non-current assets held for sale	**–**	552	–
Cash and cash equivalents at the end of the year	**160 974**	146 691	175 304
Mandatory reserve balances included above#	**43 556**	37 297	40 958

* *The consolidated cash flow statement has been condensed further in the current period. The comparative information has been updated accordingly.*

** *Proceeds from the issue of Tier 2 liabilities and capital repaid on Tier 2 liabilities reflected in the cash flows from financing activities of the consolidated 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.*

\# *Banks are required to deposit a minimum average balance, calculated monthly with the central bank, which is available for use by the group subject to certain restrictions and limitations levelled by the central banks within the countries of operation. The deposit bears no or low interest. Money at short notice constitutes amounts withdrawable in 32 days or less.*

Condensed consolidated statement of changes in equity – IFRS

for the six months ended 31 December

	Ordinary share capital and ordinary equityholders' funds				
R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 30 June 2022 (previously reported)	56	7 905	**7 961**	(556)	(2 357)
Adoption of IFRS 17	–	–	**–**	–	–
Restated balance as at 1 July 2022	56	7 905	**7 961**	(556)	(2 357)
Acquisition of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the period	–	–	**–**	–	–
Preference shares redeemed	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Movement in treasury shares	–	(72)	**(72)**	–	–
Total comprehensive income for the period	–	–	**–**	(45)	123
– Restated profit for the period	–	–	**–**	–	–
– Restated other comprehensive income for the period	–	–	**–**	(45)	123
Restated balance as at 31 December 2022	56	7 833	**7 889**	(601)	(2 234)
Restated balance as at 1 July 2023	56	7 860	**7 916**	(546)	(3 095)
Acquisition of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the period	–	–	**–**	–	–
Additional Tier 1 capital redeemed during the period	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Movement in treasury shares	–	(192)	**(192)**	–	–
Total comprehensive income for the period	–	–	**–**	(22)	2 281
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period	–	–	**–**	(22)	2 281
Balance as at 31 December 2023	56	7 668	**7 724**	(568)	(814)

* *Other reserves include FVOCI and insurance contract finance reserve.*

** *NCNR preference shares (redeemed in September 2022) and R12 665 million (December 2022: R9 930 million; June 2023: R9 930 million) of AT1 instruments.*

Ordinary share capital and ordinary equityholders' funds							
Share-based payment reserve	Foreign currency translation reserve	Other reserves*	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Other equity instruments and reserves****	**Non-controlling interests**	**Total equity**
44	4 766	1 278	153 645	**156 820**	**11 645**	**4 283**	**180 709**
–	–	63	722	**785**	**–**	**–**	**785**
44	4 766	1 341	154 367	**157 605**	**11 645**	**4 283**	**181 494**
–	–	1	–	**1**	**–**	**1**	**2**
–	–	–	–	**–**	**2 804**	**–**	**2 804**
–	–	–	–	**–**	**(4 519)**	**–**	**(4 519)**
7	–	46	(404)	**(351)**	**–**	**–**	**(351)**
–	–	–	(17 389)	**(17 389)**	**–**	**(651)**	**(18 040)**
–	–	–	–	**–**	**(547)**	**–**	**(547)**
–	–	–	(60)	**(60)**	**–**	**(105)**	**(165)**
–	–	–	(6)	**(6)**	**–**	**–**	**(78)**
–	1 103	145	17 921	**19 247**	**547**	**694**	**20 488**
–	–	–	17 921	**17 921**	**547**	**678**	**19 146**
–	1 103	145	–	**1 326**	**–**	**16**	**1 342**
51	5 869	1 533	154 429	**159 047**	**9 930**	**4 222**	**181 088**
27	12 769	1 709	162 520	**173 384**	**12 846**	**4 288**	**198 434**
–	–	–	–	**–**	**–**	**257**	**257**
–	–	–	–	**–**	**5 000**	**–**	**5 000**
–	–	–	–	**–**	**(2 265)**	**–**	**(2 265)**
19	–	114	(200)	**(67)**	**–**	**2**	**(65)**
–	–	–	(10 939)	**(10 939)**	**–**	**(661)**	**(11 600)**
–	–	–	–	**–**	**(750)**	**–**	**(750)**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	–	2	**2**	**–**	**–**	**(190)**
–	(2 236)	33	19 509	**19 565**	**750**	**684**	**20 999**
–	–	–	19 509	**19 509**	**750**	**700**	**20 959**
–	(2 236)	33	–	**56**	**–**	**(16)**	**40**
46	10 533	1 856	170 892	**181 945**	**15 581**	**4 570**	**209 820**

Statement of headline earnings – IFRS

R million	Six months ended 31 December 2023	Six months ended 31 December 2022*	% change	Year ended 30 June 2023*
Restated profit for the period (refer to page 154)	**20 959**	19 146	9	38 677
Other equity instrument holders	**(750)**	(547)	37	(1 119)
Non-controlling interests	**(700)**	(678)	3	(1 227)
Earnings attributable to ordinary equityholders	**19 509**	17 921	9	36 331
Adjusted for	**(374)**	111	(>100)	369
Gain on disposal of non-private equity associate	**(207)**	–	–	–
Gain on partial disposal of subsidiary	**(137)**	(25)	>100	(25)
Loss on disposal of property and equipment	**9**	4	>100	43
Fair value movement on investment properties	**–**	–	–	25
Impairment of goodwill	**–**	121	(100)	342
(Reversal of impairment)/impairment of assets in terms of IAS 36	**(50)**	–	–	61
Other	**11**	–	–	–
Tax effects of adjustments	**–**	11	(100)	(27)
Non-controlling interest adjustments	**–**	–	–	(50)
Headline earnings	**19 135**	18 032	6	36 700

* *Restated.*

Reconciliation from headline to normalised earnings

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022*	% change	2023*
Headline earnings*	**19 135**	18 032	6	36 700
Adjusted for	**(38)**	(44)	(14)	(66)
Treasury shares**	**7**	(13)	(>100)	17
IAS 19 adjustment	**(45)**	(48)	(6)	(98)
Private equity related#	**–**	17	(100)	15
Normalised earnings	**19 097**	17 988	6	36 634

* *Restated.*

** *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 condensed consolidated income statement

for the six months ended 31 December 2023

R million	**Normalised**	Private equity related	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	**42 771**	–	–	(1 369)
Impairment charge	**(6 404)**	–	–	–
Net interest income after impairment of advances	**36 367**	–	–	(1 369)
Total non-interest revenue	**26 577**	–	(7)	1 369
– Operational non-interest revenue	**25 824**	–	(5)	1 369
– Share of profit of associates and joint ventures after tax	**753**	–	(2)	–
Income from operations	**62 944**	–	(7)	–
Operating expenses	**(34 616)**	–	–	–
Income before indirect tax	**28 328**	–	(7)	–
Indirect tax	**(972)**	–	–	–
Profit before tax	**27 356**	–	(7)	–
Income tax expense	**(6 809)**	–	–	–
Profit for the period	**20 547**	–	(7)	–
Attributable to				
Other equity instrument holders	**(750)**	–	–	–
Non-controlling interests	**(700)**	–	–	–
Ordinary equityholders	**19 097**	–	(7)	–
Headline and normalised earnings adjustments	**–**	–	7	–
Normalised earnings attributable to ordinary equityholders of the group	**19 097**	–	–	–

* *FirstRand shares held for client trading activities.*

IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	**IFRS**
–	–	108	**41 510**
–	–	–	**(6 404)**
–	–	108	**35 106**
–	335	209	**28 483**
–	335	209	**27 732**
–	–	–	**751**
–	335	317	**63 589**
62	50	(317)	**(34 821)**
62	385	–	**28 768**
–	–	–	**(972)**
62	385	–	**27 796**
(17)	(11)	–	**(6 837)**
45	374	–	**20 959**
–	–	–	**(750)**
–	–	–	**(700)**
45	374	–	**19 509**
(45)	(374)	–	**(412)**
–	–	–	**19 097**

Reconciliation of normalised to IFRS condensed consolidated income statement

for the six months ended 31 December 2022

R million	Restated normalised	Private equity related	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	37 681	–	–	(1 131)
Impairment charge	(5 008)	–	–	–
Net interest income after impairment of advances	32 673	–	–	(1 131)
Total non-interest revenue	25 534	(21)	13	1 131
– Operational non-interest revenue	25 975	(21)	12	1 131
– Share of profit of associates and joint ventures after tax	(441)	–	1	–
Income from operations	58 207	(21)	13	–
Operating expenses	(31 782)	(3)	–	–
Income before indirect tax	26 425	(24)	13	–
Indirect tax	(798)	–	–	–
Profit before tax	25 627	(24)	13	–
Income tax expense	(6 414)	7	–	–
Profit for the period	19 213	(17)	13	–
Attributable to				
Other equity instrument holders	(547)	–	–	–
Non-controlling interests	(678)	–	–	–
Ordinary equityholders	17 988	(17)	13	–
Headline and normalised earnings adjustments	–	17	(13)	–
Normalised earnings attributable to ordinary equityholders of the group	17 988	–	–	–

* *FirstRand shares held for client trading activities.*

IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	Restated IFRS
–	–	109	36 659
–	–	–	(5 008)
–	–	109	31 651
–	21	21	26 699
–	21	21	27 139
–	–	–	(440)
–	21	130	58 350
67	(121)	(130)	(31 969)
67	(100)	–	26 381
–	–	–	(798)
67	(100)	–	25 583
(19)	(11)	–	(6 437)
48	(111)	–	19 146
–	–	–	(547)
–	–	–	(678)
48	(111)	–	17 921
(48)	111	–	67
–	–	–	17 988

Reconciliation of normalised to IFRS condensed consolidated income statement

for the year ended 30 June 2023

R million	Restated normalised	Private equity related	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	78 615	–	–	(2 402)
Impairment charge	(10 949)	–	–	–
Net interest income after impairment of advances	67 666	–	–	(2 402)
Total non-interest revenue	52 393	(43)	(16)	2 402
– Operational non-interest revenue	51 900	(43)	(10)	2 402
– Share of profit of associates and joint ventures after tax	493	–	(6)	–
Income from operations	120 059	(43)	(16)	–
Operating expenses	(67 320)	21	–	–
Income before indirect tax	52 739	(22)	(16)	–
Indirect tax	(1 540)	–	–	–
Profit before tax	51 199	(22)	(16)	–
Income tax expense	(12 169)	7	(1)	–
Profit for the year	39 030	(15)	(17)	–
Attributable to				
Other equity instrument holders	(1 119)	–	–	–
Non-controlling interests	(1 277)	–	–	–
Ordinary equityholders	36 634	(15)	(17)	–
Headline and normalised earnings adjustments	–	15	17	–
Normalised earnings attributable to ordinary equityholders of the group	36 634	–	–	–

* *FirstRand shares held for client trading activities.*

IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	Restated IFRS
–	–	223	76 436
–	–	–	(10 949)
–	–	223	65 487
–	(42)	(363)	54 331
–	(42)	(363)	53 844
–	–	–	487
–	(42)	(140)	119 818
134	(404)	140	(67 429)
134	(446)	–	52 389
–	–	–	(1 540)
134	(446)	–	50 849
(36)	27	–	(12 172)
98	(419)	–	38 677
–	–	–	(1 119)
–	50	–	(1 227)
98	(369)	–	36 331
(98)	369	–	303
–	–	–	36 634

Reconciliation of normalised to IFRS condensed consolidated statement of financial position

as at 31 December 2023

R million	Normalised	Treasury shares*	Empowerment fund reserve	IFRS
ASSETS				
Cash and cash equivalents	160 974	–	–	160 974
Derivative financial instruments	57 168	–	–	57 168
Commodities	13 327	–	–	13 327
Investment securities	430 926	(394)	2 916	433 448
Advances	1 601 558	–	–	1 601 558
– Advances to customers	1 519 329	–	–	1 519 329
– Marketable advances	82 229	–	–	82 229
Other assets	14 265	–	–	14 265
Current tax asset	1 201	–	–	1 201
Non-current assets and disposal groups held for sale	150	–	–	150
Insurance contract assets	668	–	–	668
Reinsurance contract assets	723	–	–	723
Investments in associates	9 355	–	–	9 355
Investments in joint ventures	3 198	46	–	3 244
Property and equipment	22 036	–	–	22 036
Intangible assets	10 096	–	–	10 096
Investment properties	357	–	–	357
Defined benefit post-employment asset	24	–	–	24
Deferred income tax asset	6 914	–	–	6 914
Total assets	**2 332 940**	**(348)**	**2 916**	**2 335 508**
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	12 366	–	–	12 366
Derivative financial instruments	48 283	–	–	48 283
Creditors, accruals and provisions	40 202	–	–	40 202
Current tax liability	978	–	–	978
Deposits	1 978 278	–	–	1 978 278
Employee liabilities	11 840	–	–	11 840
Other liabilities	6 449	–	–	6 449
Policyholder liabilities under investment contracts	7 014	–	–	7 014
Insurance contract liabilities	1 521	–		1 521
Reinsurance contract liabilities	110	–	–	110
Tier 2 liabilities	17 657	–	–	17 657
Deferred income tax liability	990	–	–	990
Total liabilities	**2 125 688**	**–**	**–**	**2 125 688**
Equity				
Ordinary shares	56	–	–	56
Share premium	8 056	(388)	–	7 668
Reserves	181 905	40	–	181 945
Capital and reserves attributable to equityholders of the group	**190 017**	**(348)**	**–**	**189 669**
Other equity instruments and reserves	12 665	–	2 916	15 581
Non-controlling interests	4 570	–	–	4 570
Total equity	**207 252**	**(348)**	**2 916**	**209 820**
Total equities and liabilities	**2 332 940**	**(348)**	**2 916**	**2 335 508**

* *FirstRand shares held for client trading activities.*

Reconciliation of normalised to IFRS condensed consolidated statement of financial position

as at 31 December 2022

R million	Restated normalised	Treasury shares*	Restated IFRS
ASSETS			
Cash and cash equivalents	146 691	–	146 691
Derivative financial instruments	64 730	–	64 730
Commodities	17 647	–	17 647
Investment securities	402 251	(197)	402 054
Advances	1 447 667	–	1 447 667
– Advances to customers	1 368 927	–	1 368 927
– Marketable advances	78 740	–	78 740
Other assets	5 100	–	5 100
Current tax asset	1 559	–	1 559
Non-current assets and disposal groups held for sale	–	–	–
Insurance contract assets	243	–	243
Reinsurance contract assets	497	–	497
Investments in associates	8 950	–	8 950
Investments in joint ventures	2 896	55	2 951
Property and equipment	20 304	–	20 304
Intangible assets	9 362	–	9 362
Investment properties	378	–	378
Defined benefit post-employment asset	36	–	36
Deferred income tax asset	7 683	1	7 684
Total assets	2 135 994	(141)	2 135 853
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	16 115	–	16 115
Derivative financial instruments	59 365	–	59 365
Creditors, accruals and provisions	38 892	–	38 892
Current tax liability	953	–	953
Deposits	1 793 318	–	1 793 318
Employee liabilities	11 859	–	11 859
Other liabilities	5 498	–	5 498
Policyholder liabilities under investment contracts	6 085	–	6 085
Insurance contract liabilities	1 412	–	1 412
Reinsurance contract liabilities	20	–	20
Tier 2 liabilities	20 384	–	20 384
Deferred income tax liability	864	–	864
Total liabilities	1 954 765	–	1 954 765
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(223)	7 833
Reserves	158 965	82	159 047
Capital and reserves attributable to equityholders of the group	167 077	(141)	166 936
Other equity instruments and reserves	9 930	–	9 930
Non-controlling interests	4 222	–	4 222
Total equity	181 229	(141)	181 088
Total equities and liabilities	2 135 994	(141)	2 135 853

* *FirstRand shares held for client trading activities.*

Reconciliation of normalised to IFRS condensed consolidated statement of financial position

as at 30 June 2023

R million	Restated normalised	Treasury shares*	Empowerment Fund Reserve	Restated IFRS
ASSETS				
Cash and cash equivalents	175 304	–	–	175 304
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
Other assets	3 555	–	–	3 555
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
Total assets	2 295 274	(151)	2 916	2 298 039
EQUITY AND LIABILITIES				
Liabilities				
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
Deposits	1 923 103	–	–	1 923 103
Employee liabilities	17 074	–	–	17 074
Other liabilities	7 033	–	–	7 033
Policyholder liabilities	6 236	–	–	6 236
Insurance contract liabilities	1 392	–	–	1 392
Reinsurance contract liabilities	24	–	–	24
Tier 2 liabilities	16 869	–	–	16 869
Deferred income tax liability	1 033	–	–	1 033
Total liabilities	2 099 605	–	–	2 099 605
Equity				
Ordinary shares	56	–	–	56
Share premium	8 056	(196)	–	7 860
Reserves	173 339	45	–	173 384
Capital and reserves attributable to equityholders of the group	181 451	(151)	–	181 300
Other equity instruments and reserves	9 930	–	2 916	12 846
Non-controlling interests	4 288	–	–	4 288
Total equity	195 669	(151)	2 916	198 434
Total equities and liabilities	2 295 274	(151)	2 916	2 298 039

* *FirstRand shares held for client trading activities.*

Advances

Note 1 – Category analysis of advances

	Advances			
	As at 31 December			As at 30 June
R million	**2023**	2022	% change	2023
Category analysis				
Overdrafts and cash management accounts	**96 497**	82 868	16	91 880
Term loans	**104 548**	89 963	16	97 108
Card loans	**43 450**	38 700	12	41 725
Instalment sales, hire purchase agreements and lease payments receivable	**290 553**	260 063	12	288 284
Property finance	**540 294**	498 415	8	536 558
Personal loans	**59 507**	53 909	10	57 425
Preference share agreements	**41 598**	41 293	1	40 928
Investment bank term loans	**224 563**	188 325	19	205 380
Long-term loans to group associates and joint ventures	**3 116**	2 488	25	2 696
Other	**76 397**	75 947	1	65 100
Total customer advances	**1 480 523**	1 331 971	11	1 427 084
Marketable advances	**82 229**	78 740	4	83 953
Assets under agreements to resell	**92 060**	85 172	8	79 410
Gross value of advances	**1 654 812**	1 495 883	11	1 590 447
Impairment and credit of fair value advances	**(53 254)**	(48 216)	10	(51 072)
Net advances	**1 601 558**	1 447 667	11	1 539 375
Gross advances – amortised cost	**1 508 068**	1 365 720	10	1 459 196
Impairment of advances – amortised cost	**(52 110)**	(46 804)	11	(49 746)
Net advances – amortised cost	**1 455 958**	1 318 916	10	1 409 450
Gross advances – fair value	**146 744**	130 163	13	131 251
Impairment of advances – fair value	**(1 144)**	(1 412)	(19)	(1 326)
Net advances – fair value	**145 600**	128 751	13	129 925
Net advances	**1 601 558**	1 447 667	11	1 539 375

Advances continued

Note 2 – Breakdown of ECL created in the reporting period

R million	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
	31 December 2023				
Current period ECL provided	**8 554**	**(1 231)**	**3 098**	**6 544**	**143**
Interest suspended on stage 3 advances	**(1 548)**	**–**	**–**	**(1 521)**	**(27)**
Current period change in ECL provided after interest suspended on stage 3 advances	**7 006**	**(1 231)**	**3 098**	**5 023**	**116**
Post write-off recoveries	**(958)**	**–**	**–**	**(958)**	**–**
Modification losses	**356**	**–**	**19**	**337**	**–**
Impairment recognised in the income statement for the period ended 31 December 2023	**6 404**	**(1 231)**	**3 117**	**4 402**	**116**
Amortised cost	**6 539**	**(1 213)**	**3 234**	**4 402**	**116**
Fair value*	**(135)**	**(18)**	**(117)**	**–**	**–**
	31 December 2022				
Current period ECL provided	7 386	(198)	2 119	5 470	(5)
Interest suspended on stage 3 advances	(1 599)	–	–	(1 599)	–
Current period change in ECL provided after interest suspended on stage 3 advances	5 787	(198)	2 119	3 871	(5)
Post write-off recoveries	(1 132)	–	–	(1 132)	–
Modification losses	353	–	81	272	–
Impairment recognised in the income statement for the period ended 31 December 2022	5 008	(198)	2 200	3 011	(5)
Amortised cost	5 208	(25)	2 227	3 011	(5)
Fair value*	(200)	(173)	(27)	–	–
	30 June 2023				
Current year ECL provided	15 586	156	3 143	12 091	196
Interest suspended on stage 3 advances	(2 850)	–	–	(2 847)	(3)
Current year change in ECL provided after interest suspended on stage 3 advances	12 736	156	3 143	9 244	193
Post write-off recoveries	(2 457)	–	–	(2 457)	–
Modification losses	670	24	75	571	–
Impairment recognised in the income statement for the year ended 30 June 2023	10 949	180	3 218	7 358	193
Amortised cost	11 151	400	3 258	7 300	193
Fair value*	(202)	(220)	(40)	58	–

* *No recoveries of bad debts written off or modification losses are attributable to advances measured at fair value.*

Basis of preparation of the reconciliation of gross carrying amount and loss allowance on total advances per class

The basis of presentation of the reconciliation of the gross carrying amount (GCA) and loss allowance on advances can be found in *Note 11 – Advances* in the annual financial statements available on the group's website at www.firstrand.co.za/investors/integrated-reporting-hub/financial reporting/.

Basis for determination of classes

The type of client is used as a primary indicator to determine classes of advances, and then the type of loans provided to that type of client is reflected as subclasses.

Temporary stress scenario

An additional stress scenario was introduced during the financial period ended 30 June 2021 given the event-driven uncertainty in the global and South African economy at the time. The scenario was initially introduced to capture the uncertainty around the impact of the Covid-19 pandemic and subsequently to address risks brought about by the impact of Russia's invasion of Ukraine as well as inflation and interest rate forecasting risks. Since June 2022, the forecasting risk associated with inflationary and interest rates has manifested in actual inflation and interest rate outcomes, with provisions increasing as the impairment models incorporate these impacts. At 31 December 2022 the absolute provisions and stage allocations at 30 June 2022 were retained and the temporary stress scenario was fully unwound at 30 June 2023.

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.

Advances continued

Note 3.1 – Reconciliation of the gross carrying amount of total advances per class

AMORTISED COST – 31 DECEMBER 2023

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
GCA reported as at 1 July 2023	**259 635**	**108 779**	**37 149**	**50 072**	**7 406**	**–**
– Stage 1	223 096	90 310	30 073	35 024	5 843	–
– Stage 2	22 466	12 300	3 019	7 501	639	–
– Stage 3	14 073	6 169	4 057	7 547	924	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	(2 431)	(2 492)	(825)	(2 928)	(166)	–
– Transfers into stage 1	5 162	2 466	987	1 585	168	–
– Transfers out of stage 1	(7 593)	(4 958)	(1 812)	(4 513)	(334)	–
Transfers to/(from) stage 2	(430)	473	(386)	23	(44)	–
– Transfers into stage 2	7 601	4 582	1 168	3 372	264	–
– Transfers out of stage 2	(8 031)	(4 109)	(1 554)	(3 349)	(308)	–
Transfers to/(from) stage 3	2 861	2 019	1 211	2 905	210	–
– Transfers into stage 3	3 698	2 346	1 269	3 295	256	–
– Transfers out of stage 3	(837)	(327)	(58)	(390)	(46)	–
Current period movement	6 664	3 427	2 687	4 360	470	–
New business – changes in exposure	22 005	14 569	1 543	11 663	737	–
Back book – current period movement	(15 341)	(11 142)	1 144	(7 303)	(267)	–
– Exposures with a change in measurement basis from 12 months to LECL	(646)	(400)	81	(792)	5	–
– Other current period change in exposure/net movement on GCA	(14 695)	(10 742)	1 063	(6 511)	(272)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	(10)	–	–	–	10	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(211)	(783)	(938)	(2 220)	(328)	–
Modifications that did not give rise to derecognition	(8)	(15)	(16)	(299)	(18)	–
GCA reported as at 31 December 2023	**266 070**	**111 408**	**38 882**	**51 913**	**7 540**	**–**
– Stage 1	227 932	92 140	31 461	35 647	5 932	–
– Stage 2	22 070	12 448	2 914	7 731	633	–
– Stage 3	16 068	6 820	4 507	8 535	975	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	266 070	111 408	38 882	51 913	7 540	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances as at 31 December 2023	**266 070**	**111 408**	**38 882**	**51 913**	**7 540**	**–**

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
115 928	–	54 212	335 608	76 804	40 861	286 908	85 834	1 459 196
102 500	–	49 682	311 754	65 913	40 861	259 928	77 780	1 292 764
8 655	–	3 464	19 495	7 346	–	18 256	6 636	109 777
4 773	–	1 066	3 577	3 545	–	8 724	1 418	55 873
–	–	–	782	–	–	–	–	782
–	–	–	–	–	–	–	–	–
(992)	–	(2 128)	(5 498)	(608)	49	(6 901)	(3 797)	(28 717)
1 994	–	2 793	2 732	1 050	64	5 564	1 923	26 488
(2 986)	–	(4 921)	(8 230)	(1 658)	(15)	(12 465)	(5 720)	(55 205)
340	–	2 099	5 498	233	(5)	4 768	2 995	15 564
2 763	–	4 896	8 230	1 520	11	11 531	5 390	51 328
(2 423)	–	(2 797)	(2 732)	(1 287)	(16)	(6 763)	(2 395)	(35 764)
652	–	29	–	375	(44)	2 133	802	13 153
964	–	311	–	445	16	2 511	916	16 027
(312)	–	(282)	–	(70)	(60)	(378)	(114)	(2 874)
4 457	–	5 599	46 536	4 884	(7 970)	(4 946)	1 300	67 468
14 753	–	12 034	61 576	11 213	(1 128)	26 795	16 251	192 011
(10 296)	–	(6 435)	(15 096)	(6 329)	(6 842)	(31 741)	(14 951)	(124 599)
(648)	–	(1 440)	(642)	(188)	–	(2 254)	(1 551)	(8 475)
(9 648)	–	(4 995)	(14 454)	(6 141)	(6 842)	(29 487)	(13 400)	(116 124)
–	–	–	56	–	–	–	–	56
–	–	–	(2 871)	–	–	–	–	(2 871)
–	–	–	–	–	1 592	(1 592)	–	–
–	–	–	–	–	–	–	–	–
–	–	–	(829)	(2 552)	(30)	(4 572)	(1 357)	(9 340)
(714)	–	(48)	(62)	(342)	(19)	(179)	(185)	(6 029)
–	–	–	–	–	–	–	–	(356)
119 671	–	59 763	378 382	78 794	34 434	275 619	85 592	1 508 068
106 622	–	54 631	352 141	68 987	33 761	246 038	75 510	1 330 802
8 582	–	4 150	22 011	6 166	12	20 596	8 446	115 759
4 467	–	982	3 392	3 641	661	8 985	1 636	60 669
–	–	–	838	–	–	–	–	838
119 671	–	59 763	378 091	78 794	27 139	275 619	85 592	1 500 482
–	–	–	291	–	7 295	–	–	7 586
119 671	–	59 763	378 382	78 794	34 434	275 619	85 592	1 508 068

Advances continued

Note 3.2 – Reconciliation of the loss allowance on total advances per class

AMORTISED COST – 31 DECEMBER 2023

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
ECL reported as at 1 July 2023	4 356	5 862	4 767	9 289	1 248	–
– Stage 1	432	995	1 165	2 069	310	–
– Stage 2	1 076	1 879	754	1 901	168	–
– Stage 3	2 848	2 988	2 848	5 319	770	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	150	216	101	20	12	–
– Transfers into stage 1	178	281	209	362	31	–
– Transfers out of stage 1	(28)	(65)	(108)	(342)	(19)	–
Transfers to/(from) stage 2	(296)	(597)	(358)	(756)	(57)	–
– Transfers into stage 2	88	71	75	331	27	–
– Transfers out of stage 2	(384)	(668)	(433)	(1 087)	(84)	–
Transfers to/(from) stage 3	146	381	257	736	45	–
– Transfers into stage 3	218	397	288	861	67	–
– Transfers out of stage 3	(72)	(16)	(31)	(125)	(22)	–
Current period provision created/(released)	510	1 032	1 253	2 813	391	–
New business – impairment charge/(release)	138	279	108	1 095	15	–
Back book – impairment charge/(release)	372	753	1 145	1 718	376	–
– Exposures with a change in measurement basis from 12 months to LECL	46	22	125	(40)	14	–
– Other current period impairment charge/(release)	326	731	1 020	1 758	362	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	(35)	35	–
disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(211)	(783)	(938)	(2 220)	(328)	–
ECL as at 31 December 2023	4 655	6 111	5 082	9 847	1 346	–
– Stage 1	410	991	1 142	1 912	363	–
– Stage 2	1 077	1 876	718	1 911	169	–
– Stage 3	3 168	3 244	3 222	6 024	814	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Current period provision created/(released) per impairment stage	510	1 032	1 253	2 813	391	–
– Stage 1	(172)	(221)	(127)	(142)	9	–
– Stage 2	297	596	324	766	58	–
– Stage 3	385	657	1 056	2 189	324	–
– Purchased or originated credit impaired	–	–	–	–	–	–

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
4 952	–	733	5 210	4 140	531	6 866	1 792	49 746
907	–	228	1 334	1 285	370	2 372	962	12 429
1 213	–	111	2 436	808	151	889	382	11 768
2 832	–	394	1 195	2 047	10	3 605	448	25 304
–	–	–	245	–	–	–	–	245
–	–	–	–	–	–	–	–	–
180	–	32	86	49	8	38	17	909
238	–	56	125	95	8	112	67	1 762
(58)	–	(24)	(39)	(46)	–	(74)	(50)	(853)
(225)	–	2	(86)	(63)	(1)	(112)	(49)	(2 598)
93	–	44	39	53	1	89	58	969
(318)	–	(42)	(125)	(116)	(2)	(201)	(107)	(3 567)
45	–	(34)	–	14	(7)	74	32	1 689
153	–	12	–	38	1	113	58	2 206
(108)	–	(46)	–	(24)	(8)	(39)	(26)	(517)
587	–	150	781	443	70	447	213	8 690
186	–	110	261	199	–	275	191	2 857
401	–	40	377	244	70	172	22	5 690
177	–	10	181	71	–	131	(16)	721
224	–	30	196	173	70	41	38	4 969
–	–	–	143	–	–	–	–	143
–	–	–	(8)	–	–	–	–	(8)
–	–	–	–	–	827	(827)	–	–
–	–	–	–	–	–	–	–	–
–	–	–	(10)	(146)	(13)	(93)	(27)	(289)
(714)	–	(48)	(62)	(342)	(19)	(179)	(185)	(6 029)
4 825	–	835	5 911	4 095	1 396	6 214	1 793	52 110
958	–	302	1 497	1 092	368	2 061	905	12 001
1 191	–	125	2 783	928	155	1 074	317	12 324
2 676	–	408	1 244	2 075	870	3 079	571	27 395
–	–	–	387	–	3	–	–	390
587	–	150	781	443	70	447	213	8 690
(129)	–	42	91	(189)	(10)	(307)	(57)	(1 212)
202	–	12	435	224	(3)	316	(12)	3 215
514	–	96	112	408	83	438	282	6 544
–	–	–	143	–	–	–	–	143

Advances continued

Note 3.3 – Reconciliation of the gross carrying amount of total advances per class

FAIR VALUE – 31 DECEMBER 2023

R million	FNB commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2023	**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	–	–	–	–	–
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	(43)	–	–	(43)
– Transfers into stage 1	–	–	–	–	–
– Transfers out of stage 1	–	(43)	–	–	(43)
Transfers to/(from) stage 2	–	43	–	–	43
– Transfers into stage 2	–	43	–	–	43
– Transfers out of stage 2	–	–	–	–	–
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
Current period movement	**208**	**14 844**	**976**	**(4)**	**16 024**
New business – changes in exposure	–	8 148	17	–	8 165
Back book – current period movement	208	6 696	959	(4)	7 859
– Exposures with a change in measurement basis from 12 months to LECL	–	20	–	–	20
– Other current period change in exposure/ net movement on GCA	208	6 676	959	(4)	7 839
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	(282)	(209)	–	(491)
Bad debts written off	–	(40)	–	–	(40)
GCA reported as at 31 December 2023	**728**	**144 922**	**1 022**	**72**	**146 744**
– Stage 1	728	140 993	1 022	18	142 761
– Stage 2	–	3 207	–	43	3 250
– Stage 3	–	722	–	11	733
– Purchased or originated credit impaired	–	–	–	–	–
Core lending advances	728	61 471	–	71	62 270
Assets under agreements to resell	–	83 451	1 022	1	84 474
Total GCA of advances as at 31 December 2023	**728**	**144 922**	**1 022**	**72**	**146 744**

Note 3.4 – Reconciliation of the loss allowance on total advances per class

FAIR VALUE – 31 DECEMBER 2023

R million	FNB commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2023	**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	**–**	**–**	**–**	**–**	**–**
Transfers between stages	**–**	**–**	**–**	**–**	**–**
Transfers to/(from) stage 1	**–**	**3**	**–**	**–**	**3**
– Transfers into stage 1	**–**	**3**	**–**	**–**	**3**
– Transfers out of stage 1	**–**	**–**	**–**	**–**	**–**
Transfers to/(from) stage 2	**–**	**(3)**	**–**	**–**	**(3)**
– Transfers into stage 2	**–**	**–**	**–**	**–**	**–**
– Transfers out of stage 2	**–**	**(3)**	**–**	**–**	**(3)**
Transfers to/(from) stage 3	**–**	**–**	**–**	**–**	**–**
– Transfers into stage 3	**–**	**–**	**–**	**–**	**–**
– Transfers out of stage 3	**–**	**–**	**–**	**–**	**–**
Current period provision created/(released)	**4**	**(140)**	**–**	**–**	**(136)**
New business – impairment charge/(release)	**–**	**55**	**–**	**–**	**55**
Back book – impairment charge/(release)	**4**	**(195)**	**–**	**–**	**(191)**
– Exposures with a change in measurement basis from 12 months to LECL	**–**	**13**	**–**	**–**	**13**
– Other current period impairment charge/(release)	**4**	**(208)**	**–**	**–**	**(204)**
Purchased or originated credit impaired	**–**	**–**	**–**	**–**	**–**
Acquisition/(disposal) of advances	**–**	**–**	**–**	**–**	**–**
Transfers from/(to) other divisions	**–**	**–**	**–**	**–**	**–**
Transfers from/(to) non-current assets or disposal groups held for sale	**–**	**–**	**–**	**–**	**–**
Exchange rate differences	**–**	**(6)**	**–**	**–**	**(6)**
Bad debts written off	**–**	**(40)**	**–**	**–**	**(40)**
ECL as at 31 December 2023	**55**	**1 072**	**–**	**17**	**1 144**
– Stage 1	**55**	**276**	**–**	**3**	**334**
– Stage 2	**–**	**355**	**–**	**7**	**362**
– Stage 3	**–**	**441**	**–**	**7**	**448**
– Purchased or originated credit impaired	**–**	**–**	**–**	**–**	**–**
Current period provision created/(released) per impairment stage	**4**	**(140)**	**–**	**–**	**(136)**
– Stage 1	**4**	**(20)**	**–**	**(3)**	**(19)**
– Stage 2	**–**	**(120)**	**–**	**3**	**(117)**
– Stage 3	**–**	**–**	**–**	**–**	**–**
– Purchased or originated credit impaired	**–**	**–**	**–**	**–**	**–**

Advances continued

Note 3.5 – Reconciliation of the gross carrying amount of total advances per class

AMORTISED COST – 31 DECEMBER 2022

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
GCA reported as at 1 July 2022	242 757	99 354	32 821	46 623	7 907	–
– Stage 1	211 306	82 088	26 914	32 510	6 045	(2 688)
– Stage 2	19 649	11 063	2 229	7 149	586	2 688
– Stage 3	11 802	6 203	3 678	6 964	1 276	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	(1 376)	(1 917)	(813)	(1 896)	(155)	–
– Transfers into stage 1	6 149	1 983	604	1 245	153	–
– Transfers out of stage 1	(7 525)	(3 900)	(1 417)	(3 141)	(308)	–
Transfers to/(from) stage 2	10	766	(60)	81	(25)	–
– Transfers into stage 2	7 877	3 845	952	2 548	255	–
– Transfers out of stage 2	(7 867)	(3 079)	(1 012)	(2 467)	(280)	–
Transfers to/(from) stage 3	1 366	1 151	873	1 815	180	–
– Transfers into stage 3	2 365	1 658	938	2 265	249	–
– Transfers out of stage 3	(999)	(507)	(65)	(450)	(69)	–
Current period movement	9 106	5 834	2 494	2 968	391	–
New business – changes in exposure	24 864	23 473	1 437	10 998	813	–
Back book – current period movement	(15 758)	(17 639)	1 057	(8 030)	(422)	–
– Exposures with a change in measurement basis from 12 months to LECL	(796)	(993)	46	(843)	(3)	–
– Other current period change in exposure/ net movement on GCA	(14 962)	(16 646)	1 011	(7 187)	(419)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	(9)	–	–	–	9	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(278)	(938)	(875)	(2 321)	(658)	–
Modifications that did not give rise to derecognition	(59)	(28)	(53)	(214)	(1)	–
GCA reported as at 31 December 2022	251 517	104 222	34 387	47 056	7 648	–
– Stage 1	219 428	86 870	28 307	33 013	5 953	(2 688)
– Stage 2	20 170	11 718	2 387	7 093	581	2 688
– Stage 3	11 919	5 634	3 693	6 950	1 114	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	251 517	104 222	34 387	47 056	7 648	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances as at 31 December 2023	251 517	104 222	34 387	47 056	7 648	–

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
107 711	–	45 128	284 141	67 218	47 271	231 437	72 409	1 284 777
95 656	(130)	39 417	259 862	58 053	47 271	203 370	65 183	1 124 857
7 428	130	4 808	20 974	5 847	–	21 102	6 263	109 916
4 627	–	903	2 572	3 318	–	6 965	963	49 271
–	–	–	733	–	–	–	–	733
–	–	–	–	–	–	–	–	–
(1 377)	–	(183)	(3 067)	(332)	–	(2 118)	(1 247)	(14 481)
1 683	–	3 428	3 104	1 174	–	7 381	2 057	28 961
(3 060)	–	(3 611)	(6 171)	(1 506)	–	(9 499)	(3 304)	(43 442)
346	–	(45)	2 354	(41)	–	984	815	5 185
2 583	–	3 418	5 701	1 394	–	9 048	2 961	40 582
(2 237)	–	(3 463)	(3 347)	(1 435)	–	(8 064)	(2 146)	(35 397)
1 031	–	228	713	373	–	1 134	432	9 296
1 059	–	311	713	422	–	1 571	549	12 100
(28)	–	(83)	–	(49)	–	(437)	(117)	(2 804)
3 406	–	4 326	47 365	5 017	(12 686)	11 510	2 068	81 799
9 083	–	12 297	68 020	9 393	8 532	48 839	16 769	234 518
(5 677)	–	(7 971)	(20 678)	(4 376)	(21 218)	(37 329)	(14 701)	(152 742)
(687)	–	(739)	(503)	(22)	–	(3 223)	(1 279)	(9 042)
(4 990)	–	(7 232)	(20 175)	(4 354)	(21 218)	(34 106)	(13 422)	(143 700)
–	–	–	23	–	–	–	–	23
–	–	–	(2 095)	(287)	–	–	–	(2 382)
–	–	–	–	–	–	–	–	–
–	–	–	–	285	–	–	–	285
–	–	–	708	(525)	(3)	5 945	1 851	7 976
(829)	–	(102)	–	(257)	–	(75)	(49)	(6 382)
2	–	–	–	–	–	–	–	(353)
110 290	–	49 352	330 119	71 451	34 582	248 817	76 279	1 365 720
98 581	(130)	44 511	305 338	62 572	34 582	217 649	68 587	1 202 573
7 279	130	3 908	21 723	5 427	–	23 624	6 575	113 303
4 430	–	933	2 302	3 452	–	7 544	1 117	49 088
–	–	–	756	–	–	–	–	756
110 290	–	49 352	329 561	71 451	24 741	248 817	76 279	1 355 321
–	–	–	558	–	9 841	–	–	10 399
110 290	–	49 352	330 119	71 451	34 582	248 817	76 279	1 365 720

Advances continued

Note 3.6 – Reconciliation of the loss allowance on total advances per class

AMORTISED COST – 31 DECEMBER 2022

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
ECL reported as at 1 July 2022	4 084	5 396	4 361	8 681	1 585	317
– Stage 1	609	802	1 130	2 065	385	156
– Stage 2	939	1 344	620	1 727	147	161
– Stage 3	2 536	3 250	2 611	4 889	1 053	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	138	91	64	42	17	–
– Transfers into stage 1	184	128	147	273	35	–
– Transfers out of stage 1	(46)	(37)	(83)	(231)	(18)	–
Transfers to/(from) stage 2	(108)	(289)	(243)	(500)	(42)	–
– Transfers into stage 2	153	56	64	303	35	–
– Transfers out of stage 2	(261)	(345)	(307)	(803)	(77)	–
Transfers to/(from) stage 3	(30)	198	179	458	25	–
– Transfers into stage 3	91	225	212	621	59	–
– Transfers out of stage 3	(121)	(27)	(33)	(163)	(34)	–
Current period provision created/(released)	230	934	934	2 418	639	–
New business – impairment charge/(release)	193	401	77	972	78	–
Back book – impairment charge/(release)	37	533	857	1 446	561	–
– Exposures with a change in measurement basis from 12 months to LECL	95	(115)	100	(127)	14	–
– Other current period impairment charge/(release)	(58)	648	757	1 573	547	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	165	–	–	–	(165)	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(278)	(938)	(875)	(2 321)	(658)	–
ECL as at 31 December 2022	4 201	5 392	4 420	8 778	1 401	317
– Stage 1	579	859	1 159	2 032	350	156
– Stage 2	1 061	1 476	628	1 691	143	161
– Stage 3	2 561	3 057	2 633	5 055	908	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Current period provision created/(released) per impairment stage	230	934	934	2 418	639	–
– Stage 1	(331)	(35)	(35)	(75)	112	–
– Stage 2	229	422	252	464	39	–
– Stage 3	332	547	717	2 029	488	–
– Purchased or originated credit impaired	–	–	–	–	–	–

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
5 234	55	795	5 576	3 856	510	4 565	1 121	46 136
1 030	23	186	1 200	1 035	361	1 271	529	10 782
1 059	32	193	2 420	876	149	746	182	10 595
3 145	–	416	1 873	1 945	–	2 548	410	24 676
–	–	–	83	–	–	–	–	83
–	–	–	–	–	–	–	–	–
76	–	138	67	29	1	79	26	768
149	–	160	91	62	1	135	53	1 418
(73)	–	(22)	(24)	(33)	–	(56)	(27)	(650)
(213)	–	(125)	(112)	(61)	(1)	(122)	(26)	(1 842)
75	–	23	19	41	(1)	72	30	870
(288)	–	(148)	(131)	(102)	–	(194)	(56)	(2 712)
137	–	(13)	45	32	–	43	–	1 074
157	–	8	45	55	–	79	18	1 570
(20)	–	(21)	–	(23)	–	(36)	(18)	(496)
512	–	107	220	520	(17)	798	292	7 587
79	–	109	347	322	(17)	518	138	3 217
433	–	(2)	(122)	198	–	280	154	4 375
234	–	4	33	36	–	31	2	307
199	–	(6)	(155)	162	–	249	152	4 068
–	–	–	(5)	–	–	–	–	(5)
–	–	–	(718)	(11)	21	–	–	(708)
–	–	–	–	–	–	–	–	–
–	–	–	–	16	–	–	–	16
–	–	–	12	(8)	–	121	30	155
(829)	–	(102)	–	(257)	–	(75)	(49)	(6 382)
4 917	55	800	5 090	4 116	514	5 409	1 394	46 804
1 012	23	222	1 412	1 225	363	1 434	779	11 605
1 032	32	184	2 374	817	151	960	212	10 922
2 873	–	394	1 226	2 074	–	3 015	403	24 199
–	–	–	78	–	–	–	–	78
512	–	107	220	520	(17)	798	292	7 587
(94)	–	(101)	135	158	(17)	51	208	(24)
185	–	116	66	3	–	318	52	2 146
421	–	92	24	359	–	429	32	5 470
–	–	–	(5)	–	–	–	–	(5)

Advances continued

Note 3.7 – Reconciliation of the gross carrying amount of total advances per class

FAIR VALUE – 31 DECEMBER 2022

R million	FNB commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2022	112	96 655	29	485	97 281
– Stage 1	112	93 082	29	442	93 665
– Stage 2	–	2 691	–	43	2 734
– Stage 3	–	799	–	–	799
– Purchased or originated credit impaired	–	83	–	–	83
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	622	–	–	622
– Transfers into stage 1	–	1 002	–	–	1 002
– Transfers out of stage 1	–	(380)	–	–	(380)
Transfers to/(from) stage 2	–	(622)	–	–	(622)
– Transfers into stage 2	–	380	–	–	380
– Transfers out of stage 2	–	(1 002)	–	–	(1 002)
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
Current period movement	(42)	32 620	(29)	518	33 067
New business – changes in exposure	–	8 705	–	192	8 897
Back book – current period movement	(42)	23 910	(29)	326	24 165
– Exposures with a change in measurement basis from 12 months to LECL	–	–	–	–	–
– Other current period change in exposure/ net movement on GCA	(42)	23 910	(29)	326	24 165
Purchased or originated credit impaired	–	5	–	–	5
Acquisition/(disposal) of advances	502	–	–	(917)	(415)
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	230	–	–	230
Bad debts written off	–	–	–	–	–
GCA reported as at 31 December 2022	572	129 505	–	86	130 163
– Stage 1	572	124 191	–	43	124 806
– Stage 2	–	4 449	–	43	4 492
– Stage 3	–	777	–	–	777
– Purchased or originated credit impaired	–	88	–	–	88
Core lending advances	572	54 732	–	86	55 390
Assets under agreements to resell	–	74 773	–	–	74 773
Total GCA of advances as at 31 December 2023	572	129 505	–	86	130 163

Note 3.8 – Reconciliation of the loss allowance on total advances per class

FAIR VALUE – 31 DECEMBER 2022

R million	FNB commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2022	3	1 488	–	107	1 598
– Stage 1	3	276	–	102	381
– Stage 2	–	649	–	5	654
– Stage 3	–	481	–	–	481
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	176	–	1	177
– Transfers into stage 1	–	181	–	1	182
– Transfers out of stage 1	–	(5)	–	–	(5)
Transfers to/(from) stage 2	–	(176)	–	(1)	(177)
– Transfers into stage 2	–	5	–	–	5
– Transfers out of stage 2	–	(181)	–	(1)	(182)
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
Current period provision created/(released)	(1)	(196)	–	(4)	(201)
New business – impairment charge/(release)	–	110	–	–	110
Back book – impairment charge/(release)	(1)	(306)	–	(4)	(311)
– Exposures with a change in measurement basis from 12 months to LECL	–	–	–	–	–
– Other current period impairment charge/(release)	(1)	(306)	–	(4)	(311)
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	99	–	–	(99)	–
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	15	–	–	15
Bad debts written off	–	–	–	–	–
ECL as at 31 December 2022	101	1 307	–	4	1 412
– Stage 1	101	284	–	3	388
– Stage 2	–	460	–	1	461
– Stage 3	–	481	–	–	481
– Purchased or originated credit impaired	–	82	–	–	82
Current period provision created/(released) per impairment stage	(1)	(196)	–	(4)	(201)
– Stage 1	(1)	(171)	–	(2)	(174)
– Stage 2	–	(25)	–	(2)	(27)
– Stage 3	–	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–	–

Advances continued

Note 3.9 – Reconciliation of the gross carrying amount of total advances per class

AMORTISED COST – 30 JUNE 2023

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
GCA reported as at 1 July 2022	242 757	99 354	32 821	46 623	7 907	–
– Stage 1	211 306	82 088	26 914	32 510	6 045	(2 688)
– Stage 2	19 649	11 063	2 229	7 149	586	2 688
– Stage 3	11 802	6 203	3 678	6 964	1 276	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	(6 016)	(3 071)	(1 802)	(3 242)	(321)	–
– Transfers into stage 1	5 873	2 418	641	1 085	156	–
– Transfers out of stage 1	(11 889)	(5 489)	(2 443)	(4 327)	(477)	–
Transfers to/(from) stage 2	2 130	740	96	(195)	69	–
– Transfers into stage 2	11 272	4 805	1 292	2 628	369	–
– Transfers out of stage 2	(9 142)	(4 065)	(1 196)	(2 823)	(300)	–
Transfers to/(from) stage 3	3 886	2 331	1 706	3 437	252	–
– Transfers into stage 3	5 585	3 242	1 822	4 086	375	–
– Transfers out of stage 3	(1 699)	(911)	(116)	(649)	(123)	–
Current year movement	17 452	11 256	6 082	8 647	311	–
New business – changes in exposure	45 431	43 635	3 467	21 297	1 024	–
Back book – current year movement	(27 979)	(32 379)	2 615	(12 650)	(713)	–
– Exposures with a change in measurement basis from 12 months to LECL	(1 505)	(1 992)	185	(1 108)	1	–
– Other current year change in exposure/ net movement on GCA	(26 474)	(30 387)	2 430	(11 542)	(714)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	(11)	–	–	–	11	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(438)	(1 777)	(1 639)	(4 895)	(745)	–
Modifications that did not give rise to derecognition	(125)	(54)	(115)	(303)	(78)	–
GCA reported as at 30 June 2023	259 635	108 779	37 149	50 072	7 406	–
– Stage 1	223 096	90 310	30 073	35 024	5 843	–
– Stage 2	22 466	12 300	3 019	7 501	639	–
– Stage 3	14 073	6 169	4 057	7 547	924	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	259 635	108 779	37 149	50 072	7 406	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances as at 30 June 2023	259 635	108 779	37 149	50 072	7 406	–

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
107 711	–	45 128	284 141	67 218	47 271	231 437	72 409	1 284 777
95 656	(130)	39 417	259 862	58 053	47 271	203 370	65 183	1 124 857
7 428	130	4 808	20 974	5 847	–	21 102	6 263	109 916
4 627	–	903	2 572	3 318	–	6 965	963	49 271
–	–	–	733	–	–	–	–	733
–	–	–	–	–	–	–	–	–
(3 130)	–	708	(5 974)	(3 280)	–	2 151	(1 094)	(25 071)
2 388	–	3 070	1 714	1 173	–	9 760	3 002	31 280
(5 518)	–	(2 362)	(7 688)	(4 453)	–	(7 609)	(4 096)	(56 351)
1 303	–	(1 120)	3 675	2 680	–	(3 424)	624	6 578
4 591	–	2 025	7 219	4 214	–	6 831	3 639	48 885
(3 288)	–	(3 145)	(3 544)	(1 534)	–	(10 255)	(3 015)	(42 307)
1 827	–	412	2 299	600	–	1 273	470	18 493
1 894	–	500	2 299	755	–	2 242	749	23 549
(67)	–	(88)	–	(155)	–	(969)	(279)	(5 056)
9 914	–	9 262	50 565	10 875	(6 423)	9 149	(868)	126 222
18 585	–	22 321	109 953	16 946	578	102 265	26 933	412 435
(8 671)	–	(13 059)	(59 468)	(6 071)	(7 001)	(93 116)	(27 801)	(286 293)
(496)	–	(2 344)	(1 942)	(186)	–	(8 718)	(2 441)	(20 546)
(8 175)	–	(10 715)	(57 526)	(5 885)	(7 001)	(84 398)	(25 360)	(265 747)
–	–	–	80	–	–	–	–	80
(90)	–	–	(3 932)	–	–	86	–	(3 936)
–	–	–	–	–	–	–	–	–
–	–	–	(44)	–	–	(785)	–	(829)
–	–	–	5 265	(529)	13	47 496	14 425	66 670
(1 612)	–	(178)	(387)	(760)	–	(475)	(132)	(13 038)
5	–	–	–	–	–	–	–	(670)
115 928	–	54 212	335 608	76 804	40 861	286 908	85 834	1 459 196
102 500	–	49 682	311 754	65 913	40 861	259 928	77 780	1 292 764
8 655	–	3 464	19 495	7 346	–	18 256	6 636	109 777
4 773	–	1 066	3 577	3 545	–	8 724	1 418	55 873
–	–	–	782	–	–	–	–	782
115 928	–	54 212	334 969	76 804	26 456	286 908	85 834	1 444 152
–	–	–	639	–	14 405	–	–	15 044
115 928	–	54 212	335 608	76 804	40 861	286 908	85 834	1 459 196

Advances continued

Note 3.10 – Reconciliation of the loss allowance on total advances per class

AMORTISED COST – 30 JUNE 2023

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
ECL reported as at 1 July 2022	4 084	5 396	4 361	8 681	1 585	317
– Stage 1	609	802	1 130	2 065	385	156
– Stage 2	939	1 344	620	1 727	147	161
– Stage 3	2 536	3 250	2 611	4 889	1 053	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	123	94	46	(145)	17	–
– Transfers into stage 1	189	149	171	244	39	–
– Transfers out of stage 1	(66)	(55)	(125)	(389)	(22)	–
Transfers to/(from) stage 2	(92)	(296)	(281)	(727)	(23)	–
– Transfers into stage 2	238	116	79	360	61	–
– Transfers out of stage 2	(330)	(412)	(360)	(1 087)	(84)	–
Transfers to/(from) stage 3	(31)	202	235	872	6	–
– Transfers into stage 3	171	299	295	1 109	68	–
– Transfers out of stage 3	(202)	(97)	(60)	(237)	(62)	–
Current year provision created/(released)	640	2 243	2 045	5 468	513	(317)
New business – impairment charge/(release)	388	1 501	275	2 831	91	–
Back book – impairment charge/(release)	252	742	1 770	2 637	422	(317)
– Exposures with a change in measurement basis from 12 months to LECL	43	(63)	190	(119)	14	–
– Other current year impairment charge/ (release)	209	805	1 580	2 756	408	(317)
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	70	–	–	35	(105)	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(438)	(1 777)	(1 639)	(4 895)	(745)	–
ECL as at 30 June 2023	4 356	5 862	4 767	9 289	1 248	–
– Stage 1	432	995	1 165	2 069	310	–
– Stage 2	1 076	1 879	754	1 901	168	–
– Stage 3	2 848	2 988	2 848	5 319	770	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Current year provision created/(released) per impairment stage	640	2 243	2 045	5 468	513	(317)
– Stage 1	(370)	100	(10)	112	15	(156)
– Stage 2	229	830	415	902	44	(161)
– Stage 3	781	1 313	1 640	4 454	454	–
– Purchased or originated credit impaired	–	–	–	–	–	–

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
5 234	55	795	5 576	3 856	510	4 565	1 121	46 136
1 030	23	186	1 200	1 035	361	1 271	529	10 782
1 059	32	193	2 420	876	149	746	182	10 595
3 145	–	416	1 873	1 945	–	2 548	410	24 676
–	–	–	83	–	–	–	–	83
–	–	–	–	–	–	–	–	–
98	–	127	32	21	–	224	21	658
192	–	143	74	72	–	279	76	1 628
(94)	–	(16)	(42)	(51)	–	(55)	(55)	(970)
(270)	–	(113)	(178)	(48)	–	(175)	(8)	(2 211)
91	–	19	36	77	–	110	59	1 246
(361)	–	(132)	(214)	(125)	–	(285)	(67)	(3 457)
172	–	(14)	146	27	–	(49)	(13)	1 553
215	–	10	146	72	–	101	22	2 508
(43)	–	(24)	–	(45)	–	(150)	(35)	(955)
1 330	(55)	116	720	927	(11)	1 655	514	15 788
259	–	237	647	543	(21)	900	418	8 069
1 071	(55)	(121)	(123)	384	10	755	96	7 523
299	–	(28)	(16)	69	–	(107)	30	312
772	(55)	(93)	(107)	315	10	862	66	7 211
–	–	–	196	–	–	–	–	196
–	–	–	(723)	–	22	–	–	(701)
–	–	–	–	–	–	–	–	–
–	–	–	(36)	–	–	–	–	(36)
–	–	–	60	117	–	1 121	289	1 587
(1 612)	–	(178)	(387)	(760)	10	(475)	(132)	(13 028)
4 952	–	733	5 210	4 140	531	6 866	1 792	49 746
907	–	228	1 334	1 285	370	2 372	962	12 429
1 213	–	111	2 436	808	151	889	382	11 768
2 832	–	394	1 195	2 047	10	3 605	448	25 304
–	–	–	245	–	–	–	–	245
1 330	(55)	116	720	927	(11)	1 655	514	15 788
(220)	(23)	(85)	55	188	(11)	512	268	375
424	(32)	31	189	(23)	–	180	155	3 183
1 126	–	170	280	762	–	963	91	12 034
–	–	–	196	–	–	–	–	196

Advances continued

Note 3.11 – Reconciliation of the gross carrying amount of total advances per class continued

FAIR VALUE – 30 JUNE 2023

R million	FNB commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2022	112	96 655	29	485	97 281
– Stage 1	112	93 082	29	442	93 665
– Stage 2	–	2 691	–	43	2 734
– Stage 3	–	799	–	–	799
– Purchased or originated credit impaired	–	83	–	–	83
Transfers between stages	–	–	–	–	–
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	–	–	–	–	–
Current year movement	(44)	32 270	365	93	32 684
New business – changes in exposure	–	19 849	–	194	20 043
Back book – current year movement	(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
Purchased or originated credit impaired	–	(1)	–	–	(1)
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	502	–	–	(502)	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	1 557	(139)	–	1 418
Bad debts written off	(50)	(82)	–	–	(132)
GCA reported as at 30 June 2023	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
Total GCA of advances as at 30 June 2023	520	130 400	255	76	131 251

Note 3.12 – Reconciliation of the loss allowance on total advances per class

FAIR VALUE – 30 JUNE 2023

R million	FNB commercial	RMB CIB	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2022	3	1 488	–	107	1 598
– Stage 1	3	276	–	102	381
– Stage 2	–	649	–	5	654
– Stage 3	–	481	–	–	481
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
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	–	–	–	–	–
Current year provision created/(released)	(1)	(210)	–	9	(202)
New business – impairment charge/(release)	–	189	–	9	198
Back book – impairment charge/(release)	(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)
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	99	–	–	(99)	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	62	–	–	62
Bad debts written off	(50)	(82)	–	–	(132)
ECL as at 30 June 2023	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	–	–	–	–	–
Current year provision created/(released) per impairment stage	(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	–	–	–	–	–

Significant estimates, judgements and assumptions relating to the impairment of advances

Forward-looking information incorporated in the impairment of advances

Forward-looking macroeconomic information has been incorporated into expected credit loss (ECL) 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 the 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.

Overview of forward-looking information included in the 31 December 2023 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, continues to stir market volatility.

South Africa

South Africa's inflation remained above the central bank's target range, but began to soften systematically, resulting in an end to the interest rate hiking cycle. Real economic activity continued to slow down, with domestic household consumption in particular being impacted by high interest rates and inflation. Despite the slowdown in overall economic activity, household data showed that income levels among the employed remained somewhat resilient, with corporate pay rises more or less offsetting inflationary pressures.

Severe rolling blackouts and lower commodity prices continued to weigh on economic activity, while the opportunity to invest in own energy generation capacity provided the basis for further increases in corporate credit demand.

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.

United Kingdom

Consumer price index (CPI) inflation held at 6.7%, marginally above expectations, as decreases in food and used-car prices were offset by higher petrol and alcohol prices and the erratic holiday components. It is expected that disinflation will continue but inflation will remain just above the Monetary Policy Committee's 2% target until 2025, with upside risks sensitive to geopolitical developments. The current view is that 5.25% is the peak in this hiking cycle and that it will be challenging for the BoE to cut rates in the first half of the 2024 calender year because of elevated core and services measures of inflation, unless global and domestic growth starts to significantly underperform. Survey data, such as the UK purchasing managers index, consumer confidence and retail sales, suggest further weakness in underlying growth ahead. The Aldermore group continues to forecast a shallow technical recession materialising as the impact of higher interest rates are fully felt against a weakening global backdrop. Unemployment levels have deteriorated since the middle of the 2023 calendar year and, given these headwinds, the expectation is for those trends to continue. Property market activity is weak given higher lending rates, and mild falls are forecast.

Broader Africa

General

The operating environment in the group's broader Africa footprint was characterised by still-high but softening inflation, tight monetary policy and a slow decline in commodity prices. Structural weaknesses pre-dating the pandemic continue to constrain economic activity in the medium term.

Namibia

Real GDP growth in Namibia remained above pre-pandemic levels. Increased mining output, fixed investment in renewable energy and in oil and gas exploration, as well as a rebound in tourism have all been key in supporting economic activity. Impetus from these developments should remain supportive of growth in future. Were it not for the impact of rising interest rates and still-high inflation on private consumption expenditure, which contracted in real terms, the economy would have grown at an even faster pace. Given the currency peg with the rand, the policy rate in Namibia is tied to SA's, but not at the same level. The repo rate in Namibia is currently 50 bps below that of SA. The start of a cutting cycle in both countries this year should help ease the pressure on, among other segments of the economy, highly indebted households.

Botswana

The economy remained resilient during the year thanks to a notable moderation in inflation, despite a significant reduction in diamond sales. This, coupled with stable interest rates and an increase in credit growth, brought about much-needed support from consumer spending. Pockets of strength in the mining sector, augmented by increased fiscal support for the agricultural sector, further underpinned GDP growth. A recovery in global demand for 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 infrastructure projects as well as the implementation of revised policies targeted at improving non-mining output.

Significant estimates, judgements and assumptions relating to the impairment of advances continued

The table below sets out the most significant macroeconomic factors used to estimate the forward-looking information relating to ECL provisions. The information is forecast over a period of three years per major economic region that the group operates in. The information below reflects the scenarios and probabilities assigned to each scenario, at 31 December 2023, 30 June 2023 and 31 December 2022, for the South African and broader Africa regions.

Scenario	Probability	Description
Baseline	57% (June 2023: 56%; December 2022: 55%)	• Global economic growth slows below trend level and developed market (DM) inflation remains high, but does not spiral out of control. • South Africa struggles to lift the potential growth rate meaningfully over the forecast horizon. • Confidence normalises from depressed levels, inducing a normalisation in credit and savings growth. • Social unrest remains elevated but does not significantly impair confidence or operating conditions. • The climate transition progresses slowly and negotiations on the detail of the climate change deal at the United Nations Climate Change conference (COP27 deal) are protracted, with a lack of meaningful implementation progress. • Russia's invasion of Ukraine contributes to higher headline inflation, which limits the potential upside to real disposable income growth.
Upside	14% (June 2023: 15%; December 2022: 12%)	• Global growth slows towards trend but soon recovers, keeping commodity prices elevated through the forecast horizon. • The South African government manages the carbon transition effectively and negotiations on the detail of the COP27 deal make meaningful progress. • Social unrest abates. • Broader fiscal and economic reforms lift the potential growth rate meaningfully over the forecast horizon. • Private sector confidence and related investment lift, resulting in higher credit extension and a drawdown in precautionary savings. • The inflationary impact of Russia's invasion of Ukraine moderates significantly.
Downside	29% (June 2023: 29%; December 2022: 33%)	• Global inflation remains above central banks' comfort levels, resulting in further policy tightening with negative knock-on consequences for global financial conditions and risk appetite. • The South African government experiences significant setbacks in its efforts to manage the energy transition and decarbonisation process. • The country fails to implement growth-enhancing economic reforms. • Real credit extension falls and savings lift. • Russia's invasion of Ukraine drives headline inflation significantly higher and real disposable income growth significantly lower.

The following table sets out the scenarios and probabilities assigned to each scenario at 31 December 2023 for the UK operations:

Scenario	Probability	Description
Base	60% (June 2023: 60%; December 2022: 60%)	• The combination of lower agriculture and energy prices, weaker global trade and a slowing UK economy means inflation will, on average, surprise the consensus to the downside. • The BoE will hold the bank rate at 5.25% until August 2024, while headline CPI inflation will likely be below target in the second quarter of the 2024 calendar year driven by energy deflation. It will take longer for core and domestic inflation to be consistent with 2%. • The continued impact of higher interest rates will weigh on growth in 2024. • Stretched affordability, leading indicators and a softer labour market suggest further mild property price falls over 2024.
Upside	20% (June 2023: 15%; December 2022: 15%)	• Continued demand and supply side disinflation alleviates the cost-of-living crisis and significantly lowers the 12-month-ahead forward expectations. • Excess household savings, as well as strong nominal wages, savings income and real disposable income growth boost consumption and the UK avoids a recession. • Forward inflation expectations sustainably settle higher than pre-crisis, and households run down excess savings at a faster pace, raising both productivity and trend growth compared to the post-financial crisis period. Inflation settles slightly above the 2% target due to higher expectations, but sustainably, allowing the BoE to lower policy rates from restrictive levels. Lower inflation and interest rates reduce government interest payments and together with high nominal growth increase fiscal headroom. • A loosened labour market remains tight by historical standards, while labour demand rises in line with economic growth. Labour supply mismatches clear rapidly, and unemployment falls in the near term as the market successfully absorbs increasing labour supply. • First-time buyers continue to enact measures such as longer-term mortgages and focusing on cheaper properties, which support housing demand despite higher rates. Demand is further supported by positive real income growth and lower mortgage rates from 2024.

Significant estimates, judgements and assumptions relating to the impairment of advances continued

Scenario	Probability	Description
Downside	15% (June 2023: 20%; December 2022: 20%)	• Tighter financial conditions as a result of stubborn domestic inflation lead to a six-quarter-long UK recession. Higher inflation, market rates and bond yields, both through domestic pressure and a deteriorating outlook versus developed market peers, substantially restrict government investment. The slower decline in inflation than forecast and continued upside data surprises prompt the BoE to continue hiking the bank rate to 6%. Policy stays in restrictive territory for longer, which is necessary to ensure that high inflation expectations do not become entrenched. • Brexit legacy issues exacerbate trade disruptions and specific skill segment labour shortages. • The significant rise in housing costs, consumer inflation and debt servicing cause a reduction in spending and investment while net trade declines. • Higher interest rates cause a wave of insolvencies and the return of inactive workers seeking to boost income result in unemployment rising to 7%; and/or • Rising mortgage rates and unemployment introduce forced selling, causing a 13.5% fall in house prices. • Commercial real estate capital prices fall over 33%, focused on the poor-quality, energy-inefficient and retail and office property sector. • A cyclical recovery unfolds, with inflation expectations falling back as headline inflation falls. The BoE embarks on a brief easing cycle, cutting the bank rate to 4%, allowing property growth and the labour market to recover in the medium term.
Severe downside	5% (June 2023: 5%; December 2022: 5%)	• Tighter financial conditions as a result of stubborn domestic inflation lead to a six-quarter-long UK recession. • Higher inflation, market rates and bond yields, both through domestic pressure and a deteriorating outlook versus DM peers, substantially restrict government investment. The slower decline in inflation than forecast and continued upside data surprises prompt the BoE to continue hiking the bank rate to 6%. Policy stays in restrictive territory for longer, which is necessary to ensure that high-inflation expectations do not become entrenched. • Brexit legacy issues exacerbate trade disruptions and specific skill segment labour shortages. • The significant rise in housing costs, consumer inflation and debt servicing cause a reduction in spending and investment while net trade declines. • Higher interest rates cause a wave of insolvencies and the return of inactive workers seeking to boost income result in unemployment rising to 7%; and/or • Rising mortgage rates and unemployment introduce forced selling, causing a 13.5% fall in house prices. • Commercial real estate capital prices fall over 33%, focused on the poor-quality, energy-inefficient and retail and office property sector. • A cyclical recovery unfolds, with inflation expectations falling back as headline inflation falls. The BoE embarks on a brief easing cycle, cutting the bank rate to 4%, allowing property growth and the labour market to recover in the medium term.

Significant macroeconomic factors as at 31 December 2023

The table below sets out the most significant macroeconomic factors used to estimate the forward-looking information relating to ECL provisions. The information is forecast over a period of three years per major economic region that the group operates in. The information below reflects the group's forecasts for each period at 31 December.

South Africa	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
Applicable across all portfolios									
Real GDP growth	2.70	3.30	3.60	1.20	1.60	1.80	(1.00)	0.40	1.50
CPI inflation	4.90	4.60	4.50	5.20	4.80	4.70	6.00	8.80	5.70
Repo rate	7.00	6.00	5.75	7.50	7.00	7.00	9.50	12.00	7.75
Retail-specific									
Retail real income growth	3.10	2.40	2.80	1.50	0.90	0.90	(1.20)	0.30	1.20
House price index growth*	5.10	6.00	9.50	1.10	2.60	3.70	(1.00)	0.60	3.10
Household debt to income	64.20	65.60	65.60	62.30	62.20	62.00	59.40	57.00	57.00
Employment growth	4.30	0.90	0.90	1.00	0.30	0.30	(0.50)	0.10	0.20
Wholesale-specific									
Fixed capital formation	7.90	8.90	7.50	3.10	4.50	3.80	(2.90)	1.10	3.20
Foreign exchange rate (USD/ZAR)	15.40	14.90	15.60	18.10	17.50	18.40	23.50	21.00	22.00

* *Applicable to the secured portfolio.*

Significant estimates, judgements and assumptions relating to the impairment of advances continued

UK	Upside scenario			Baseline expectation			Downside scenario			Severe scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
Real GDP growth	2.30	3.20	2.80	–	1.10	1.30	(2.30)	0.40	1.70	(3.10)	(2.10)	0.40
CPI inflation	2.80	2.60	2.50	2.80	1.80	2.20	3.80	2.50	2.00	6.40	3.50	2.10
BoE rate	3.80	3.00	3.00	4.75	4.00	4.00	6.00	4.00	4.00	7.00	5.50	5.00
Household disposable income growth	1.40	1.20	1.20	0.50	2.10	1.20	(2.40)	0.20	2.50	(5.30)	(1.50)	2.50
House price index growth	2.90	4.40	3.60	(4.10)	3.90	3.00	(8.20)	(2.10)	3.50	(12.00)	(10.20)	(0.70)
Unemployment rate	3.60	3.50	3.50	4.70	4.10	3.90	7.00	6.20	5.40	9.20	8.70	8.10

* *Applicable to the secured portfolio.*

Broader Africa

Namibia	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
Real GDP growth	6.20	6.40	6.90	2.90	3.20	2.90	(0.10)	(0.20)	0.30
CPI inflation	6.20	6.40	6.60	5.70	5.60	5.40	7.50	7.70	7.80
Repo rate	7.00	6.00	5.75	7.50	7.00	7.00	9.50	12.00	7.75

Botswana	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
Real GDP growth	7.70	8.00	8.00	4.50	4.50	4.10	1.10	1.20	1.20
CPI inflation	3.90	3.30	2.70	4.30	3.90	3.20	8.60	8.00	7.40
Repo rate	2.15	2.15	2.15	2.65	2.65	2.65	3.65	3.65	3.65

Significant macroeconomic factors as at 30 June 2023

South Africa	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
Applicable across all portfolios									
Real GDP growth	3.50	3.40	3.50	0.30	1.60	1.80	(0.50)	(0.50)	1.50
CPI inflation	5.50	4.10	4.00	6.00	4.90	5.00	7.90	6.80	6.00
Repo rate	8.00	6.00	5.75	8.50	7.25	7.00	9.50	8.75	7.75
Retail-specific									
Retail real income growth	12.00	1.50	1.70	0.90	0.70	0.80	(1.70)	–	0.70
House price index growth*	4.70	5.70	8.30	1.50	2.20	3.30	(2.70)	(0.70)	2.80
Household debt to income	63.50	64.40	64.80	62.20	62.20	62.20	60.40	59.20	58.60
Employment growth	2.00	1.90	1.50	1.00	0.50	0.40	(0.40)	(0.10)	0.30
Wholesale-specific									
Fixed capital formation	9.00	7.70	8.70	3.10	3.70	4.30	(5.60)	(1.10)	3.70
Foreign exchange rate (USD/ZAR)	15.90	14.80	15.20	18.80	17.40	17.90	26.30	20.90	21.50

* *Applicable to the secured portfolio.*

Significant estimates, judgements and assumptions relating to the impairment of advances continued

UK	Upside scenario			Baseline expectation			Downside scenario			Severe scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
Real GDP growth	2.00	3.20	2.60	(0.50)	1.40	1.40	(2.40)	0.10	1.60	(3.30)	(1.60)	0.60
CPI inflation	3.20	2.00	1.80	3.70	2.10	2.10	4.40	2.60	2.00	5.60	6.10	2.10
BoE rate	4.30	3.10	3.00	4.50	3.50	3.50	5.30	4.80	4.00	5.40	6.00	5.90
Household disposable income growth	(0.40)	2.30	2.40	(0.30)	1.70	1.90	(3.10)	(0.10)	2.30	(5.00)	(2.50)	2.70
House price index growth	1.30	3.80	3.80	(4.90)	3.00	3.90	(7.70)	(2.50)	1.70	(11.50)	(7.00)	(0.30)
Unemployment rate	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.*

Broader Africa

Namibia	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
Real GDP growth	5.60	6.30	6.70	2.90	3.00	2.90	0.40	(0.30)	–
CPI inflation	4.90	4.90	5.10	4.90	4.50	4.70	7.60	7.60	7.80
Policy rate	5.25	5.25	5.25	7.25	7.25	7.00	10.00	7.50	7.50

Botswana	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
Real GDP growth	7.50	7.90	8.00	3.80	4.40	4.30	1.00	1.20	1.20
CPI inflation	4.60	4.60	3.80	7.00	4.50	3.50	11.70	9.30	8.50
Policy rate	3.10	3.10	3.10	3.20	3.20	3.20	8.40	8.40	8.40

Fair value measurements

Fair value hierarchy

The following table presents the fair value hierarchy and the applicable measurement basis of assets and liabilities of the group which are recognised at fair value.

	As at 31 December 2023			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	25	55 709	1 434	57 168
Advances	–	76 220	69 380	145 600
Investment securities	135 584	44 818	4 506	184 908
Non-recourse investments	1 260	3 832	–	5 092
Commodities	13 327	–	–	13 327
Investment properties	–	–	357	357
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	–	–	–
Total fair value assets	150 196	180 579	75 677	406 452
Liabilities				
Recurring fair value measurements				
Short trading positions	11 055	1 311	–	12 366
Derivative financial instruments	3	46 608	1 672	48 283
Deposits	1 667	67 002	10 266	78 935
Non-recourse deposits	–	5 092	–	5 092
Other liabilities	–	32	–	32
Policyholder liabilities under investment contracts	–	7 014	–	7 014
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	–	–	–
Total fair value liabilities	12 725	127 059	11 938	151 722

	As at 31 December 2022			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	261	63 698	772	64 731
Advances	–	78 091	50 661	128 752
Investment securities	123 983	60 694	3 785	188 462
Non-recourse investments	820	7 320	–	8 140
Commodities	17 647	–	–	17 647
Investment properties	–	–	378	378
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	–	50	50
Total fair value assets	142 711	209 803	55 646	408 160
Liabilities				
Recurring fair value measurements				
Short trading positions	15 036	1 079	–	16 115
Derivative financial instruments	217	57 176	1 972	59 365
Deposits	1 230	58 979	4 727	64 936
Non-recourse deposits	–	8 140	–	8 140
Other liabilities	–	22	–	22
Policyholder liabilities under investment contracts	–	6 088	–	6 088
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	–	–	–
Total fair value liabilities	16 483	131 484	6 699	154 666

Fair value measurements continued

	As at 30 June 2023			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	291	84 713	952	85 956
Advances	–	63 199	66 726	129 925
Investment securities	122 032	62 590	4 624	189 246
Non-recourse investments	888	2 870	–	3 758
Commodities	17 252	–	–	17 252
Investment properties	–	–	353	353
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	–	–	–
Total fair value assets	140 463	213 372	72 655	426 490
Liabilities				
Recurring fair value measurements				
Short trading positions	12 273	480	–	12 753
Derivative financial instruments	149	67 728	2 477	70 354
Deposits	1 324	47 656	6 840	55 820
Non-recourse deposits	–	3 758	–	3 758
Other liabilities	–	78	6	84
Policyholder liabilities under investment contracts	–	6 383	–	6 383
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	–	–	–
Total fair value liabilities	13 746	126 083	9 323	149 152

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.

	As at 31 December 2023		
R million	**Transfers in**	**Transfers out**	**Reasons for significant transfers in**
Level 1	**876**	**(370)**	The valuation inputs of certain level 3 investment securities became observable during the period due to increased liquidity in the market, resulting in transfers into level 1.
Level 2	**44**	**(683)**	Increased liquidity in the market for certain investment securities resulted in transfers from level 3 to level 2.
Level 3	**1 053**	**(920)**	The fair value of certain investment securities and derivatives was determined using significant unobservable inputs, as the market for these instruments has became inactive during the period. This resulted in transfers from level 1 and level 2 into level 3.
Total transfers	**1 973**	**(1 973)**	

	As at 31 December 2022		
R million	Transfers in	Transfers out	Reasons for significant transfers in
Level 1	219	(559)	The market for certain investment securities had become liquid in the current period, resulting in transfers from level 3 into level 1.
Level 2	310	–	Increased liquidity in the market for certain investment securities resulted in transfers from level 3 to level 2 due to significant inputs becoming more observable during the current period.
Level 3	559	(529)	Investment securities whose fair value had been observable in a traded market no longer met the criteria for level 1, as the market had become illiquid and the fair value was determined using significant unobservable inputs.
Total transfers	1 088	(1 088)	

	As at 30 June 2023		
R million	Transfers in	Transfers out	Reasons for significant transfers in
Level 1	–	(679)	–
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.
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 had become illiquid and the fair value was determined using significant unobservable inputs.
Total transfers	1 208	(1 208)	

Fair value measurements continued

Changes in level 3 instruments with recurring fair value measurements

The following table shows a reconciliation of the opening and closing balances for assets and liabilities, measured at fair value on a recurring basis and 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
Balance as at 1 July 2022	646	47 299	3 040	698	9	2 207	3	5 621
Gains/(losses) recognised in profit or loss	197	2 479	18	–	–	742	–	(154)
Gains/(losses) recognised in other comprehensive income	–	–	(14)	–	–	–	–	–
Purchases, sales, issue and settlements	(71)	673	683	–	(9)	(977)	–	(742)
Acquisitions/(disposals) of subsidiaries	–	–	15	(320)	–	–	(3)	–
Net transfer from/(to) level 3	–	–	39	–	–	–	–	–
Exchange rate differences	–	210	4	–	–	–	–	2
Balance as at 31 December 2022	772	50 661	3 785	378	–	1 972	–	4 727
Balance as at 1 July 2022	646	47 299	3 040	698	9	2 207	3	5 621
Gains/(losses) recognised in profit or loss	1 030	6 145	401	(25)	–	1 553	5	897
Gains/(losses) recognised in other comprehensive income	–	–	38	–	–	–	–	–
Purchases, sales, issue and settlements	(334)	12 137	373	–	–	(1 166)	–	312
Acquisitions/(disposals) of subsidiaries	–	–	15	(320)	(9)	–	(2)	–
Net transfer (to)/from level 3	(390)	–	701	–	–	(117)	–	–
Exchange rate differences	–	1 145	56	–	–	–	–	10
Balance as at 30 June 2023	952	66 726	4 624	353	–	2 477	6	6 840
Balance as at 1 July 2023	**952**	**66 726**	**4 624**	**353**	**–**	**2 477**	**6**	**6 840**
Gains/(losses) recognised in profit or loss	**341**	**5 193**	**597**	**–**	**–**	**283**	**–**	**1 136**
Gains/(losses) recognised in other comprehensive income	**–**	**–**	**(1)**	**–**	**–**	**–**	**–**	**–**
Purchases, sales, issue and settlements	**(509)**	**(2 357)**	**(186)**	**4**	**–**	**(1 117)**	**(6)**	**2 331**
Acquisitions/(disposals) of subsidiaries	**–**	**4**	**(15)**	**–**	**–**	**–**	**–**	**–**
Net transfer from/(to) level 3	**650**	**–**	**(506)**	**–**	**–**	**29**	**–**	**(39)**
Exchange rate differences	**–**	**(186)**	**(7)**	**–**	**–**	**–**	**–**	**(2)**
Balance as at 31 December 2023	**1 434**	**69 380**	**4 506**	**357**	**–**	**1 672**	**–**	**10 266**

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 values 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 the 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.

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 and 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 and classified as level 3, that are still held at reporting date. With the exception of interest on funding instruments designated at fair value through profit or loss and FVOCI debt instruments, all gains or losses are recognised in NIR.

	Six months ended 31 December 2023		Six months ended 31 December 2022		Year ended 30 June 2023	
R million	**Gains/(losses) recognised in the income statement**	**Gains/(losses) recognised in other comprehensive income**	Gains/(losses) recognised in the income statement	Gains/(losses) recognised in other comprehensive income	Gains/(losses) recognised in the income statement	Gains/(losses) recognised in other comprehensive income
Assets						
Derivative financial instruments	**991**	**–**	131	–	640	–
Advances*	**5 125**	**–**	1 870	–	5 509	–
Investment securities	**627**	**(1)**	(24)	–	419	8
Investment properties	**(1)**	**–**	–	–	(25)	–
Total	**6 742**	**(1)**	1 977	–	6 543	8
Liabilities						
Derivative financial instruments	**(311)**	**–**	(172)	–	(1 448)	–
Deposits	**1 424**	**–**	424	–	(1 053)	–
Other liabilities	**5**	**–**	–	–	–	–
Short trading positions	**–**	**–**	–	–	–	–
Total	**1 118**	**–**	252	–	(2 501)	–

* *Mainly accrued interest on fair value loans and 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.*

Fair value measurements continued

Effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives

	Reasonably possible alternative fair value								
	As at 31 December 2023			As at 31 December 2022			As at 30 June 2023		
R million	**Fair value**	**Using more positive assumptions**	**Using more negative assumptions**	Fair value	Using more positive assumptions	Using more negative assumptions	Fair value	Using more positive assumptions	Using more negative assumptions
Assets									
Derivative financial instruments	**1 434**	**1 534**	**1 333**	772	831	720	952	1 029	875
Advances	**69 380**	**69 413**	**69 318**	50 661	50 940	50 435	66 726	66 847	66 614
Investment securities	**4 506**	**4 734**	**4 292**	3 785	3 947	3 647	4 624	4 831	4 433
Investment properties	**357**	**394**	**327**	378	421	302	353	389	323
Total financial assets measured at fair value in level 3	**75 677**	**76 075**	**75 270**	55 596	56 139	55 104	72 655	73 096	72 245
Liabilities									
Derivative financial instruments	**1 672**	**1 639**	**1 705**	1 972	1 860	2 063	2 477	2 394	2 542
Deposits	**10 266**	**10 036**	**10 497**	4 727	4 688	4 771	6 840	6 686	6 995
Other liabilities	**–**	**–**	**–**	–	–	–	6	5	7
Total financial assets measured at fair value in level 3	**11 938**	**11 675**	**12 202**	6 699	6 548	6 834	9 323	9 085	9 544

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.

	As at 31 December 2023	
R million	**Carrying value**	**Total fair value**
Assets		
Advances	**1 455 958**	**1 453 481**
Investment securities	**243 448**	**238 783**
Total financial assets at amortised cost	**1 699 406**	**1 692 264**
Liabilities		
Deposits	**1 894 251**	**1 894 020**
Other liabilities	**3 394**	**3 417**
Tier 2 liabilities	**17 657**	**17 762**
Total financial liabilities at amortised cost	**1 915 302**	**1 915 199**

	As at 31 December 2022	
R million	Carrying value	Total fair value
Assets		
Advances	1 318 916	1 310 502
Investment securities	205 452	198 914
Total financial assets at amortised cost	1 524 368	1 509 416
Liabilities		
Deposits	1 720 243	1 722 627
Other liabilities	2 476	2 484
Tier 2 liabilities	20 384	20 632
Total financial liabilities at amortised cost	1 743 103	1 745 743

	As at June 2023	
R million	Carrying value	Total fair value
Assets		
Advances	1 409 450	1 410 802
Investment securities	226 135	219 592
Total financial assets at amortised cost	1 635 585	1 630 394
Liabilities		
Deposits	1 863 525	1 861 259
Other liabilities	3 923	3 923
Tier 2 liabilities	16 869	16 953
Total financial liabilities at amortised cost	1 884 317	1 882 135

Fair value measurements continued

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.

	As at 31 December		As at 30 June
R million	**2023**	2022	2023
Opening balance	**211**	343	343
Day 1 profits or losses not initially recognised on financial instruments recognised in the current period	**34**	75	237
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(61)**	(123)	(369)
Closing balance	**184**	295	211

Contingencies and commitments

	As at 31 December			As at 30 June
R million	**2023**	2022	% change	2023
Contingencies and commitments				
Guarantees (endorsements and performance guarantees)	**77 171**	58 063	33	63 894
Letters of credit	**16 425**	16 108	2	14 108
Total contingencies	**93 596**	74 171	26	78 002
Irrevocable commitments	**192 324**	184 322	4	193 026
Committed capital expenditure*	**3 721**	4 667	(20)	5 164
Legal proceedings**	**155**	75	>100	220
Other	**267**	26	>100	90
Contingencies and commitments	**290 063**	263 261	10	276 502

* *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.*

Condensed segment report

REPORTABLE SEGMENTS

	Six months ended 31 December 2023										
	Retail and commercial										
	FNB										
R million	**FNB SA**	**FNB broader Africa**	**Total FNB**	**WesBank**	**Retail and commercial**	**RMB**	**Aldermore**	**Centre (including Group Treasury and other)**	**FirstRand group – normalised**	**Normalised adjustments**	**FirstRand group – IFRS**
Profit before tax	**14 699**	**1 769**	**16 468**	**1 379**	**17 847**	**6 228**	**2 450**	**831**	**27 356**	**440**	**27 796**
Total assets	**501 312**	**64 892**	**566 204**	**172 127**	**738 331**	**761 120**	**476 177**	**357 312**	**2 332 940**	**2 568**	**2 335 508**
Total liabilities*	**482 148**	**62 947**	**545 095**	**170 546**	**715 641**	**749 976**	**438 441**	**221 630**	**2 125 688**	**–**	**2 125 688**

* *Total liabilities are net of interdivisional balances.*

	Six months ended 31 December 2022*										
	Retail and commercial										
	FNB										
R million	**FNB SA**	**FNB Broader Africa**	**Total FNB**	**WesBank**	**Retail and commercial**	**RMB**	**Aldermore**	**Centre (including Group Treasury and other)**	**FirstRand group – normalised**	**Normalised adjustments**	**FirstRand group – IFRS**
Profit before tax	14 315	1 430	15 745	1 271	17 016	6 450	2 276	(115)	25 627	(44)	25 583
Total assets	469 272	58 378	527 650	154 906	682 556	696 589	404 202	352 647	2 135 994	(141)	2 135 853
Total liabilities**	453 941	56 752	510 693	152 710	663 403	687 867	374 423	229 072	1 954 765	–	1 954 765

* *Restated. Refer to pages 68 to 70.*

** *Total liabilities are net of interdivisional balances.*

	Year ended 30 June 2023*										
	Retail and commercial										
	FNB										
R million	**FNB SA**	**FNB broader Africa**	**Total FNB**	**WesBank**	**Retail and commercial**	**RMB**	**Aldermore**	**Centre (including Group Treasury and other)**	**FirstRand group – normalised**	**Normalised adjustments**	**FirstRand group – IFRS**
Profit before tax	28 226	2 902	31 128	2 438	33 566	12 582	4 774	277	51 199	(350)	50 849
Total assets	485 606	62 058	547 664	163 851	711 515	720 698	477 424	385 637	2 295 274	2 765	2 298 039
Total liabilities**	458 500	58 142	516 642	161 018	677 660	706 772	440 574	274 599	2 099 605	–	2 099 605

* *Restated. Refer to pages 68 to 70.*

** *Total liabilities are net of interdivisional balances.*

Condensed segment report continued

GEOGRAPHICAL SEGMENTS

	Six months ended 31 December 2023				
R million	**South Africa**	**Broader Africa***	**United Kingdom**	**Other**	**Total**
Non-interest revenue	**23 999**	**4 085**	**368**	**31**	**28 483**
– Operational non-interest revenue	**23 248**	**4 085**	**368**	**31**	**27 732**
– Share of profits of associated and joint ventures after tax	**751**	**–**	**–**	**–**	**751**

* *Includes the holding company and RMB Mauritius International.*

	Six months ended 31 December 2022 (restated)				
R million	South Africa*	Broader Africa**	United Kingdom	Other	Total*
Non-interest revenue	22 860	3 176	640	23	26 699
– Operational non-interest revenue	23 309	3 176	629	25	27 139
– Share of profits of associated and joint ventures after tax	(449)	–	11	(2)	(440)

* *Restated.*

** *Includes the holding company and RMB Mauritius International.*

	Year ended 30 June 2023 (restated)				
R million	South Africa*	Broader Africa**	United Kingdom	Other	Total*
Non-interest revenue	45 189	7 299	1 803	40	54 331
– Operational non-interest revenue	44 712	7 299	1 792	41	53 844
– Share of profits of associated and joint ventures after tax	477	–	11	(1)	487

* *Restated.*

** *Includes the holding company and RMB Mauritius International.*

Restatement of prior period numbers

IFRS 17 Insurance Contracts

Introduction

On 1 July 2023 the group adopted IFRS 17 and applied the requirements retrospectively, with comparative information restated from the transition date, 1 July 2022.

IFRS 17 introduces the first international 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. Compared to IFRS 4, IFRS 17 is of a significantly higher technical, modelling and operational complexity.

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.

Overview of the group's IFRS 17 impact

The group writes insurance contracts without direct participation features and as such, where the contract boundary is less than one year, the PAA is applied. In all other circumstances, the GMM is applied. A similar methodology is applied to reinsurance contracts. Reference to insurance contracts therefore refer to both insurance and reinsurance contracts, unless specified.

Transition approach

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, which involves specific modifications to the FRA, or to apply the fair value approach. The group applied the FRA to all insurance and reinsurance contracts.

Measurement changes

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 zerorisation) and 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.

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 cell captives.

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.

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.

IFRS 17 requires recognition and measurement within insurance contract assets and liabilities, the liability for remaining coverage (LRC) and the liability for incurred claims (LIC) for both insurance contracts and reinsurance contracts, for both the GMM and the PAA.

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 contractual service margin (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.

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.

Under IFRS 4 the group zerorised any assets for portfolios of contracts where the estimated future cash inflows exceeded the estimated future cash outflows, which now forms part of the LRC. This resulted in the recognition of an LRC asset and a corresponding credit to retained earnings at transition date.

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

Restatement of prior period numbers continued

IACF contained within the LRC is reflected in insurance revenue and insurance service costs.

Under IFRS 4 the group recognised a liability for estimated and reported claims on issued insurance contracts through the IBNR and the OCR, and did not include an explicit risk adjustment. The recognition of a risk adjustment in terms of IFRS 17 resulted in an insignificant impact on retained earnings.

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.

Presentation changes

Presentation on the income statement for insurance income now reflects:

- insurance revenue (movement in the LRC and experience adjustment);
- insurance service expenses, which includes actual claims and directly attributable expenses incurred (movement in the LIC);
- loss on recognition of onerous contracts;
- net income/expense from reinsurance contracts held and insurance contract finance income or expense; and
- fees earned from commissions, brokerage and participation agreements.

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.

Net income/expense from reinsurance contracts held comprises the movement of the LRC and LIC attributable to reinsurance contracts.

Insurance and reinsurance finance income or expenses arise from discounting the fulfilment cash flows 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.

Impact of the introduction of IFRS 17 on the group's key performance indicators

The group's key performance indicators have been affected as follows:

31 December 2022	Normalised earnings	Return on equity	Net asset value
Previously reported	18 047	21.8	166 358
Restated	17 988	21.6	167 077

30 June 2023	Normalised earnings	Return on equity	Net asset value
Previously reported	36 669	21.2	180 698
Restated	36 634	21.1	181 451

Other restatements

Refer to page 153 for description of other restatements.

Restated condensed consolidated statement of financial position - IFRS

as at 1 July 2022 due to the adoption of IFRS 17

R million	As reported at 30 June 2022	Removal of IFRS 4	Inclusion of IFRS 17	Restated as at 1 July 2022
ASSETS				
Cash and cash equivalents	143 636	–	–	143 636
Derivative financial instruments	65 667	–	–	65 667
Commodities	17 580	–	–	17 580
Investment securities	382 149	–	–	382 149
Advances	1 334 324	–	–	1 334 324
– Advances to customers	1 262 083	–	–	1 262 083
– Marketable advances	72 241	–	–	72 241
Other assets	4 764	(139)	–	4 625
Current tax asset	624	–	–	624
Non-current assets and disposal groups held for sale	1 501	–	–	1 501
Reinsurance assets	583	(583)	–	–
Insurance contract assets	–	–	306	306
Reinsurance contract assets	–	–	549	549
Investments in associates	8 178	–	–	8 178
Investments in joint ventures	2 618	–	–	2 618
Property and equipment	19 725	–	–	19 725
Intangible assets	9 459	(2)	–	9 457
Investment properties	698	–	–	698
Defined benefit post-employment asset	35	–	–	35
Deferred income tax asset	8 028	–	24	8 052
Total assets	1 999 569	(724)	879	1 999 724
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	14 623	–	–	14 623
Derivative financial instruments	64 547	–	–	64 547
Creditors, accruals and provisions	30 928	(251)	–	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
Policyholder liabilities under investment contracts	7 424	(2 028)	–	5 396
Insurance contract liabilities	–	–	1 344	1 344
Reinsurance contract liabilities	–	–	–	–
Tier 2 liabilities	20 937	–	–	20 937
Deferred income tax liability	692	–	305	997
Total liabilities	1 818 860	(2 279)	1 649	1 818 230
Equity				
Ordinary shares	56	–	–	56
Share premium	7 905	–	–	7 905
Reserves	156 820	–	785	157 605
Capital and reserves attributable to equityholders of the group	164 781	–	785	165 566
Other equity instruments and reserves	11 645	–	–	11 645
Non-controlling interests	4 283	–	–	4 283
Total equity	180 709	–	785	181 494
Total equities and liabilities	1 999 569	(2 279)	2 434	1 999 724

Restated condensed consolidated statement of financial position - IFRS

as at 31 December 2022 and 30 June 2023

R million	As reported at 31 December 2022	IFRS 17	Reclassification	Restated as at 31 December 2022	As reported at 30 June 2023	IFRS 17	Restated as at 30 June 2023
ASSETS							
Cash and cash equivalents	146 691	–	–	146 691	175 304	–	175 304
Derivative financial instruments	64 730	–	–	64 730	85 956	–	85 956
Commodities	17 647	–	–	17 647	17 252	–	17 252
Investment securities	402 054	–	–	402 054	419 140	–	419 140
Advances	1 447 667	–	–	1 447 667	1 539 375	–	1 539 375
– Advances to customers	1 368 927	–	–	1 368 927	1 455 422	–	1 455 422
– Marketable advances	78 740	–	–	78 740	83 953	–	83 953
Other assets	12 367	(75)	(7 192)	5 100	3 760	(205)	3 555
Current tax asset	1 559	–	–	1 559	925	–	925
Non-current assets and disposal groups held for sale	–	–	–	–	1 359	–	1 359
Reinsurance assets	630	(630)	–	–	554	(554)	–
Insurance contract assets	–	243	–	243	–	555	555
Reinsurance contract assets	–	497	–	497	–	610	610
Investments in associates	8 950	–	–	8 950	10 400	–	10 400
Investments in joint ventures	2 951	–	–	2 951	3 105	–	3 105
Property and equipment	20 304	–	–	20 304	21 155	–	21 155
Intangible assets	9 364	(2)	–	9 362	10 278	(1)	10 277
Investment properties	378	–	–	378	353	–	353
Defined benefit post-employment asset	36	–	–	36	25	–	25
Deferred income tax asset	7 662	22	–	7 684	8 669	24	8 693
Total assets	2 142 990	55	(7 192)	2 135 853	2 297 610	429	2 298 039
EQUITY AND LIABILITIES							
Liabilities							
Short trading positions	16 115	–	–	16 115	12 753	–	12 753
Derivative financial instruments	59 365	–	–	59 365	70 354	–	70 354
Creditors, accruals and provisions	46 395	(311)	(7 192)	38 892	43 389	(126)	43 263
Current tax liability	955	(2)	–	953	471	–	471
Deposits	1 793 318	–	–	1 793 318	1 923 103	–	1 923 103
Employee liabilities	11 859	–	–	11 859	17 074	–	17 074
Other liabilities	5 498	–	–	5 498	7 033	–	7 033
Policyholder liabilities under investment contracts	8 172	(2 087)	–	6 085	8 131	(1 895)	6 236
Insurance contract liabilities	–	1 412	–	1 412	–	1 392	1 392
Reinsurance contract liabilities	–	20	–	20	–	24	24
Tier 2 liabilities	20 384	–	–	20 384	16 869	–	16 869
Deferred income tax liability	560	304	–	864	752	281	1 033
Total liabilities	1 962 621	(664)	(7 192)	1 954 765	2 099 929	(324)	2 099 605
Equity							
Ordinary shares	56	–	–	56	56	–	56
Share premium	7 833	–	–	7 833	7 860	–	7 860
Reserves	158 328	719	–	159 047	172 631	753	173 384
Capital and reserves attributable to equityholders of the group	166 217	719	–	166 936	180 547	753	181 300
Other equity instruments and reserves	9 930	–	–	9 930	12 846	–	12 846
Non-controlling interests	4 222	–	–	4 222	4 288	–	4 288
Total equity	180 369	719	–	181 088	197 681	753	198 434
Total equities and liabilities	2 142 990	55	(7 192)	2 135 853	2 297 610	429	2 298 039

Restated condensed consolidated income statement – IFRS

at 31 December 2022 and 30 June 2023

R million	As reported at 31 December 2022	IFRS 17	Restated 31 December 2022	As reported at 30 June 2023	IFRS 17	Restated 30 June 2023
Interest income calculated using effective interest rate	67 907	24	67 931	149 269	–	149 269
Interest on other financial instruments and similar income	1 455	–	1 455	2 627	–	2 627
Interest and similar income	69 362	24	69 386	151 896	–	151 896
Interest expense and similar charges	(32 703)	(24)	(32 727)	(75 459)	(1)	(75 460)
Net interest income before impairment of advances	36 659	–	36 659	76 437	(1)	76 436
Impairment and fair value of credit of advances	(5 008)	–	(5 008)	(10 949)	–	(10 949)
– Impairment on amortised cost advances	(5 208)	–	(5 208)	(11 151)	–	(11 151)
– Fair value of credit on advances	200	–	200	202	–	202
Net interest income after impairment of advances	31 651	–	31 651	65 488	(1)	65 487
Non-interest revenue	27 962	(823)	27 139	55 314	(1 470)	53 844
– Net fee and commission income	18 310	35	18 345	36 084	69	36 153
– Fee and commission income	21 923	–	21 923	43 540	–	43 540
– Fee and commission expense	(3 613)	35	(3 578)	(7 456)	69	(7 387)
– Net insurance income	2 459	(686)	1 773	5 393	(1 381)	4 012
– Fair value income	3 820	–	3 820	8 551	1	8 552
– Fair value gains or losses	7 675	–	7 675	17 882	1	17 883
– Interest expense on fair value activities	(3 855)	–	(3 855)	(9 331)	–	(9 331)
– Gains less losses from investing activities	1 532	–	1 532	1 528	–	1 528
– Other non-interest income	1 841	(172)	1 669	3 758	(159)	3 599
Income from operations	59 613	(823)	58 790	120 802	(1 471)	119 331
Operating expenses	(32 685)	716	(31 969)	(68 749)	1 320	(67 429)
Net income from operations	26 928	(107)	26 821	52 053	(151)	51 902
Share of profit of associates after tax	(132)	–	(132)	332	–	332
Share of profit of joint ventures after tax	(308)	–	(308)	155	–	155
Income before indirect tax	26 488	(107)	26 381	52 540	(151)	52 389
Indirect tax	(846)	48	(798)	(1 632)	92	(1 540)
Profit before tax	25 642	(59)	25 583	50 908	(59)	50 849
Income tax expense	(6 437)	–	(6 437)	(12 196)	24	(12 172)
Profit for the period	19 205	(59)	19 146	38 712	(35)	38 677
Attributable to						
Ordinary equityholders	17 980	(59)	17 921	36 366	(35)	36 331
Other equity instrument holders	547	–	547	1 119	–	1 119
Equityholders of the group	18 527	(59)	18 468	37 485	(35)	37 450
Non-controlling interests	678	–	678	1 227	–	1 227
Profit for the period	19 205	(59)	19 146	38 712	(35)	38 677
Earnings per share (cents)						
– Basic	320.7		319.7	648.7		648.1
– Diluted	320.7		319.7	648.7		648.1
Headline earnings per share (cents)						
– Basic	322.7		321.7	655.3		654.7
– Diluted	322.7		321.7	655.3		654.7

Restated condensed consolidated statement of other comprehensive income – IFRS

at 31 December 2022 and 30 June 2023

R million	As reported at 31 December 2022	IFRS 17	Restated as at 31 December 2022	As reported at 30 June 2023	IFRS 17	Restated at 30 June 2023
Profit for the period	19 205	(59)	19 146	38 712	(35)	38 677
Items that may subsequently be reclassified to profit or loss						
Cash flow hedges	123	–	123	(738)	–	(738)
(Losses)/gains arising during the period	(229)	–	(229)	282	–	282
Reclassification adjustments for amounts included in profit or loss	405	–	405	(1 333)	–	(1 333)
Deferred income tax	(53)	–	(53)	313	–	313
FVOCI debt reserve	101	–	101	33	–	33
Gains arising during the period	163	–	163	35	–	35
Reclassification adjustments for amounts included in profit or loss	(25)	–	(25)	11	–	11
Deferred income tax	(37)	–	(37)	(13)	–	(13)
Exchange differences on translating foreign operations	1 114	–	1 114	8 081	–	8 081
Gains arising during the period	1 101	–	1 101	7 974	–	7 974
Deferred income tax	13	–	13	107	–	107
Insurance contract finance reserve	–	(7)	(7)	–	3	3
(Losses)/gains arising during the period	–	(7)	(7)	–	3	3
Deferred income tax	–	–	–	–	–	–
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interest	55	–	55	(3)	–	(3)
Items that may not subsequently be reclassified to profit or loss						
FVOCI equity reserve	1	–	1	33	–	33
Gains arising during the period	1	–	1	38	–	38
Deferred income tax	–	–	–	(5)	–	(5)
Remeasurements on defined benefit post-employment plans	(45)	–	(45)	10	–	10
(Losses)/gains arising during the period	(62)	–	(62)	20	–	20
Deferred income tax	17	–	17	(10)	–	(10)
Other comprehensive income for the period	1 349	(7)	1 342	7 416	3	7 419
Total comprehensive income for the period	20 554	(66)	20 488	46 128	(32)	46 096
Attributable to						
Ordinary equityholders	19 313	(66)	19 247	43 705	(32)	43 673
Other equity instrument holders	547	–	547	1 119	–	1 119
Equityholders of the group	19 860	(66)	19 794	44 824	(32)	44 792
Non-controlling interests	694	–	694	1 304	–	1 304
Total comprehensive income for the period	20 554	(66)	20 488	46 128	(32)	46 096

IFRS 17 Accounting policies

Introduction

The group issues insurance contracts and holds reinsurance contracts without direct participation features and as such, where the contract boundary is less than one year, the PAA will be applied. In all other circumstances, the GMM will be applied.

Reference to insurance contracts applies to both insurance and reinsurance contracts, unless specified.

Level of aggregation

The unit of account is specifically defined in IFRS 17, and requires contracts that are managed together and have similar characteristics, such as being subject to a similar pricing framework or similar product management and issued by the same legal entity, to be 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).

Cash flows included in the measurement

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.

General measurement model (including reinsurance contracts held)

The insurance asset or liability under IFRS 17 comprises the sum of the LRC and the LIC. Under the default measurement model in IFRS 17, which is the GMM, the LRC represents the group's rights and obligations relating to future services not yet provided and consists of the following components:

- Fulfilment cash flows, comprising:
  - 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;
  - 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
  - the CSM, which represents the unearned profit the entity will recognise as revenue as it provides services over the coverage period.

The LRC is subsequently adjusted for changes in the estimates of the fulfilment cash flows 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).

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.

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.

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.

IFRS 17 Accounting policies

The CSM is adjusted at each subsequent reporting period for changes in fulfilment cash flows 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.

For groups of insurance contracts that are onerous, a day one loss will be recognised instead of the CSM.

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.

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.

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 fulfilment cash flows, which comprise:

- 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
- 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.

Subsequently, the LIC will be 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.

Premium allocation approach (including reinsurance contracts held)

The group elected as its accounting policy to apply discounting to the LIC for contracts measured under the PAA.

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, in line with the group's accounting policy choice, to immediately expense IACF and to not discount the LRC for insurance contracts issued measured using PAA. The LRC under the PAA does not include a separate risk adjustment and CSM.

Revenue recognition (excluding reinsurance contracts held)

For contracts measured using GMM, an entity is required to recognise insurance revenue over the coverage period, comprising the sum of:

- the present value of the estimated future cash outflows that were included in the LRC for services provided during the period;
- the release from the LRC of the risk adjustment based on the entity's release from risk;
- 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;
- the amortisation of the insurance acquisition cash flows previously included in the measurement of the LRC at initial recognition; and
- any experience variances for premiums and related cash flows.

Insurance revenue under the PAA will be 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 can allocate premiums based on the expected timing of incurred insurance service expenses.

Other income statement amounts (excluding reinsurance contracts held)

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.

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.

Due to the discounting of the estimated future cash flows to their present value, an entity recognises insurance finance income or expense on the fulfilment cash flows 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 changes 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.

Reinsurance income and expenses

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 expected future cash flows are discounted, using both current and locked-in yield curves, reinsurance finance income and expenses on the components of the LRC are measured and presented in a manner similar applied to insurance finance income and expenses.

Presentation

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.

Impact of adoption of IFRS 17 – changes to other key indicators

R million	As reported at 31 December 2022	IFRS 17 and other	Restated as at 31 December 2022	As reported as at 30 June 2023	IFRS 17 and other	Restated as at 30 June 2023
Earnings performance						
Normalised earnings per share (cents)						
– Basic	321.7	(1.0)	320.7	653.7	(0.6)	653.1
– Diluted	321.7	(1.0)	320.7	653.7	(0.6)	653.1
Headline earnings per share (cents)						
– Basic	322.7	(1.0)	321.7	655.3	(0.6)	654.7
– Diluted	322.7	(1.0)	321.7	655.3	(0.6)	654.7
Earnings per share (cents) – IFRS (refer to page 154)						
– Basic	320.7	(1.0)	319.7	648.7	(0.6)	648.1
– Diluted	320.7	(1.0)	319.7	648.7	(0.6)	648.1
Attributable earnings – IFRS	17 980	(59)	17 921	36 366	(35)	36 331
Headline earnings	18 091	(59)	18 032	36 735	(35)	36 700
Normalised earnings	18 047	(59)	17 988	36 669	(35)	36 634
Normalised net asset value	166 358	719	167 077	180 698	753	181 451
Normalised net asset value per share (cents)	2 965.7	12.8	2 978.5	3 221.3	13.4	3 234.7
Average normalised net asset value	165 608	752	166 360	172 778	769	173 547
Net income after cost of capital	6 247	(112)	6 135	12 048	(144)	11 904
Ratios and key statistics						
ROE (%)	21.8		21.6	21.2		21.1
ROA (%)	1.74		1.74	1.71		1.71
Price earnings ratio (times)	9.7		9.7	10.5		10.5
Price-to-book ratio (times)	2.1		2.1	2.1		2.1
Diversity ratio (%)	41.2		40.4	40.7		40.0
Cost-to-income ratio (%)	50.7		50.3	51.8		51.4
Effective tax rate (%)	25.0		25.0	23.8		23.8

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

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
Aggregate cost of portfolio	**3 186**	2 739	16	3 205
Aggregate carrying value	**7 073**	5 991	18	6 922
Aggregate fair value*	**13 140**	11 408	15	12 725
Equity-accounted income**	**582**	(583)	(>100)	10
Profit on realisation#	**–**	787	(100)	823

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

** *Share of profits from associates and joint ventures is disclosed post-tax, and the comparative periods are 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

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
Carrying value of investment properties	**357**	378	(6)	353
Fair value of investment properties	**357**	378	(6)	353

Number of ordinary shares in issue

	As at 31 December				As at 30 June	
	2023		2022		2023	
	IFRS	**Normalised**	IFRS	Normalised	IFRS	Normalised
Shares in issue						
Number of ordinary shares in issue	**5 609 488 001**	**5 609 488 001**	5 609 488 001	5 609 488 001	5 609 488 001	5 609 488 001
Less: treasury shares	**(5 351 122)**	**–**	(3 185 273)	–	(2 900 304)	–
– Shares held for client trading*	**(5 351 122)**	**–**	(3 185 273)	–	(2 900 304)	–
Number of shares in issue (after treasury shares)	**5 604 136 879**	**5 609 488 001**	5 606 302 728	5 609 488 001	5 606 587 697	5 609 488 001
Weighted average number of shares						
Weighted average number of shares before treasury shares	**5 609 488 001**	**5 609 488 001**	5 609 488 001	5 609 488 001	5 609 488 001	5 609 488 001
Less: treasury shares	**(4 485 495)**	**–**	(3 739 451)	–	(3 768 649)	–
– Shares held for client trading*	**(4 485 495)**	**–**	(3 739 451)	–	(3 768 649)	–
Basic and diluted weighted average number of shares in issue	**5 605 002 506**	**5 609 488 001**	5 605 748 550	5 609 488 001	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

	Six months ended 31 December			Year ended 30 June
	2023	2022	% change	2023
Market indicators				
$/R exchange rate				
– Closing	**18.53**	16.98	9	18.84
– Average	**18.68**	17.30	8	17.73
£/R exchange rate				
– Closing	**23.57**	20.46	15	23.95
– Average	**23.42**	20.33	15	21.31
SA prime overdraft (%)	**11.75**	10.50		11.75
SA average prime overdraft (%)	**11.75**	9.47		10.27
SA average CPI (%)	**5.23**	7.52*		7.05
JSE All Share Index	**76 893**	73 049	5	76 028
JSE Banks Index	**10 948**	9 854	11	9 890
Share statistics/performance on the JSE				
Number of shares in issue (thousands)	**5 609 488**	5 609 488	–	5 609 488
Share price				
– High for the year (cents)	**7 475**	7 100	5	7 100
– Low for the year (cents)	**5 932**	5 680	4	5 680
– Closing (cents)	**7 351**	6 212	18	6 850
Closing price/net asset value per share	**2.17**	2.09		2.13
Closing price/earnings (headline)	**21.53**	9.62		10.45
Shares traded				
– Number of shares (millions)	**1 551**	1 611	(4)	3 356
– Value of shares (R million)	**104 458**	102 778	2	214 729
– Turnover in shares traded (%)	**19**	18		38
Market capitalisation (R million)	**412 353**	348 461	18	384 250
Share price performance				
FirstRand average share price (cents)	**6 777**	6 408	6	6 406
JSE Bank Index (average)	**10 200**	9 652	6	9 691
JSE All Share Index (average)	**74 284**	68 943	8	73 187

* *The December 2022 percentage has changed as a result of a restatement in StatsSA's CPI data.*

Company information

Directors
JP Burger (chairman), AP Pullinger (chief executive officer), HS Kellan (financial director), M Vilakazi (chief operating officer), GG Gelink, TC Isaacs, PD Naidoo, Z Roscherr, SP Sibisi, LL von Zeuner, T Winterboer

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Namibian sponsor
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2090

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Gauteng
South Africa
2146

Listed financial instruments of the group

Listed equity

Johannesburg Stock Exchange (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

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

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/
- www.firstrand.co.za/investors/debt-investor-centre/jse-listed-instruments/
- www.rmb.co.za/page/krugerrand-custodial-certificate
- www.rmb.co.za/page/dollar-custodial-certificate
- www.rmb.co.za/page/retail-structured-solutions

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 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	Currency (million)	As at 31 December **2023**	As at 31 December 2022	As at 30 June 2023
FirstRand Bank						
AT1						
FRB24	Perpetual	2023/11/08	ZAR	**–**	2 265	2 265
FRB25	Perpetual	2024/09/19	ZAR	**3 461**	3 461	3 461
FRB28	Perpetual	2025/12/02	ZAR	**1 400**	1 400	1 400
FRB34	Perpetual	2028/06/02	ZAR	**2 804**	2 804	2 804
FRB37	Perpetual	2029/02/26	ZAR	**1 387**	–	–
FRB38	Perpetual	2029/05/06	ZAR	**2 039**	–	–
FRB39	Perpetual	2028/11/13	ZAR	**1 574**	–	–
Total AT1			ZAR	**12 665**	9 930	9 930
Tier 2						
FRB26	2029/06/03	2024/06/03	ZAR	**1 910**	1 910	1 910
FRB27	2031/06/03	2026/06/03	ZAR	**715**	715	715
FRB29	2031/04/19	2026/04/19	ZAR	**2 374**	2 374	2 374
FRB30	2031/04/19	2026/04/19	ZAR	**698**	698	698
FRB31	2031/11/24	2026/11/24	ZAR	**2 500**	2 500	2 500
FRB32	2032/09/28	2027/09/28	ZAR	**2 296**	2 296	2 296
FRB33*	2034/09/28	2029/09/28	ZAR	**1 662**	890	890
FRB35	2033/02/06	2028/02/06	ZAR	**2 300**	–	2 300
FRB36	2033/09/14	2028/09/14	ZAR	**2 500**	–	2 500
Reg S**	2028/04/23	2023/04/23	USD	**–**	500	–
Total Tier 2			ZAR	**16 955**	19 874	16 183

* *Includes tap issuance of R772 million on 6 December 2023.*

** *Dollar instrument translated at the closing rates at the respective reporting periods.*

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

Definitions

Additional Tier 1 (AT1) capital	AT1 capital instruments and qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specified regulatory deductions
Age distribution	The number of months between the loan completion and the end of the reporting period plus one (in line with the banding requirements). Percentage for each age band is based on the current exposure
Arrears	A percentage that expresses the current exposure of the loans with one or more months in arrears to the total current book exposure for the reporting period
Balance-to-market value	The current exposure divided by the indexed valuation (indexing model uses Nationwide and IPD indices). Percentage for each balance-to-market value band is based on the current exposure
Balance-to-original value	The current exposure divided by the original valuation. Percentage for each balance-to-original value band is based on the current exposure
Capital adequacy ratio	Total qualifying capital and reserves divided by RWA
Common Equity Tier 1 (CET1) capital	Share capital and premium, qualifying reserves and third-party capital, less specified regulatory deductions
Contingent convertible securities	Fixed-rate perpetual subordinated contingent convertible securities issued by Aldermore. These instruments qualify as AT1 capital
Core lending advances	Total advances excluding assets under agreements to resell
Cost-to-income ratio	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates and joint ventures
Credit loss ratio	Total impairment charge per the income statement expressed as a percentage of average core lending advances (average between the opening and closing balance for the year)
Diversity ratio	Non-interest revenue expressed as a percentage of total income including share of profits from associates and joint ventures
Dividend cover	Normalised earnings per share divided by dividend per share
Effective tax rate	Tax per the income statement divided by the profit before tax per the income statement
Impairment charge	Amortised cost impairment charge and credit fair value adjustments
Loan-to-deposit ratio	Average advances expressed as a percentage of average deposits
Loss given default (LGD)	Economic loss that will be suffered on an exposure following default of the counterparty, expressed as a percentage of the amount outstanding at the time of default
Net income after capital charge NIACC	Normalised earnings less the cost of equity multiplied by the average ordinary shareholders' equity and reserves
Normalised earnings	The group believes normalised earnings more accurately reflect its economic performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares, including treasury shares
Normalised net asset	Normalised equity attributable to ordinary equityholders
Normalised net asset value per share	Normalised equity attributable to ordinary equityholders divided by the number of issued ordinary shares
Price earnings ratio	Closing price at end of period divided by basic normalised earnings per share
Price-to-book (times)	Closing share price at end of period divided by normalised net asset value per share
Return on assets (ROA)	Normalised earnings divided by average assets
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders' equity
Risk-weighted assets (RWA)	Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets, where applicable
Shares in issue	Number of ordinary shares listed on the JSE
Technical cures	Performing accounts that are classified as stage 3/NPL because they have defaulted in the past and do not meet the stringent cure definition of performance for several consecutive months
Tier 1 ratio	Tier 1 capital divided by RWA

Definitions continued

Tier 1 capital	CET1 capital plus AT1 capital
Tier 2 capital	Qualifying subordinated debt instruments, capital instruments issued out of fully consolidated subsidiaries to third parties, qualifying provisions less specified regulatory deductions
Total qualifying capital and reserves	Tier 1 capital plus Tier 2 capital
Weighted average number of ordinary shares	Weighted average number of ordinary shares in issue during the year as listed on the JSE

Abbreviations

AC and FV	Amortised cost and fair value
ALM	Asset-liability management
APE	Annual premium equivalent
ASF	Available stable funding
AT1	Additional Tier 1
AUM	Assets under management
B-BBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
BoE	Bank of England
BSE	Botswana Stock Exchange
CAGR	Compound annual growth rate
CCyB	Countercyclical buffer
CET1	Common Equity Tier 1
CIB	Corporate and investment banking
CLR	Credit loss ratio
CoDI	Corporation for Deposit Insurance
COE	Cost of equity
Covid-19	Coronavirus disease
CPI	Consumer price index
CSM	Contractual service margin
DM	Developed market
DWT	Dividend withholding tax
ECL	Expected credit loss
FLI	Forward-looking information
FML	Fleet management and leasing
FRA	Fully retrospective approach
FRB	FirstRand Bank Limited
FREF	FirstRand Empowerment Fund
FREMA	FirstRand EMA Holdings (Pty) Ltd
FRI	FirstRand International Limited
FRIHL	FirstRand Investment Holdings (Pty) Ltd
FRISCOL	FirstRand Insurance Services Company
FRM	Financial resource management
FSLAA	Financial Sector Laws Amendment Act 23 of 2021
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FX	Foreign exchange
GCA	Gross carrying amount
GMM	General measurement model
HQLA	High-quality liquid assets
IACF	Insurance acquisition cash flows
IBNR	Incurred but not yet reported
IMF	International Monetary Fund
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
LCH	London Clearing House
LCR	Liquidity coverage ratio

LECL	Lifetime expected credit loss
LIC	Liability for incurred claims
LRC	Liability for remaining coverage
LSE	London Stock Exchange
NAV	Net asset value
NCNR	Non-cumulative non-redeemable
NIACC	Net income after cost of capital
NII	Net interest income
NIM	Net interest margin
NIR	Non-interest revenue
NOSIA	Notice of sums in arrears
NPLs	Non-performing loans
NSFR	Net stable funding ratio
NSX	Namibian Stock Exchange
OCI	Other comprehensive income
OCR	Outstanding claims reserve
PA	Prudential Authority
PAA	Premium allocation approach
PBT	Profit before tax
RA	Resolution Authority
ROA	Return on assets
ROE	Return on equity
RWA	Risk-weighted assets
SA	South Africa
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SICR	Significant increase in credit risk
SME	Small and medium-sized enterprise
SPV	Special purpose vehicle
TCFD	Task Force on Climate-related Financial Disclosures
TFS	Toyota Financial Services (Pty) Ltd
TRS	Total return swap
TTC	Through-the-cycle
TTS	Treasury and trade solutions
UK	United Kingdom
VAF	Vehicle asset finance
VAPS	Value-added products and services
VSI	Vertical sales index
VWFS	Volkswagen Financial Services (Pty) Ltd
WIM	Wealth and investment management

Abbreviations of financial reporting standards

International Financial Reporting Standards

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 2	Share-based Payment
IFRS 3	Business Combinations
IFRS 4	Insurance Contracts
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments – Disclosures
IFRS 8	Operating Segments
IFRS 9	Financial Instruments
IFRS 13	Fair Value Measurement
IFRS 15	Revenue
IFRS 16	Leases
IFRS 17	Insurance Contracts

Abbreviations of financial reporting standards continued

International Accounting Standards

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events After the Reporting Period
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 32	Financial Instruments – Presentation
IAS 33	Earnings Per Share
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments – Recognition and Measurement
IAS 40	Investment Property

IFRS Interpretations Committee Interpretations

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

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